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NOTE TO READER

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

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IN THE CHAIR: MR SPÉNALE

President

(The sitting was opened at 4.30 p.m.)

President. — The sitting is open.

1. Resumption of the session

President. — I declare resumed the session of the European Parliament adjourned on 14 March 1975.

2. Apologies

President. — An apology for absence has been received from Sir Derek Walker-Smith who regrets his inability to attend this part-session.

3. Texts of treaties forwarded by the Council

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

— Agreement extending the agreement establishing an Association between the European Economic Community and the Kingdom of Morocco;

— Agreement in the form of exchange of letters relating to Article 2 of Protocol No 8 to the agreement between the European Economic Community and the Portuguese Republic;

— Agreement in the form of exchange of letters relating to Article 3 of Protocol No 8 to the agreement between the European Economic Community and the Portuguese Republic;

— Agreement extending the agreement establishing an Association between the European

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Economic Community and the Tunisian Republic.

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

4. *Documents submitted*

President. — Since the session was adjourned I have received the following documents:

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

- the Communication from the Commission of the European Communities to the Council on technological problems of nuclear safety and draft resolution (Doc. 5/75).

This document has been referred to the Committee on Public Health and the Environment as the committee responsible and to the Committee on Energy, Research and Technology for its opinion;

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1059/69 laying down the trade arrangements applicable to certain goods resulting from the processing of agricultural products (Doc. 7/75).

This document has been referred to the Committee on Agriculture as the committee responsible and to the Committee on External Economic Relations and the Committee on Budgets for their opinions.

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

I. a directive amending Directives Nos 64/432/EEC, 64/433/EEC, 71/118/EEC, 72/461/EEC and 72/462/EEC as regards the procedures of the Standing Veterinary Committee

II. a decision amending Decision No 73/88/EEC as regards the procedures of the Standing Veterinary Committee

(Doc. 8/75)

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

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

for a decision establishing a common procedure for the preparation and constant up-dating of a European inventory of sources of information on the environment (Doc. 15/75).

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

- the proposal from the Commission of the European Communities to the Council for a regulation establishing the general rules concerning the supply of skimmed milk powder as food aid to certain developing countries and international organizations under the 1975 programme (Doc. 19/75).

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

- the proposal from the Commission of the European Communities to the Council for a regulation fixing the market target price and the intervention price for olive oil for the 1975/1976 marketing year (Doc. 20/75).

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

- the Communication from the Commission of the European Communities to the Council containing initial proposals for priority projects in dataprocessing (Doc. 21/75).

This document has been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the following committees for their opinions:

- the Committee on Budgets;
- the Legal Affairs Committee (in particular Appendix 3 to Annex A);
- the Committee on Public Health and the Environment (Appendix 1 to Annex A);
- the Committee on Agriculture (Appendix 2 to Annex A);
- the Committee on Regional Policy and Transport (Appendix 4 to Annex A);

- the work programme of the Commission of the European Communities for the

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simplification of customs procedures, customs legislation and institutional methods for dealing with customs matters (Doc. 22/75).

This document has been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on External Economic Relations and the Committee on Budgets for their opinions;

- the recommendation from the Commission of the European Communities to the Council for a decision approving the exchange of letters between the European Economic Community and the Kingdom of Norway concerning the establishment by Norway of fishing zones closed to trawlers at certain times of the year (Doc. 27/75).

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

(b) the following oral questions:

- oral question with debate by Mr Jahn, Mr Aigner, Mr Artzinger, Mr Van der Gun, Mr Martens, Mr Noè, Mr Notenboom and Mr Springorum to the Council of the European Communities on cooperation agreements (Doc. 9/75);
- oral question with debate by Mr Jahn, Mr Aigner, Mr Artzinger, Mr Van der Gun, Mr Martens, Mr Noè, Mr Notenboom and Mr Springorum to the Commission of the European Communities on cooperation agreements (Doc. 10/75);
- oral question with debate by the Political Affairs Committee to the Commission of the European Communities on prospects for the Euro-Arab dialogue (Doc. 11/75);
- oral question with debate by the Political Affairs Committee to the Council of the European Communities on prospects for the Euro-Arab dialogue (Doc. 12/75);
- oral question with debate pursuant to paragraph 4, second sub-paragraph, of the Communiqué of the Summit Conference of 9/10 December 1974, by the Political Affairs Committee to the Conference of Foreign Ministers of the Member States of the European Communities on prospects for the Euro-Arab dialogue (Doc. 13/75);
- oral question with debate by Mrs Goutmann and Mr Marras on behalf of the Communist and Allies Group to the Council of the European Communities on the tripartite conference with participation of the economic and finance ministers (Doc. 14/75);
- oral question with debate by Mr Cousté on behalf of the Group of European Progressive Democrats to the Commission of the European Communities on measures to aid the car industry (Doc. 30/75);
- oral question with debate by Mr Scott-Hopkins on behalf of the European Conservative Group to the Commission of the European Communities on the economic position of egg producers in the Community (Doc. 31/75);
- oral question with debate by Mr Andreotti, Mr Pisoni, Mr Girardin, Mr Rosati, Mr Scelba, Mr Vernaschi, Mr Alfred Bertrand, Mr Antoniozzi, Mr Bersani and Mr Härzschel to the Commission of the European Communities on Community initiatives following the National Conference on Emigration (Doc. 32/75);
- oral question with debate by Mr Vetrone, Mr Ligios, Mr Andreotti, Mr Rosati, Mr Boano, Mr Girardin and Mr Pisoni to the Commission of the European Communities on the wine crisis (Doc. 33/75);

(c) from the committees, the following reports:

- report by Normanton on behalf of the Committee on Energy, Research and Technology on the proposal from the Commission of the European Communities to the Council for a regulation concerning support to common projects for hydrocarbon exploration (Doc. 3/75);
- report by Mr Dondelinger on behalf of the Committee on Social Affairs and Employment on the Communication from the Commission of the European Communities to the Council on the programme of pilot schemes and studies to combat poverty drawn up in accordance with the resolution of the Council of 21 January 1974 concerning a social action programme (Doc. 4/75);
- report by Mr Baas on behalf of the Committee on External Economic Relations on the proposals from the Commission of the European Communities to the Council for

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- I. a regulation on the opening, allocation and administration of the Community tariff quota of 30,000 head of heifers and cows, not intended for slaughter, of certain mountain breeds, falling within sub-heading ex 01.02 A II (b) 2 of the Common Customs Tariff
- II. a regulation on the opening, allocation and administration of the Community tariff quota of 5 000 head of bulls, cows and heifers, not intended for slaughter, of certain alpine breeds, falling within sub-heading ex 01.02 A II (b) 2 of the Common Customs Tariff
(Doc. 6/75);
- report by Mr Della Briotta on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws, regulations and administrative provisions of Member States relating to the classification, packaging and labelling of pesticides (Doc. 16/75);
 - report by Mr Jahn on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to ceramic articles intended to come into contact with foodstuffs (limitation of extractable quantities of lead and cadmium) - (Doc. 18/75);
 - report by Mr Noè on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a decision on a programme on radioactive waste management and storage (Doc. 23/75);
 - report by Lady Elles on behalf of the Committee on Social Affairs and Employment on the proposal from the Commission of the European Communities to the Council for a directive on equality of treatment between men and women workers (access to employment, to vocational training, to promotion, and with regard to working conditions) - (Doc. 24/75);
 - report by Mr Giraud on behalf of the Committee on Energy, Research and Technology on the communication from the Commission of the European Communities to the Council 'Towards a Community nuclear fuel supply policy' (Doc. 25/75);
 - report by Mr Cointat on behalf of the Committee on Energy, Research and Technology on the proposal from the Commission of the European Communities to the Council for two decisions on the measures to be taken in the event of oil supply difficulties (Doc. 26/75);
 - report by Mr Premoli on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive on the reduction of water pollution caused by woodpulp mills in the Member States (Doc. 28/75);
- (d) from the Commission of the European Communities, the report on developments in the social situation in the Community in 1974 (Doc. 17/75).
- This document has been referred to the Committee on Social Affairs and Employment as the committee responsible and to the Committee on Economic and Monetary Affairs, the Committee on Public Health and the Environment and the Committee on Cultural Affairs and Youth for their opinions;
- (e) from Mr Cointat, Mr Cousté, Mr Duval, Mr Gibbons, Mr Herbert, Mr Hunault, Mr Kaspereit, Mr Laudrin, Mr Liogier, Mr de la Malène, Mr Nolan, Mr Nyborg, Mr Rivierez, Mr Terrenoire and Mr Yeats on behalf of the Group of European Progressive Democrats, a request for a debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure in view of the gravity of the situation on the wine market (Doc. 34/75);
- from Mr Amendola, Mr Ansart, Mr Bor-du, Mr Cipolla, Mr D'Angelosante, Mr Fabbrini, Mrs Goutmann, Mrs Iotti, Mr Lemoine, Mr Leonardi, Mr Marras and Mr Sandri a request for a debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure on the situation in the wine sector (Doc. 35/75).

5. Order of business

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

In accordance with the instructions given to me by the enlarged Bureau at its meeting of 13

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March 1975, I prepared a draft agenda, which has been distributed.

Certain changes have now been made.

The reports by Mr Gerlach on the draft accounts of the European Parliament for the financial year 1974, by Mr Aigner on the report of the ECSC Auditor for the financial year 1973, by Mr Baas on a tariff quota for cattle, by Mr Premoli on water pollution by wood pulp mills, by Mr Memmel on a Community contribution towards the financing of nuclear power stations and the oral question with debate by Mr Cousté to the Commission on the car industry have been taken off the agenda.

At the request of Mr Scarascia Mugnozza, the statement on action taken by the Commission of the European Communities on the opinions and proposals of the European Parliament has been taken off the agenda.

I have also received the following documents on the situation in the wine sector:

- a question by Mr Della Briotta for Question Time;
- an oral question with debate by Mr Vetrone and others to the Commission,
- a request by Mr Cointat and others for a debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure;
- a similar request by Mr Amendola and others.

Following consultations with the chairmen of the political groups, I propose that these requests be combined into a single item which could be placed on the agenda for Thursday at the start of the sitting, which Mr Lardinois would attend.

To make things easier for Mr Lardinois, we could follow that debate with the oral question by Mr Scott-Hopkins on egg producers for which Mr Lardinois is again the Commissioner responsible.

The agenda is therefore as follows:

This afternoon:

- Joint debate on
 - the third report by Mr Flämig on the progress necessary in Community research and
 - the report by Mr Flämig on the revision of the multi-annual research programme.

Tuesday, 8 April 1975

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

- supplementary report by Mr De Keersmaecker on coordination of safeguards in connection with mergers between sociétés anonymes;
- report by Mr Yeats on the retention of the rights of employees in the case of mergers;

12 noon:

- vote on the draft amending and supplementary budget No. 1 for 1975 and on the motion for a resolution contained in Mr Aigner's report.

I would remind you of the provisions of the treaties concerning this vote. In order to be adopted, draft amendments must receive the votes of a majority of the Members of the European Parliament, that is, at present, 92 votes, and a proposal for a decision fixing a new rate of increase on non-compulsory expenditure must receive a majority of the votes of the Members of the European Parliament and three-fifths of the votes cast.

Wednesday, 9 April 1975

12 noon and 3.00 p.m.:

- Question Time;
- Report by Mr Radoux on the Conference on Security and Cooperation in Europe;
- Joint debate on
 - the oral question to the Commission on prospects for the Euro-Arab dialogue;
 - the oral question to the Council on the same subject, and
 - the oral question to the Conference of Foreign Ministers on the same subject;
- Oral question with debate to the Council on the tripartite conference with participation of the economic and finance ministers;
- Joint debate on
 - the oral question to the Council on cooperation agreements and
 - the oral question to the Commission on cooperation agreements;
- Reports by Mr Noè on radioactive waste management and storage.

Thursday, 10 April 1975

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

- General debate on the situation in the wine sector on the basis of the oral questions put

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to the Commission on this subject and following the requests submitted for a debate by urgent procedure;

- Oral question with debate to the Commission on the economic position of egg producers in the Community;
- Report by Mr Giraud on a Community nuclear fuel supply policy;
- Joint debate on
 - the report by Mr Cointat on measures to be taken in the event of oil supply difficulties, and
 - the report by Mr Normanton on common projects for hydrocarbon exploration;
- Report by Mr Dondelinger on the programme of pilot schemes and studies to combat poverty.

Friday, 11 April 1975

9.30 a.m.:

- Report by Mr Jahn on the approximation of the laws relating to certain ceramic articles.

Are there any objections?

The agenda is adopted.

6. *Limit on speaking time*

President. — In accordance with the usual practice, I propose that speaking time be limited as follows:

- reports:
 - 15 minutes for the rapporteur and for one speaker on behalf of each group,
 - 10 minutes for other speakers,
 - 5 minutes for speakers on amendments.
- oral questions with debate:
 - 10 minutes for the author of the question,
 - 5 minutes for other speakers.

Are there any objections?

That is agreed.

7. *Assessment of JRC activities from 1958 to 1972 — Revision of the multi-annual research and training programme*

President. — The next item is the joint debate on the third report by Mr Gerhard Flämig on behalf of the Committee on Energy, Research

and Technology, on the progress necessary in Community research: assessment of the activities of the JRC from 1958 to 1972, and the report by Mr Flämig on behalf of the Committee on Energy, Research and Technology on the communication from the Commission of the European Communities to the Council containing new proposals concerning the revision of the multi-annual research and training programme of the Joint Research Centre and new activities for the Petten establishment (Docs. 511/74 and 522/74).

I call Mr Flämig.

Mr Flämig, rapporteur. — Mr President, ladies and gentlemen this joint debate on two reports is, to my mind, justified, since one is concerned with the past and other with the future of the Joint Research Centre. The history of the JRC is, unfortunately, something of a tragedy, a story of disappointed hopes, avoidable mistakes, confused and aimless planning, national and economic egoism and a research staff some of whom, at least, have the feeling that they don't know where they are. It is largely—not completely, but largely—a story of failures, obvious waste of money, discontent among members of the staff, opposition instead of cooperation between administration, research and technical staff. No wonder that the work is often unproductive and that there are strikes, and politicians ask themselves how it was possible for such a situation to arise.

The Joint Research Centre started off with an ambitious plan to make the European Economic Community independent of American supplies of enriched uranium in the development and operation of nuclear reactors, and the idea born of this was a technically bold one. It came to be known as 'Orgel', an organically-cooled, heavy-water-moderated, natural-uranium reactor. Competent specialists were taken on; thanks to the efforts of a French brains-trust, a kind of axis research policy was worked out, and 85 per cent of the activities of the JRC revolved about this axis—research on materials, reactor development, the chemistry of organic coolants, research into safety problems. Patents were taken out, new ground was broken, and the world of science looked as though spell-bound to the Joint Research Centre at Ispra.

But the economic world lost patience. When finally the Orgel reactor 'Essor' was completed and ready to start work, it transpired that the project was already out of date. Our report briefly describes how this came about, and the question is a legitimate one: Was the project misconceived?

Some specialists say that if electricity-supply undertakings in the European Community had

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allowed a little more time, if the reactor industry in the EEC had shown a little more patience, the Orgel project might have been a success provided that there was no race against time.

And so, Mr President, in reply to my own question whether the JRC's project was misconceived, I reply that in all probability a different result would have been obtained if the same resources, the same amount of brain-matter, so to speak, had been put into the Orgel natural-uranium project as was expended on the development of light-water reactors. These light-water reactors were pushed forward in particular because of their military usefulness. I mention only the development of nuclear submarines. The giant US firms General Electric, which developed the boiling-water reactor, and Westinghouse, which developed the pressurized-water reactor, presented us with something which might almost be called a *fait accompli*.

In the Federal Republic, industry bowed to this situation and largely took over the light-water reactor, developing it further. At first the French Government advised against this, but in the end it had no other choice: the victorious advance of the light-water reactor affected even the country in which the idea of the Orgel reactor had been born, and that was the virtual end of the Orgel project.

What was now to become of the Joint Research Centre? Should it be wound up? That no one wanted, if only for political reasons, for this would have meant the collapse of one of the three pillars on which the European Communities then rested. For technical reasons, too, this was impossible, for the JRC was not only Orgel and was not only Ispra: there was Petten, in the Netherlands, where materials were being tested; Geel, where measuring standards were being developed; Karlsruhe, which was conducting research into transuranium elements. The only solution, therefore, was to find new tasks for the JRC.

We parliamentarians seem to be like so many Tibetan monks turning their prayer-wheels, year in year out. We have continually said that this Joint Research Centre should be given a long-term programme; but, one year after another, no more than emergency one-year programmes have been drawn up, and the result of all these difficulties and lost opportunities which I mentioned at the beginning of my speech you will find in the first of the two reports now before you. I shall not waste any further time by reading out the details; anyone who is interested can read them for himself. All I will say is that what is to be read there is anything but encouraging.

The second of the two reports which are the subject of this debate deals with questions of Community research in connection with the Commission's proposals for revising the multi-annual research and training programme of the JRC and new activities for the Petten establishment. Members of this Parliament will not have forgotten that a year ago, in July 1974, on the basis of a report drawn up by myself on behalf of the Committee on Energy, Research and Technology, we debated Commission proposals on precisely the same subject—namely, revision of the multiannual research and training programme and new activities for the Petten establishment. In the explanatory statement—the resolution was adopted on 12 July 1974—this Parliament emphasized that it was absolutely essential for Community research that the Petten establishment should continue to exist. In fact, however, Petten's fate proved to be quite different: no agreement could be reached on its future activities and, so far as the Council was concerned, the case seemed to have been closed. Moreover, the 1974 revision of the multiannual programme never got beyond the proposal stage, and that, Mr President, has to be publicly condemned. Once more the interests of Community research had been ignored.

The Council has shown in quite another sphere how decision-happy it is, if I may put it that way, and how much or how little political courage it has. I refer to the question of financing the multiannual programme. Since this programme was adopted in June 1973, it has become clear that the funds provided for its execution are inadequate—in particular, because of economic changes that have taken place more rapidly than had been expected.

As a result, the Commission in July 1974 proposed a revision of the budgetary estimates. Here, too, the Council failed to make a decision, contenting itself with dilatory measures—that is to say, asking the Commission to submit new proposals.

The purpose of these few remarks is merely to indicate the background to the proposals before us today, for it was the Council's indecision in these various spheres that obliged the Commission to reconsider the problem as a whole, and it is the results of this re-examination of the problem that we are now debating.

The Commission's new proposals deal with the aspects I have mentioned, namely: .

- a new programme for the Petten establishment;
- a partial revision of certain objectives in the programme, which are identical with the

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revision debated and approved by this Parliament in July 1974;

- the setting up of a reserve fund to meet the increase in staff costs;
- entry of the necessary appropriations for the preparation of future research programmes; and, finally,
- reassessment of the financial allocations for the various objectives of the programme.

I will spare the House those technical considerations which arose in our committee from the Commission's proposals. On the whole, I may say that we approve of these proposals, as is evident from the motion for a resolution now laid before you. Mr Terrenoire, draftsman for the opinion of the Committee on Budgets, will tell you what comments on these proposals are to be made from the budgetary point of view.

Before I end, however, I want to draw particular attention to those problems that are connected with the Petten establishment. Naturally, we are glad to find that the Commission's proposals mean that this establishment will at long last be given a research programme. Furthermore, in our view, the content of this programme can also be approved.

There remains, however, the problem of the staff that the Commission intends to employ for the execution of this programme. Here, confusion and obscurity are driven to extremes. Of course, no one will deny that the new programme for Petten requires the allocation not only of funds but also of staff; but in our view the Commission should, if only out of respect for Parliament's supervisory function, have clearly indicated in its proposals what new posts and what transfers from other research establishments would be required by the proposed programme for Petten. However, none of the documents now laid before us makes this absolutely clear.

Mr Cointat drew attention to this situation in the opinion of our committee on the draft general budget for 1975, in which he pointed out that the supernumerary staff at Petten amounted to 52 persons, of whom 32 were being kept on by means of appropriations intended for Ispra and were carrying out research work 'as nebulous as it is imprecise', while 20 were being paid on a book-keeping basis dreamt up by those responsible at the Commission, which could be 'praised only for its spirit of social welfare'. Mr Cointat commented: 'these practices are reprehensible. The situation is unacceptable'.

The new proposal for a Petten programme would undoubtedly make it possible to get out of this

uncomfortable situation. That of course has our approval, but the solution envisaged must be explained clearly and precisely.

Evidently 70 people are required to carry out the new programme. Although this is nowhere stated in the proposals, I believe I am right in saying that this figure of 70 may be broken down as follows. Bearing in mind Mr Cointat's information which I quoted just now, one may assume that, first of all, there are the 32 persons kept on by appropriations intended for Ispra, who would be transferred to the establishment at Petten; secondly, there are the 20 paid 'on a book-keeping basis dreamt up by those responsible at the Commission', who would also be taken onto the strength at Petten; finally, a further 18 staff members would have to be taken on during 1975-76 by the establishment at Petten. That would give the figure of 70 additional staff members for Petten.

I have the impression, however, that the 32 persons paid by Ispra but working in Petten, who, from the administrative point of view—as the Commission puts it—are to be transferred to the research establishment where in reality they have been long since, will have to be replaced at Ispra. I should be grateful if the Commission would state clearly whether this is indeed the case, since that would mean that Ispra would retain its 32 slots and would have to fill them by appointing new staff.

Mr President, the reason for my drawing the House's attention to these aspects of the matter is not any objection on my part to the employment of new staff if this is going to benefit Community research; rather it is a desire to point out the lack of clarity and precision in this part of the Commission's proposals.

I trust that these faults were not intended by the Commission. If they had been, this would have implied a desire to suppress all criticism and even—to some extent, at least—evade parliamentary control, and that I should not like to believe.

However that may be, I should like, on behalf of the Committee on Energy, Research and Technology, to emphasize the positive significance of what is an attempt at an overall solution of the various problems connected with the multiannual research and training programme. This accords with the wishes expressed in our committee and in the European Parliament as a whole. As for the draft decisions, our committee considers that they are of a nature to give a satisfactory answer to the problems that exist. They imply the need for reorganization and revitalization of the JRC, and, so we are told, efforts to this end are already being made.

Flämig

The proposals can then form the point of departure for a relaunching of Community research.

I can say by way of conclusion that we now see a glimmer of hope in what has so far been a depressingly gloomy affair. A new management has been appointed, and now the Council must not be niggardly about providing the necessary funds, including those required for developing new programmes to supplement the old. We therefore appeal to the Council and Commission to act quickly and lose no time. The research programme is already half over, and yet no results worth mentioning have been achieved: hence our call for rapid action.

Gentlemen of the Commission—I would address the same remarks to the Council, but they are not represented here today—Parliament is willing to cooperate, but we want results without further waste of time.

(Applause)

IN THE CHAIR: MR BEHRENDT

Vice-President

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

Mr Giraud. — (F) Mr President, there is no question of my taking up in any detail the competent and erudite exposé offered by our rapporteur, Mr Flämig. I will say straight away that the Socialist Group approves the draft submitted to us, and has asked me merely to make a few observations.

The first is that, side by side with national research, which must be coordinated in order to avoid unnecessary expense and duplication of work, there must also be Community research institutions to deal with specific problems considered to be of common interest.

It would take too long to recount now all the difficulties encountered by our research centres or to decide which governments should get the booby-prize for their treatment of these centres. What is certain is that all these establishments have been dominated for several years now by an intense feeling of *malaise*, whether it be Ispra—I see sitting opposite me Mr Houdet, who, I think it was seven years ago, had the occasion to visit Ispra at the same time as myself, with a delegation from the French Senate, an occasion on which we already observed distinct symptoms of discontent among the staff—or the establishment at Petten, which has been the main subject of Mr Flämig's speech. It would be nothing short of a scandal to allow

to go to waste the investments—some of them very considerable—that have been agreed upon and even more, a highly qualified staff which asks for nothing better than an opportunity to work and which, by no fault of its own, has, perhaps, not obtained the results that might have been expected.

(Applause)

Obviously, a research establishment is not there for the sake of the research workers, any more than a teacher or professor justifies his existence if he has no pupils; but the worst hypocrisy of all would be to maintain research establishments without giving them, in the form of staff and also of funds, the wherewithal to do some useful work.

Here we have hypocrisy and waste combined, and the Socialist Group supports these proposals because they seem to it capable of revitalizing, as Mr Flämig has just pointed out, the work of our research establishments, particularly that at Petten. My group hopes that, despite the time that has been largely lost, the objectives laid down by the Commission for these institutions will be reached and so provide a justification for the future, a justification of this Parliament's constant support for the idea of Community research. This should not be regarded as waste, or even as a luxury, but simply as a manifestation of the Community's vocation to grapple with the main problems of research for the sake of the future of the entire population of this Community.

It is in this spirit, Mr President, that the Socialist Group supports this motion and asks the House to adopt it.

(Applause)

President. — I call Mr Jozeau-Marigné to speak on behalf of the Liberal and Allies Group.

Mr Jozeau-Marigné. — (F) Mr President, ladies and gentlemen, the views of the Liberal Group were to have been put forward now by Mr Petersen, but unfortunately he is unable to be here. Deputizing for him, I should like to say, as briefly as Mr Giraud has done, that the Liberal Group too will vote unanimously for the motion put forward by Mr Flämig.

Three points are noteworthy in this motion. First of all, there is the question of principle mentioned at the end of his report by Mr Flämig, who said that, at long last, there was a gleam of hope—those were his words. To the members of the Commission I would say that I still remember how depressed this House was on the occasion of earlier debates to find that some people insufficiently emphasized what Mr Giraud

Jozeau-Marigné

has just called the Community's 'vocation'. For my part, I welcome the Commission's latest proposals and wish to say to the members of the Commission, particularly to Mr Brunner, that the Liberal Group places great hopes in these proposals and in the steps that the Commission is about to take.

I say 'steps that are about to be taken' for, apart from this general aspect, one is aware how necessary it is to do something specific on the basis of a medium-term or even long-term programme and to build up a coherent structure. An attempt has been made to indicate the objectives for which this ensemble should work, and a few moments ago our rapporteur, Mr Flämig, was telling us about the work proposed for Petten. Here, I and my colleagues in the Liberal Group note that the Commission in its proposals stresses the possibility of a research programme—the first of its kind—in the sphere of high-temperature materials and of another in that of organic products, in addition to the work already decided upon relating to standards and reference substances. I wish to say—and here I support our rapporteur and the point of view of Mr Giraud—that in this connection the Commission should tell us more precisely the objective for which the Petten establishment is to work.

May I also remind the Commission that, under the present circumstances, we do not have the feeling that the future of research into energy has been laid down sufficiently precisely—and that at a time when energy supplies, as we know, are particularly difficult and we have to concentrate our efforts on the search for new sources of energy. I would stress to the Commissioner that, while the principle of the thing is very laudable, the essence of the matter is something whose importance cannot be exaggerated.

Our rapporteur and Mr Giraud were saying a few moments ago that we must not indulge in hypocrisy; but it would indeed be hypocritical to give one's approval to matters of principle while refusing to give it to the funds that will be required if useful work, based on a long-term plan, is to begin without delay. Those engaged in this research will be working not only for today but also for tomorrow.

In conclusion, I would say to the Commissioner that I particularly welcome the last idea I found in this report—*viz.*, the setting up of a group of experts to ensure cooperation with the sectors of industry and national research institutes particularly concerned. In such complex and delicate matters, we cannot emphasize too much the importance of the 'Community's vocation'; but a Community vocation also implies the need

for proper coordination, for in this sphere it is inconceivable that each should have to grope on his own and so fail to reach the desired goal.

The Liberal Group, therefore, will, like the Socialist Group, confidently vote for this motion. *(Applause)*

President. — I call Mr Normanton to speak on behalf of the European Conservative Group.

Mr Normanton. — Mr President, I wish to make a number of points, some of which have been made before, but since our views are held strongly and sincerely and since, with the passage of time, we have found no reasons for departing from them, I pray for the indulgence of the House if I make some of those points again.

Firstly, to place on the record of this House our firm belief that the present institutional structures of the Community are not appropriate, are not of a sufficiently advanced or effective form to deal with the control of Community establishments such as the Joint Research Centre. The classical example of the kind of institution over which we have no means of providing effective control, is the Joint Research Centre.

Secondly, I think it is appropriate to say that it is easy for politicians to blame scientists but the fault, if there is fault, and undoubtedly there is, lies with the political masters and not with the scientific servants. It is not, I suggest, appropriate on this occasion to indulge in any witch-hunt or to try to find scapegoats, but the JRC was, and I think is still, the result of a political decision, not a research or technological decision.

The third point I make is that the JRC is a classical example of the way in which politicians of all parties spawn institutions and, like the cuckoo, leave them to fend for themselves or to feed upon that endless source of supply, public funds, without any regard to later verification of the appropriateness of the work, the relevance to the time when the work is being done, or the cost-effectiveness of these institutions. A year ago matters, as we know in this Parliament, came to a head. It was a crisis not only of money, it was a crisis also of morale. The Committee on Energy, Research and Technology with Mr Springorum as chairman and Mr Flämig as rapporteur for this particular subject, spent tens of hours considering all the possible courses which were open to the Community and open to this Parliament to recommend.

The choices quite simply are four. Firstly to continue to pay, to pour good money after bad, a method which is the easiest course for politi-

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cians and governments to follow because it invariably keeps matters quiet. The second is to fix a precise budget for a precise term and say exactly how much money will be provided and how much work is to be done. The third is to state a term after which the institutions of the JRC would then be closed down unless the right results are produced.

The fourth possibility, and this is the most difficult of all and the one which I think all politicians tend to shy at, is to close down the institution immediately and bring this long history of a waste of public funds to a rapid and salutary end. We know perfectly well, having read the report produced by Mr Flämig, which course has been adopted. The Council of Ministers is still shying at taking the right kind of action for dealing courageously and firmly with this whole question of the JRC and research by a Community institution on behalf of the Community. The present proposals which are the subject-matter of Mr Flämig's report are in my opinion a makeshift and are doing little better than postponing the evil day.

The European Conservative Group believes very strongly indeed that Community research will never be productive or cost-effective until some form of institutional framework—and by that I mean parliamentary control—is established. And we've a long, long way to go before we reach that stage. Until that day comes, research on behalf of the Community should, in our view, be in the form of funded research contracts placed with any one of the vast number of existing recognized and highly reputable establishments which are located throughout the length and breadth of the European Economic Community. They should be placed with these institutions, whether they be national institutions, whether they be industrial co-operative undertakings or indeed privately operated and constituted. The choice of the institution for the funding of contracts should be based on technical and technological expertise, not the colour of the flag to which the institution belongs. By pursuing this policy over a period of a decade or two, we shall in my opinion undoubtedly see the eventual de facto creation of institutions which are recognized throughout the Community regardless of their nationality or ownership, institutions which have an expertise which is special, which is progressive, which is highly valuable. And unless and until that policy is pursued, I can see little prospect of an end to the sad tale of a waste of public funds.

The European Conservative Group, while recognizing the valuable contribution by Mr Flämig in presenting this report, insist that the Council of Ministers makes an early and courageous

decision to bring to an end this nonsensical situation. Dr Brunner is cast, as I see it, in the role of a modern Hercules faced with the Augean stables. May I wish Dr Brunner, and through him the Commission, the strength and courage to grapple with the problems facing us. Until those problems are tackled firmly by the Commission and the conclusions pressed forcibly upon the Council of Ministers, I fail to see much hope for the tax-payers of the European Economic Community.

President. — I call Mr Noè to speak on behalf of the Christian-Democratic Group.

Mr Noè. — (1) Mr President, Commissioner, ladies and gentlemen, we have dealt with this matter several times, and therefore I will simply make some additional comments, especially since our colleague, Mr Flämig, has once more worked very hard on this. I personally am very grateful to him, living as I do in Italy near the largest of these Research Centres, for the care with which he has always followed their activities. I will therefore make only a few observations, on behalf of the Christian-Democratic Group.

In Mr Flämig's report, I note in particular the positive nature of the request put forward in paragraph 20, that the Centre itself be assigned a precise role.

The whole Committee on Energy, Research and Technology is now convinced that the Centre must be entrusted with specific tasks of its own. I also agree with the rapporteur in hoping for some further contribution from the hearings which the committee, chaired by Mr Springorum, is to hold in the coming months, consulting specialists, and putting forward what we hope will be some positive suggestions.

There is only one point on which I am not in complete agreement with him, and that is in paragraph 23 where he speaks of 'often injudicious recruitment'. He has himself admitted elsewhere that the main factor in the lack of results at Ispra was the lack of research programmes, which brought activities to a standstill, and prevented the recruitment of young people. For six years we have been criticizing the failure to recruit young people, and a research centre cannot operate without a continual influx of such people. It is between the ages of twenty and thirty that those most gifted intellectually make new contributions: they continue being productive throughout their lives: but there is no doubt that the same is true for them as is for downhill skiers, who have to be 20-22 years old, and no more, after which they are past their peak: researchers too give their best when

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they are younger. It is the lack of research programmes which is the sore point.

I also think that the rapporteur could have laid more stress on the fact that between 1968 and 1972 the Council of Ministers adopted continually changing positions, centring attention first on basic research, then on support to industry, then on research organized on an industrial model and, since these programmes are inherently long, requiring several years, each has eventually had a negative influence on public confidence, because of the inconsistencies involved.

Having said this, I hope the President will permit me now to make a comment which departs a little from what has so far been said on this subject. Mr Flämig worked on the assumption—which I share—that the Orgel reactor, had it given good results, would have been able to safeguard Europe's supplies of natural uranium. The extreme usefulness of this objective is demonstrated by the difficulties encountered in the enrichment of uranium. I agree with Mr Flämig but I want to mention another point: we had other means at our disposal for using natural uranium as a nuclear fuel, that is to say, heavy water reactors.

Let us be quite clear, I do not wish to advocate the use of heavy water reactors, even though they have been chosen in Britain after two years of discussion. My one regret, Mr President, and I say this to Commissioner Brunner too—I will explain later why I address myself to him—is that there has never been a comparison using methods such as systems analysis, to tell us initially, and with constant updating—since these factors vary with the passage of time—the cost of one kilowatt hour produced with light water reactors and the cost—taking every individual factor into account—of one kilowatt hour produced with heavy water reactors, using natural uranium fuel, and all this because the means were lacking. And here I come to the basic point which leads me to disagree at times with the position of my colleague and friend Mr Normanton, to whom I listened with interest, but with whom I cannot agree today. It is strategic decisions of this kind which form the basis for the success or failure of the whole programme, and therefore the fault certainly does not lie with the researchers if, due to the lack of current research programmes, they eventually find themselves in a blind alley.

Here I would like to digress for a moment, Mr President. The responsibilities of those taking the decisions is enormous today, especially from a human point of view. For example, in the forties, when I started work, a young man was recruited by industry, began his work and, if he worked hard, he made progress.

Today, he can give excellent results, and work with the best will in the world, but he is danger of ending up in a blind alley because the strategic decisions which determine the activity of the body which employs him, be it an industry, a European organization, or a national body, are mistaken or inadequate strategic decisions. For this reason, those who take such decisions bear an enormous human responsibility nowadays.

A moment ago I addressed myself to Mr Brunner, because a few months ago he held a three-day meeting in Hanover between some Members of Parliament and a number of experts in long-term planning methods, those global methods which can provide guidelines. And therefore, in this connection, and in answer to Mr Normanton, I would like to say that this is what we lack; we lack the structures to permit us to prepare decisions properly. Far be it from me, of course, to state axiomatically that, once we adopted such methods we would find all the answers, of course not: but at least we would have an important additional method, which, applied sensibly and based on a fair examination of every individual item, would permit us to reach more acceptable decisions.

I would like to mention another point. This evening we have with us Commissioner Brunner, but Mr Simonet and Mr Spinelli are also concerned with these problems. From time to time we will be dealing with other subjects: on Wednesday, for example, on the subject of storage of radioactive wastes, I will attempt to return to this theme in the presence of another Commissioner. There is no doubt that the Commissioners work in close cooperation, but I believe that it is in the nature of things, and it is no-one's fault if their work is not yet sufficiently coordinated, even at executive level. We Members of Parliament too, being obliged to travel continually, cannot undertake this planning adequately.

What we must aim at, Mr Normanton, is that all those who have to take decisions together, should improve their methods. Let this be clear, let no-one imagine that I think that this will solve all problems and make everything easier. For even in the famous book by Pestel and Mesarovic, there are things which make one's hair stand on end, for example, when they speak of producing all future energy with solar energy. When the figures are examined, as was done in the presence of the President of the Italian Senate only a few days ago—so I know what I am talking about—before twelve experts from my country, they had to conclude that eventually 1% of all dry land would have to be covered with mirrors and each year thereafter an area of the world the size of the city of Milan would

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have to be covered with more mirrors. You can realize that these are absurd situations, and therefore I would be wary of taking this system to extremes. However, I believe that these methods too must be used.

I would like to say in conclusion that if we bear all this in mind and if Parliament can make a contribution to drawing up the current programme of action which the Commission, through the three Commissioners I mentioned, is proposing to the Council, we will escape from the straits we have been in all these years. But let it be clear that what I have been talking about is a question of method and not a matter of guilt. Besides, one cannot lay the fault at the door of the politician when he cannot base his decisions on adequate ground-work and preparation, and when he is obliged to resort to guesswork or even the toss of a coin.

(Applause)

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

Mr Cointat. — *(F)* Mr President, I begin by thanking our rapporteur, Mr Flämig, for his extremely clear and detailed report, which is based on his great competence in this field. We shall vote for the motion, and I can associate myself with most of the comments that have been made by preceding speakers.

The Joint Research Centre is now fifteen years old, and it already has a troubled and eventful past. From this stormy and often painful career, it has emerged a little anaemic and prematurely aged. As some have already pointed out, it is not responsible for the long-drawn-out asphyxia, which is due to the indecision of the Community. Everyone is agreed that Community research is in need of energetic treatment, and I hope that the new research programme will prove to be the long-awaited Fountain of Youth.

The JRC's setbacks have been numerous and diverse. The first, I think, was its misconceived objective: Community research was oriented on the development of a natural-uranium reactor along the lines of the Orgel project. Unfortunately, beginning in 1967-68, a most disagreeable development was to be observed: European electric power utilities had decided in favour of the American type of reactor operating on enriched uranium and light water. The blow dealt the JRC was obviously a heavy one. The lack of political will on the part of Member States and their mistrustful attitude to Community research resulted in a chronic lack of programmes and plans. What were research-

workers to do, however brilliant they might be, if they were ignorant of their rôle or mission and the future remained indefinite? To these difficulties were added the ponderousness and disorganization of the administration and its tendency to shy away from responsibilities, which reduced everything to a state of complete paralysis. The Joint Research Centre found itself without a purpose, and a feeling of insecurity and anxiety predominated. Some officials were so upset by the discrepancy between the level of their salaries and the, so to speak, 'walking-on parts' they had to play that they resorted to psychiatric treatment in the hope of finding an answer to their problems, while others, apparently, became excellent musicians!

But let us not weep over the past. Today, there are signs of a desire to put Community research once more on its feet. But—and this I say with all emphasis—it is the JRC's last chance; there is no doubt whatever that it would not survive a further setback. The phase it is entering is therefore a decisive one. Progress, unfortunately, will be slow. Let us hope that the Member States will show patience and, above all, a very firm political will. The first instalments placed at the JRC's disposal are encouraging. The former practice of drawing up research programmes whose brevity was equalled only by their nebulousness has now been abandoned and given way to a proper multiannual programme accompanied by financial measures that will put an end to the critical situations that had become all too familiar. Indeed, the administration did not always know where the money was to come from to pay its staff for the next three months, and only too often funds were made available thanks only to the imaginativeness of those keeping the books. Our rapporteur, Mr Flämig, referred to this a few moments ago in connection with the Petten establishment.

Finally, the creation of an atmosphere of confidence and security must be accompanied by an administrative re-organization of the Centre, and we are glad to find that this is already in progress. The European Parliament has always been very sensitive to the problems of the JRC and has always given it its firm and constant support. The adoption of a new programme crowns these hopes, but we must not allow this programme to be carried out in isolation, since this would force the establishment to retire within itself, whereas, in fact, it needs constant contact with the outside world. A considerable part of the programme will therefore have to be carried out by sub-contractors, carried out outside, that is, and as Mr Giraud and Mr Normançon pointed out just now, it is essential to coordinate national research and to base oneself firmly on what already exists in the Member

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States in order to create more rapidly a European spirit of research.

In conclusion, Mr President, it is my firm wish that research policy should have a lasting success, since a further setback would mean the end of Community research. For research, together with energy policy, is one of the essential elements of European union: it is one of the conditions of our economic expansion, and it is therefore indispensable to achieve a coherent policy in this field.

(Applause)

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

Mr Leonardi. — *(I)* Mr President, ladies and gentlemen, we have already discussed this matter several times and we do not differ about the facts of the case but about their political interpretation. We believe that this Parliament has neither in the past or today, with this report by Mr Flämig on the research activities and the operation of the Joint Research Centre, drawn all the lessons from the political failures of the Community in its energy policy which the Joint Research Centre was set up to achieve.

I would like to remind you that in the preamble to the EURATOM Treaty the signatories declare that they are 'resolved to create the conditions necessary for the development of a powerful nuclear industry' and go on to say that they are 'anxious to create the conditions of safety necessary to eliminate hazards to the life and health of the public'. Between 1958 and today the Community's energy system has clearly undergone a profound transformation, not only in the development of nuclear energy, which the Joint Research Centre was set up to deal with, but through a massive changeover to oil which has almost completely replaced solid fuels. It is also well known that, faced with this changeover, neither individual governments nor the Community have been able to react properly, so that today the people have to pay the price of a crisis which we could quite easily have averted.

The same could be said of the safety promised in the Treaties. After years of inactivity great programmes are now proposed, but no action is taken to inform the people of the consequences of these programmes, whether good or evil, so that in all our countries there are demonstrations by those directly concerned, rightly demanding adequate information. The Joint Research Centre is one element in this crisis—a crisis described by Mr Flämig in his first document—but far from being the cause of the crisis it is a victim.

All the failings in management, organization, etc. which are always possible in any institution, are nothing compared with the enormous burden caused by the inability and lack of will of the governments of our countries to give the Community an energy policy which will entrust the Joint Research Centre with the right kind of task, enabling it to give proof of its capabilities. Only by realizing the logic of this can we understand why the other major instrument of EURATOM, the Joint Undertaking, has never been used, and understand the true meaning of the programmes which have been entrusted to the Joint Research Centre since 1973. These programmes are euphemistically described as extensions into the non-nuclear field, but in reality they are programmes based on research in the areas where there are gaps in research carried out by private industry on a national level, and it is for this reason that they have been extended to the non-nuclear field. As a consequence of abandoning the search for an autonomous base in the nuclear field, specialization in that field was abandoned. This radical change from independent research to subsidiary research in areas not covered by others, has obviously thrown the whole organization into crisis and has led to the need for a search for other solutions which as Mr Flämig says will be considered later. We are not trying to say that under the new arrangements the Joint Research Centre will not fulfil a useful function. There is plenty of room for everyone in research, even in different fields. The problem is to take realistic account of the situation and not to blame output, bureaucratic complications or other causes when the true reasons, or at least the decisive reasons for the failure are quite different. Moreover, further problems will inevitably arise with the development of research under the International Energy Agency, to which eight of our countries are signatories and which, within the meaning of Article 42 of the Agreement, covers fields of research very similar to those of the Joint Research Centre. There is thus a deplorable lack of an overall view and a fragmentation of the various parts of the programme and consequently great efforts are required of the centre and its management to give consistency to our inherently inconsistent programme because the decisions are in other people's hands. Hence also the sense of frustration mentioned by Mr Flämig and Mr Cointat.

We will not spend time on the revision of the programme since it has been discussed on other occasions and we will not repeat the criticisms which have been made many times that staff assigned on paper to one programme are often used for different programmes and that the staff complement was and is largely incomplete

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and has not been completed by new recruitment. We will not dwell on the hydrogen production programme—which everyone knows is inadequate—on the fusion programme or on what could be done on energy conservation, a field which today has become of fundamental importance. We would like to deal simply with one point, safety. This undoubtedly represents a specific sector in view of the new direction which has been given to the Centre, a sector of multi-national interest which does not concern private firms and where activities are carried out basically with public funds. This activity is the principal programme of the Joint Research Centre. However, safety is not simply a question of scientific research, it is primarily a political matter. If it is to be dealt with properly, the publication of certain basic information is necessary, the risks must be made clear, public opinion must be involved in a thorough debate on the questions of the site of power stations, of design criteria, transport and storage of fissile materials, the possibility of nuclear accidents, thermal pollution, etc.

All this should lead to reasoned decisions supported by wide popular consent, a consent which is necessary in matters which so closely involve the health and safety of all. And yet on this point—which is the main feature of the research programme—when we come down from programmes to facts, we see that a certain amount of good work has been done but there is a refusal to accept any responsibility towards public opinion. Since, however, this is precisely what is necessary, it is clear that the work, however well done, is of little use.

If, while the signatories to the EURATOM Treaty declared that they were anxious to create conditions of safety for the public, the public themselves are not informed, important and valuable work may be done, but an essential step is omitted, and one which is an intrinsic part of the programme. Why does the Commission not correct the results of its researches and inform public opinion of them?

We do not feel—and here I will conclude—that we can approve a document which includes expressions of satisfaction for provisions which merit it only partially and in a few cases, a document which threatens that further failure will result in an end to the granting of funds. Once more the matters raised may be just, but the objective is a mistaken one. But in an extremely critical situation, in which the sole question is whether the Treaties are being respected, general criticisms, which must necessarily be of a political nature, are not being made, there is no request for the confrontation which the Commission is obliged to make in its

agricultural policy and which we have asked for several times for research and energy policy in general, which is nowadays just as important as agricultural policy. We do not believe that we can continue in this way, in spite of the industry shown by our colleagues, especially Mr Flämig. Moreover, we have already discussed these subjects at length in Strasbourg when we were considering the resolution tabled by Mr Springorum expressing attitudes and criticisms which, although from different points of view, we all share.

(Applause)

President. — I call Mr Brunner.

Mr Brunner, member of the Commission of the European Communities. — (G) Mr President, ladies and gentlemen, this House has often discussed the subject of the Joint Research Centre. Your debate today has been useful, because it draws worldwide attention to this problem at a time when public opinion in Europe is beginning to take the view that the difficulties of the energy crisis and of energy supplies which cropped up in 1973 are now resolved. I therefore regard this debate as extremely useful. We must not go to sleep on the job; we must now, without delay, summon up our energies to make new efforts to reduce our dependence on imports of oil. We must now, without delay, try to develop alternative sources; and here the Joint Research Centres of the Community have an important part to play.

We should be ill-advised indeed to conclude that the problem of oil supplies has been solved. Some people in Europe are saying that there is a superfluity of oil amounting to 150,000,000 tonnes. Others are saying that, if the sale price for fuel-oil is already lower than the cost price for crude oil, then the price of the latter can only fall. Why, so the arguments run, in view of this oil glut and the falling trend of prices, should we try to develop alternative sources, why all this talk of independence if one takes the long view?

I fail to be convinced by arguments of this kind. It would, I think, be very dangerous if we, as a Community, failed to promote and coordinate efforts in the Member States and, at the same time, to pursue research and continue our efforts in the Joint Research Centres.

You in this Parliament have devoted considerable time to discussing the situation at the Joint Research Centres; and I ask you, ladies and gentlemen, is there anyone here who does not have a guilty conscience when he considers the developments of the last few years? Let

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us be honest with ourselves! On many occasions we have imposed our problems on the Joint Research Centres, even though these problems were attributable to completely different causes. The Joint Research Centre has had to experience directly all the fluctuations of European policy, and has been made responsible for things which were not its fault.

These Centres must be given a lasting perspective and their staffs an opportunity to work for tomorrow. They must be given the prospect of winning recognition whenever they achieve something and not of seeing a successful programme brought to a halt because of national egoisms. This is the plain truth so far as the Joint Research Centres are concerned. They have suffered because of the lack of a consistent European policy. I do not say that we have had no problems, and this is made perfectly clear by Mr Flämig's report. We have indeed had problems—problems of organization, labour conflicts. Such problems occur everywhere people work together.

We should have easily overcome these difficulties if we had had this continuity and this perspective. I therefore welcome this Parliament's call to us in the Commission and the Council to concentrate on giving these research establishments in the future, by means of a revised programme, the perspective we owe these people.

I am very grateful to you for your persistence in throwing light on the essential problems. These, to my mind, are: abandonment of a one-sided orientation on nuclear research; the opening up of new research programmes holding out promise for the future; improving the programmes; raising the funds allocated to the Joint Research Centre; and a stricter organization.

It is our duty to acknowledge that good work has been done in all four research establishments, work that has won the recognition of experts. This applies to the Central Bureau for Nuclear Measurements at Geel, to the European Institute for Transuranium Elements at Karlsruhe and to the High-Flux Reactor at Petten. As for Ispra, I should like to say that we have been recognized by the NASA as principle investigator in the field of mineral sources of raw materials. And that means something! To this, I would add that the International Atomic Energy Agency has shown its recognition of hydrogen research at Ispra by putting this establishment in charge of a project in this field. I feel that Ispra, of all these institutions, should not be forgotten when it comes to paying recognition. In view of all the difficulties this establishment has experienced, it is our especial duty

to pay it recognition where such recognition is due.

We are now engaged in working out a programme on alternative sources of energy. We should not, however, allow this to distract us from work in the classical fields wherever something can be achieved by the JRC. This includes the programmes on reactor safety—Mr Leonardi drew attention to the need for this in his speech—and on storage of radioactive waste. These are the subjects on which we should concentrate: in my opinion, the Joint Research Centre can here do work which could not be done in the same way or with the same efficiency at the national level. But I also said that we should devote our attention to new programmes. These would include hydrogen as a source of energy and the exploitation of solar energy.

In the new research programme which has now been laid before the Council of Ministers and which, I hope—and we should all attach particular importance to this—will be approved without delay, we have set forth the matter in detail. Among the non-nuclear research fields, I should like in addition to mention protection of the environment, in particular air pollution by noxious chemical substances, and remote sensing of the earth's resources.

These are all things that can be dealt with by the joint research establishments. We have made a number of specific proposals in the multiannual research programme of 1973. We have proposed individual research programmes to consolidate what is already going on without necessitating any change in the overall staff and financial framework, and we have further proposed measures to compensate for inflationary developments. These proposed modifications include a further point—namely, the research establishment at Petten. On this subject you have put a number of questions, and I shall now try to answer them.

Firstly, in Petten we are working on high-temperature materials. Under severe conditions entailing the use of reactor heat, tests are made to see how these materials can be used for a number of industrial processes. Precisely at the present moment this work is of particular importance, for this kind of research, this testing of materials at temperatures of 800-1 000 °C or more, is of decisive importance for all spheres of activity today connected with energy research, such as the gasification or liquefaction of coal, the exploitation of hydrogen as a source of energy, the direct reduction of minerals or methanol and ammonia synthesis. In my view, therefore, the work already being done in the Joint Research Centres will be supplemented in a

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meaningful way if we allocate these new activities to Petten.

Secondly, we are allocating to Petten work in the field of standards and reference materials, and this programme is designed to help solve problems of identification and measurement in the field of organic substances. We need the results of such research if we are to overcome the technical obstructions which still exist in trade among the Member States. I am glad that Mr Jozeau-Marigné raised questions on these points; they had already been raised by Mr Flämig, and I think that as a result our proposals as a whole have been made clearer.

I should like to take this opportunity of saying to you that the departments of the Commission that are engaged on the next multiannual programme are endeavouring to develop new focal points for the concentration of effort. Energy research and environmental protection will, of course, be retained, but we do not want the work of this research establishment to remain isolated. We want this work to be coordinated with other work, we want the indirect actions—that is, the encouragement by the Community of national research—to proceed further, and we want to see the contacts with the outside world, of which Mr Cointat has spoken, intensified in order that we do not remain an island in the world of research. We cannot afford to carry on research here all on our own in an ivory tower without any connection with either the economic situation or the general research situation in the world.

I am aware that the finest programmes are of no avail if the structure, the organization of the research establishments concerned is poor. I know that we have had problems here—far be it from us to conceal them—but we are endeavouring to provide fresh impulses, which are the essential condition for work that is to be both objective and uninterrupted. We have transferred to Brussels the office of a director-general responsible for programming, for overall supervision of the Centres. At the same time, we have transferred to the directors of the four research establishments the power of making practical decisions, which is the essential thing for activities on the spot.

By doing so, we have achieved a new degree of flexibility, and I believe we have also made some useful gains for coordinating not only programmes within the Community but also the Community's programmes with those of other institutions.

We are also engaged in an attempt to improve the situation with regard to social problems which had arisen particularly at Ispra. This

debate should not be allowed to end without our devoting a few words to this aspect, because it is one that cannot be ignored and because here too the responsibility has often been shifted onto the Joint Research Centres, in particular that at Ispra. In fact, we have for years neglected to devote to this aspect the attention it deserved. In this connection I am bound by my word to the staffs of the Joint Research Centre, and I intend to keep my word.

In my opinion, we must ensure that, now the problem of the so-called *appaltati*—i.e., staff seconded to Ispra—has been solved, the Council of Ministers should now also tackle the problem of the other so-called *discriminati*. In the summer of 1974, the Council of Ministers granted a premium to the local staff at Ispra. Together with the energy research programme submitted to the Council of Ministers, it is our duty and also our intention to solve these problems too, so that Ispra will be enabled to fulfil its tasks with fresh enthusiasm on the basis of a freshly revised programme. I am convinced that whatever confidence you place in Ispra will be fully justified.

(Applause)

President. — I call Mr Flämig.

Mr Flämig, rapporteur. — (G) Mr President, at the end of this joint debate I should first of all like to thank all who have spoken and have subjected the two reports to a critical appraisal. Then I should like to make a few observations on what has been said in the debate.

I shall begin with Mr Brunner's contribution. From what he said, it is clear that the Commission, under the present circumstances, has understood the need for intensified energy research and the need to promote this research. To the Commissioner I would say that this is of particular interest to us, because it seemed to us that in the document on which our report was based this very aspect could have done with a little more emphasis. From what the Commissioner has said, however, we see that the task has been realized. Mr Brunner is right when he says that the Joint Research Centre cannot be made responsible for things that are not its fault. We are glad to hear him say this, even though, because of the shortage of time, he could only hint at it; and since in many cases it is the Council that has the last word, I should like to add: 'Say it to the Council too, Mr Commissioner!'

What the Commissioner had to say on the promotion of high-temperature materials was particularly welcome, for this is not the only new development that has been mentioned. Much

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still remains to be done in the development of high-temperature reactors. We appreciate that when one gets into the region of 850° or 900°, when problems of district-heating and all the other things come together, there is still a great deal to be done, to say nothing of fast breeder reactors. The Commissioner has indicated where the stress should be laid—energy research, environmental protection—and also mentioned the 'indirect actions'. That is all very well; but he will admit that today we have, of course, been dealing specifically with the Joint Research Centre.

Here Mr Brunner referred specifically to discontent among the staff. I should like—and I think I say this on behalf of the entire committee and, indeed, of the Parliament as a whole—to thank him for drawing especial attention to social problems. Staff problems are also our problems, for here—the word 'waste' has already been mentioned—a great deal of goodwill and idealism has been wasted. Now that he is tackling the social aspects and putting them in the foreground, we wish him much success in the Council of Ministers.

A few brief remarks, Mr President, on what other speakers had to say. Among other things, Mr Leonardi drew attention to the need for keeping the public better informed. I think he is right, because if things go on as they have done until now, then we might just as well abandon all ideas of building nuclear power stations in the European Community. Then all energy programmes will be out of date, and we shall not achieve what we have set out jointly to do. But, of course, making the public appreciate the need for nuclear reactors, for example, and all the problems that are connected with this is not only a task for the Community but also, and to a much greater extent, a national and regional task.

Mr Normanton spoke of waste. I have just drawn attention to this problem, and he will, of course, agree that that is naturally not the fault of research-workers or technicians. Essentially, the fault lies—we may as well say so quite frankly—with the governments, which have not been able to reach agreement. Whenever anything held out promise, they wanted to do it themselves, and only when it was uneconomical or offered little hope of success did they leave it to the Joint Research Centre. The JRC—this is how we would put it in Germany—was given the role of a Cinderella. But we must put an end to this. There are tasks in European research which cry out for a joint solution: let us, therefore, give the JRC a proper chance!

Mr Noè referred to a point in my report in which I dealt with the inadequate mobility of staff

arising from the fact that we have given this staff the status of permanent civil servants. I think, Mr Noè, that you agree with me that there are better ways of dealing with the situation than giving researchers this status, since this has the result of tying a man down to a particular place; I will not say that he becomes lazy, but at all events less mobile than the research-worker who is free to move from one job to another, to develop further his own education and experience. I should like to emphasize to Mr Noè that the paragraph to which he referred was not intended to imply any criticism of staff.

A moment ago I spoke of disappointed idealism, and it is my conviction that what research-workers and technicians in the Joint Research Centre want above all is a definite task and definite terms of reference, in order that they may feel that they know what they are being paid for and what the purpose of their efforts is.

Finally, a comment on what was said by Mr Cointat. He said that this was now our last chance, and here I should like to agree with him. We struck the same note at the end of our report by speaking of a last chance.

Gentlemen of the Commission, you are aware that the relevant committee in this Parliament, the Committee on Energy, Research and Technology, has asked for experts to help it in drawing up a report on the situation. Many impressive, though sometimes somewhat obscure, programmes have been laid before us, including some volumes of imposing dimensions. They contained points that were already out of date before they could be considered. They contained points which had no hope of producing realistic results. They also contained points that were very promising and of which one can only say that one hopes to see them finally realized.

But what we want, and what this House has a right to, is that the situation should at long last be clarified. Who is doing what? What is the purpose of what he is doing? Where have some initial results been obtained? What does it cost? How long will it take? How many staff will be required? We are tired of groping around in the dark. We want to know what is going on and whether there is any point in continuing to give it political support.

And so I should like to say in conclusion: it looks as though the great majority of this House gives these two reports its approval; we hope that this will open up the way for what Mr Cointat has called our last chance; and we hope that this last chance will not be ignored.

(Applause)

President. — Does anyone else wish to speak? I suggest we combine the vote on the two motions for resolutions.

Are there any objections?

That is agreed.

I put the two motions for resolutions to the vote. The two resolutions are adopted.¹

Thank you Mr Brunner.

8. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Tuesday, at 10 a.m. and 3 p.m. with the following agenda:

— Supplementary report by Mr De Keersmaecker on the coordination of safeguards in connection with mergers;

— Report by Mr Yeats on the retention of the rights of employees in the event of mergers;

12 noon:

— Vote on the draft amending and supplementary budget No 1 of the Communities for 1975 and on the motion for a resolution contained in Mr Aigner's report.

The sitting is closed.

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

¹ OJ C 95, 28. 4. 1975.

SITTING OF TUESDAY, 8 APRIL 1975

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IN THE CHAIR: MR BORDU

Vice-President

(The sitting was opened at 10.35 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Apologies*

President. — Apologies for absence have been received from Mrs Orth and Mr Calewaert, who regret their inability to attend this part-session.

3. *Documents received*

President. — I have received from Mr Lenihan, Mr Gibbons, Mr Klepsch, Lord O'Hagan, Lord Reay, Mr Della Briotta, Mr Premoli, Mr Espersen, Mr Härzschel, Mr Noè, Mr Normanton, Mr Durieux, Mr Cousté, Mr Howell, Mr Früh, Mr

Scott-Hopkins, Mr Corrie and Mr Kavanagh oral questions pursuant to Rule 47 A of the Rules of Procedure for Question Time on 9 April 1975 (Doc. 29/75).

4. *Time limit for tabling amendments*

President. — I propose that we should set the time limit for tabling amendments to the reports by Mr De Keersmaecker and Mr Yeats at 11 o'clock this morning.

Are there any objections?

That is agreed.

5. *Third Directive on the coordination of safeguards required in connection with mergers between sociétés anonymes*

President. — The next item is the debate on the supplementary report drawn up by Mr De Keersmaecker on behalf of the Legal Affairs Committee on the amended proposal from the Commission of the European Communities to the Council for a third directive on the coordination of safeguards which, for the protection of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty

President

in connection with mergers between sociétés anonymes (Doc. 513/74).

I call Mr De Keersmaecker, who has asked to present his report.

Mr De Keersmaecker, rapporteur. — (NL) Mr President, ladies and gentlemen, I should like first of all to apologize on behalf of the Chairman of the Legal Affairs Committee, Mr Derek Walker-Smith, who is unable to be here today since he has to take part in a vote in the House of Commons on British membership of the European Community.

Today we are debating the amended proposal from the Commission of the European Communities to the Council for a third directive on the coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies or firms within the meaning of the second paragraph of Article 58 of the Treaty in connection with mergers between sociétés anonymes, pursuant to Article 54 of the Treaty. It is not necessary to go into all the details of this proposal again. This has been done adequately in previous plenary part-sessions, when we reached agreement on most parts of this proposal. I shall therefore only discuss those items on which substantial disagreement remained. In addition I shall briefly survey the history of this proposal in the plenary part-session and in the meetings of the committee responsible, i.e. the Legal Affairs Committee, and the Committee on Social Affairs and Employment, which was asked for its opinion.

This proposal was submitted by the Commission, and Parliament gave its opinion on it following a debate on 16 November 1972. The Commission subsequently submitted an amended proposal which aimed to adapt the directive to take account of the accession of the three new Member States, and to the provisions relating to European limited liability companies. This amended proposal was the subject of an opinion from the Committee on Social Affairs and Employment, and a report from the Legal Affairs Committee.

The debate in both committees centred mainly on Article 6 of this directive. The Social Affairs Committee introduced the concept of the 'social plan' and stated that if no agreement could be reached on this social plan it should be possible to invite the mediation—please note, the mediation—of the national governments. Having heard the opinion of the Social Affairs Committee, the Legal Affairs Committee finalized its text, drawing very far-reaching conclusions. It even made the merger, on which the manage-

ment organs have finally to decide, conditional on the content and deadline, following this mediation. This opinion of the Committee on Social Affairs and Employment and the Legal Affairs Committee, particularly of the latter, was debated in Parliament on 17 October 1973. The rapporteur at that time was Mr Héger. It became clear that there were serious differences of opinion in Parliament on this important matter.

It was therefore referred back to these two committees, which were asked to find the solution. Some Members felt that if no agreement was reached with the assistance of the government a decision following negotiations on the social plan should be a precondition of the decision on the merger itself, for which, as I have said, the management organs of the limited companies are responsible. In other words, there should be a type of 'conditional veto'. Others felt that it was not permissible to make the agreement on the so-called 'social plan' a condition of the implementation of the merger by a decision of these management organs. The Social Affairs Committee and the Legal Affairs Committee examined this question and came up with a proposal to replace the system of following or completing the negotiations by a government mediation procedure by a system in which the negotiations are followed, in the event of non-agreement, by a final arbitration procedure binding on both parties. Let me remind you of the structure of this decision-making process. I consider it very important to understand the technical aspects in order to be able to judge this proposal on its merits and evaluate its details. The procedure comprises four stages: first, the management organs are required to produce a report on all the likely consequences for the employees of a possible merger. This is followed by publication of this report within two months. This is in turn followed by a debate on the basis of this report. It is quite possible that this debate yields a complete consensus on the entire problem, that is on all the legal, social and economic consequences of the merger over a period of at least two years, and on all the measures to be taken in respect of the employees. However, if the parties do not reach agreement—and this is important—the employees or their representatives, and no-one else, may decide that the measures proposed are unacceptable to them. If this happens, there must be new negotiations—the management organs are obliged to open these discussions before they can decide to go ahead with the merger. This is a point of vital importance. It means that this negotiating phase results from a decision by the employees and the employees alone. They, and not the management, can insist on negotiations on the social plan. And if these negotiations do not lead to

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agreement within two months, an arbitration body can solve the problem, at the request of either party, by making a final and binding decision. These are the general outlines of the procedure: the report, publication, obligatory debate on the report and the measures proposed in it, and finally possible non-acceptance by the employees. In that case, as I have shown, further discussions between the employees' representatives and the managements become necessary, and if there is no agreement after two months an arbitration body may be invited to take a decision binding on the parties. That is the overall shape of the procedure.

What now were the major points of dispute considered by the Legal Affairs Committee in its efforts to reach a decision? First, as I have already pointed out, there was the problem of whether the judgment of the arbitration body should be considered as a conditional veto—that is as a postponement for a given period of the decision on the merger as such.

The Legal Affairs Committee came to the conclusion that there were two parallel processes of decision-making here. In the first case the management organs are responsible for deciding on the merger as such. In addition, it is necessary to resolve differences of opinion on the measures contained in the social plan to which I have referred. The committee felt that these were two different things, which although contemporaneous were the responsibility of different bodies.

It is worth remembering that on 11 July 1974 the European Parliament adopted a similar attitude when deciding on the powers of the works councils in the context of the European company.

I should like to quote briefly from the text of a decision taken at that time which accorded in spirit with the proposal on the social plan put forward today by the Legal Affairs Committee. In Article 123 of the Parliament's proposal for a statute for the European limited liability company we read the following: 'Decisions concerning i) the establishment of a social plan in the event of closure following liquidation or for other reasons, or transfer of the undertaking or parts thereof may be made by the Board...' that is, by the management organs of the limited company, '... only after obtaining the agreement of the European Works Council.'

This is a similar, or at least comparable, situation to that in which the Legal Affairs Committee made an entirely different proposal. It said that the management board could *not* take the relevant decision unless it had the agreement of the European Works Council. It was the

European Parliament which obtained a different formulation, entirely in line with the present thinking of the Legal Affairs Committee.

While we agree—and this is also my personal view—that the employees must be involved in the decision whether or not to merge, I consider that this problem should be discussed in the context of our debates on the structure and composition of the management organs of the limited liability company.

We were faced with this problem on 11 July 1974 when we debated and reached agreement on the composition of the management organs of the limited company. Admittedly we were then talking about a European company, while the present discussion concerns national limited liability companies. But our debates reflected the views of the European Parliament with respect to the participation of the employees in the taking of decisions, not only as regards the measures included in the social plan as such, but also with respect to all the consequences of the merger.

I feel however, that we must debate these problems—as I said already, this was done during our debates on the Statute for European limited companies—when we come to considering the composition of the company organs in general and its management organs in particular. The important thing here is that the interests of the workers should be efficiently and genuinely protected. The Legal Affairs Committee believes that a conditional veto adds nothing to this protection since, if no agreement is reached, the arbitration body must deliver its judgment in accordance with the arbitration procedures laid down in the civil codes of the various countries. This judgment is binding, even retroactively, if the management organs—and this is very important—should decide meanwhile to proceed with the merger for other reasons which will very often also be in the interests of the employees.

A decision to merge can, after all, be taken to safeguard the continued existence of a company or group of companies, and it is clear that the problem of employment is directly involved. Experience shows that in the case of a take-over bid, for instance, the management organs often find themselves in a competitive situation which requires them to react very rapidly. Nonetheless, there can be no doubt that in the event of a merger the rights and certainly the acquired rights of the employees must be safeguarded, and measures should be taken to ensure this. If the employees or their representatives feel that these measures are unsatisfactory, negotiations will certainly be necessary, and if no agreement is reached the arbitration body will have

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to take a final and binding decision. This, in brief, was the view of the Legal Affairs Committee with respect to the relationship between the merger decision and the process of reaching agreement via arbitration, at least in the final stage, on the social plan.

A second problem which arose was the implementation of the decision following the arbitration procedure.

It goes without saying that unless the taking of a decision is made obligatory and its implementation guaranteed there are absolutely no safeguards for the employees' interests. There must be a provision guaranteeing both the decision-taking procedure and the carrying out of the decision.

An arbitration body must by its very nature function automatically, naturally in accordance with its characteristic features, and any decision it takes must be binding on the parties submitting themselves to it. This is self-evident, but if one accepts this one must also accept the consequences and ensure that the guarantee is watertight. The text of Articles 2 and 15 of the directive indicate that the merging company is the full legal successor of the amalgamated company. But what does one do if following the merger the amalgamated company should refuse to accept the decision of the arbitration body? It is clear that the party which feels itself injured by the non-implementation by the management organs of the measures contained in the arbitration body's decision can appeal to the courts for an executive order to have the arbitration body's decision carried out.

The legal aspects of the proposal constitute an equally important problem. It is not of course the purpose of this proposal, which is after all a directive, to regulate the extremely complicated civil law procedures. Its aim is to co-ordinate the safeguards and set the guidelines on which the safeguards can be effectively and efficiently based. The Legal Affairs Committee could have proposed amendments to the arbitration procedures in the various Member States, all of which differ. But we all know that the legal institutions in the various Member States vary enormously owing to their entirely different historical development, dating back over many centuries. It is thus virtually impossible and politically almost certainly not feasible to develop a completely worked-out alternative which will satisfy the aims I have indicated, namely the coordination of the safeguards—at least one which would be acceptable to all the Member States. The Legal Affairs Committee and the Commission came to the conclusion that only the most essential adjustments should be indicated, and that the instructions for organiz-

ing the arbitration procedure should be limited to two major aspects. These are firstly the composition of the judicial tribunal, since this is of vital importance for the impartiality of the decision, and secondly the appointments of the arbitrators, since it has been found that the legal codes of certain Member States lay down that the lack of such instructions means that no decision can be taken. We only demand a system in which the arbitration body can reach a binding decision, that is one binding on both parties.

The question of whether a time limit should be set was also considered at length by the Legal Affairs Committee. A large number of proposals were made. It was finally accepted that it is politically impossible to propose an alternative code of legal procedure for the arbitration body, at least in a directive. It was therefore unnecessary to set a time limit; the committee considered that this might even be dangerous. It may well be possible to set a limit in one country, but there are countries, such as Belgium, where the failure to respect a deadline of this nature generally results in a legal vacuum. This is extremely important, and that is why we have tried to eliminate this possibility. Our aim must be to ensure maximum certainty as to the law and to safeguard the workers' interests. I said that it was not just unnecessary but dangerous to set a deadline. If we do this we run the risk of achieving exactly the opposite of what we want and creating more uncertainty than before. That is why we felt that it was not only pointless to set a time limit, but also dangerous.

I should like to conclude with a few remarks on a proposal which we discussed within the Legal Affairs Committee, namely the idea of a reconciliation period. The final paragraph of Article 6, however, leaves open all the possible routes to agreement available in the national legislation, including the reconciliation procedure, though this is not stated in so many words. For this reason we did not consider it necessary to refer to it.

There were also many questions about the retention of the right to strike. As regards the general principle it is clear that the right to strike is not affected in any way. There may be countries in which this right falls into abeyance during the period of arbitration. In any case we must not forget that the employees have already the right to demand negotiations. Nonetheless they can also decide to strike in support of their rights, if they so wish.

We also reached agreement on a number of very useful textual amendments proposed by Mr Broeksz, which need not detain us here. And I should add that the delegation from the Com-

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mittee on Social Affairs and Employment, which took part in the discussions on the difficult points in the Legal Affairs Committee, was able to give its approval to this committee's final opinion.

Mr President, ladies and gentlemen, I consider that this proposal offers a feasible solution which will also provide real protection, via the social plan, for the interests of the employees. If agreement is reached, well and good, and if no agreement is reached we have an arbitration procedure which offers a complete safeguard for the employees' interests.

(Applause)

President. — I call Mr Brugger to speak on behalf of the Christian-Democratic Group.

Mr Brugger. — *(D)* Mr President, ladies and gentlemen, I should like first to express my gratitude to the rapporteur for his very detailed report, and in particular for the many discussions which he held with the various groups in Parliament while drafting his report.

As has already been stated, there is a long story behind this third draft directive for the protection of members and others in the case of mergers of limited companies. Our discussions have centred mainly on the safeguarding of employees' rights.

However, let us consider for a moment the way in which these discussions have progressed. The Commission issued the proposal for this directive on 4 January 1973, and the preamble to this proposal of January 1973 is an interesting one. It contains a significant sentence in which the members and others to be protected are defined. In this definition employees are not mentioned at all among these 'others', and are only dealt with in a very brief paragraph. Likewise it is impossible for the employees of merging companies to be informed of the effects on them of mergers or for their opinions to be heard.

The purpose of this draft directive is to enable employees to obtain information and make their views known. Employees' representation in these companies has been discussed at length in Parliament and in its committees, and many decisions benefiting the employees have been reached.

The advantages and benefits which employees have gained as a result of our discussions and which have been enshrined in real laws stem not only from the discussions and work of the socialist and left-wing parties, but also from the considerable efforts of the Christian-Demo-

cratic Group and the European Conservative Group. Everyone has helped in improving the lot of the employees of these companies.

And now to the matter in hand. The rapporteur has given us a precise account of the central topics of the discussion, and on behalf of the Christian-Democratic Group I should like to table an amendment to the Commission's text, for the purpose of imposing a limit on the period within which the arbitration board must reach a decision. The arbitration board should not be allowed to protract its discussion indefinitely but should reach a decision within a fixed period.

In order to explain why the Christian-Democratic Group wishes to impose this time limit, I should like very briefly to return to the question of the time limit provided for in Article 6 for the approval of the 'social plan'. This Article stipulates that a social plan has to be drawn up in the case of mergers and that the employees' representatives may inspect this plan two months before the General Meeting to discuss the merger, and that they must discuss it with the management organs.

The General Meeting cannot take place until these discussions have been completed. If, however, during the initial discussions between the employees' representatives and the management organs, the employee's representatives decide that the social plan prejudices the interests of employees, the stage which has been the main source of disagreement in our discussions begins.

This text, which was worked out in long and tiring discussions, in any case establishes the following point: the negotiations between the management organs and employees' representatives begin as soon as the employees' representatives decide that their interests are being jeopardized. These negotiations are subject to a two-months time limit. If no agreement has been reached by the end of this period, the company may decide at a General Meeting to go ahead with the merger. The employees, on the other hand, may initiate an arbitration procedure to bring about a decision on the social plan.

We then have a situation whereby the merger proceeds independently of the arbitration procedure, i.e. the arbitration procedure and the merger run parallel with one another.

What does this imply? Mergers will certainly give rise to misgivings in the absence of a social plan, as it is impossible to know how burdensome the social plan will be for the company concerned.

Brugger

I feel that in order to reach a compromise it is better to set a time limit for the arbitration board so that companies wishing to carry out a merger can await the decision of the board to see whether the consequent financial burden is acceptable for the merger.

If, on the other hand, there is little or no doubt as to the likely cost of the social plan, the merger may take place without any need to await the judgment of the arbitration board.

However, it is safer for companies to know the eventual financial burden resulting from the social plan before a decision to carry out a merger is taken. In my view the compromise of subjecting the decision of the arbitration board to a time limit can achieve this. On the one hand employee's claims are respected, as an arbitration board decides on the terms of the social plan, while on the other plans for mergers are not delayed unduly. I would therefore strongly recommend the House to approve the amendment tabled by my Group.

Finally, I should like to raise another point about which I have misgivings. The arbitration board is to be made up of representatives nominated by the two parties to the dispute. The parties concerned are the company's management organ on the one hand, and the employees' representatives on the other. These parties are in fact unsuitable, especially in view of the decisions reached by the House concerning the statute of the European company. If we bear in mind and apply the principle of co-determination, a management organ represents the combined interests of shareholders and employees, because a body appointed by a management organ represents both parties, in other words employees as well as shareholders. If we allow arbitration boards to be made up of both management organ's and employees' representatives, this will in fact lead to overrepresentation in favour of the employees. This matter therefore requires clarification, and the party negotiating with the employees' representatives should be nominated and designated as shareholders.

I merely wished to draw attention to this difficulty and ask the House to consider this point further.

Thank you
(Applause)

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

Mr Lautenschlager. — (D) Mr President, the situation up to the beginning of this debate could well have given the European Parliament

a red face, for we were in the process of submitting to the Council three different opinions on the same subject. One may conclude from the amendments now being tabled and from the remarks of the previous speakers that Parliament is now exercising restraint and avoiding this embarrassing situation, or at least plans to do so.

During the debate on direct elections I took the opportunity of recommending that the Enlarged Bureau should adopt a somewhat more flexible approach to the method of allocating work to the various committees for the preparation of reports. The purpose of this was to avoid a situation, such as has now arisen, in which two different committees are made responsible for dealing with the same subject, and that consequently two different reports with differing results are produced, with the result that we have to try and work out a compromise in a plenary sitting.

What is, in fact, at stake in this debate? When companies or firms are involved in mergers or amalgamations of any kind, the fundamental rights of employees may be jeopardized. Both Commission documents, on which Parliament has already decided in principle, originally provided for only a very vague procedure for joint consultation. At the plenary session of Parliament on 17 October 1973 the Commission, after noting that cutting right across Parliament was a fear that employees' rights would be very inadequately safeguarded, stated that it was willing to reconsider the whole problem and put forward for discussion the possibility of arbitration.

Both parliamentary Committees have discussed this subject and incorporated it in their amendments, but, as I have repeatedly stressed, with different results. The Legal Affairs Committee, for example, does not want mergers to be prevented by the negotiations and the arbitration procedure, and considers that the possibility of appealing to the arbitration board should be open to both sides. The Committee on Social Affairs and Employment thinks that mergers should be prevented until the possibilities of the agreed procedures have been completely exhausted. It also wants to make it possible to appeal to an arbitration board which would have to reach a decision within one month.

I would say immediately that this latter request creates quite a problem. Mr Brugger has again tried to find a compromise here. I cannot share his views as I feel that the imposition of a time limit within which the arbitration board must reach a decision would be prejudicial to the independence of this board, and it would thus

Lautenschlager

be dangerous if such a time limit were introduced. In my opinion—and my Group supports me in this—it is impossible to make the arbitration period subject to time limits owing to the very nature of the procedure. The taking of evidence, the proceedings and the hearing of witnesses, and all the rest of it cannot be subject to a strict schedule. A hasty decision might be reached which would be quite unsuitable in the circumstances. My Group has therefore very serious objections to imposing deadlines for the board's decision.

In our opinion the fact that either side can appeal to the arbitration board obliges those who would prefer first to attempt other measures to submit to the arbitration procedure and to accept the board's decision without, for example, being able to achieve an acceptable result by means of industrial action.

The appeal to the arbitration board means that employees must refrain from industrial action while arbitration is in progress. But this requirement does not exist in France, for example; in other words strikes could continue there during the negotiations and the arbitration process. As you can well imagine, this could lead to absurd situations. I think the Commission would be well advised to examine this requirement and to submit a proposal to Parliament and the Council.

Regarding the question of the prevention of mergers, I would say that Parliament is faced with a very difficult, if not virtually impossible task. Mergers are necessary to avoid economic ills, but at the same time the rights of employees must be safeguarded. My Group wishes to emphasize that, while claiming more effective protection of employees' rights, it does not wish to hinder mergers as such. We think that the preparations involving the financial and commercial aspects of the merger may continue as long as they do not jeopardize the existing rights of the workers. Once the possibilities offered by the procedure have been completely exhausted and a result has been reached, the merger thus prepared may be carried out. The negotiations should deal solely with the social plan and not with the proposed merger as such. My Group has tabled several amendments aimed at solving this problem. Our speakers will give a more detailed account of these when speaking in support of them. My Group cannot agree with the present texts of the two reports, in particular Article 8 (3 and 4) of Mr Yeats' report and Article 6 (4) of Mr De Keersmaecker's report.

Mr President, since 1969 the European Trade Union Confederation has warned against the tendency to allow directives on the protection of workers' rights to deal with this question on

a case-by-case basis where major changes in company structure are envisaged. The protection of workers' rights should be dealt with in a separate directive which applies to all cases. The Commission has not heeded this warning. We have today a situation in which Parliament expresses various opinions on the same subject. If, in addition, we consider the European limited company, we find that no provision for arbitration has been made; this was rejected by the House during a plenary sitting. In other words, we have reached three different opinions on the protection of employees' rights.

My Group therefore appeals to the Members of the House to approve the acceptable compromise proposed in my Group's amendments and thus to ensure that we do not expose ourselves to public criticism and ridicule.

(Applause)

President. — I call Lady Elles to speak on behalf of the European Conservative Group.

Lady Elles. — The European Conservative Group support the conclusions and amendments contained in the report of Mr De Keersmaecker on the amalgamation, mergers and takeovers of limited companies as contained in the second paragraph of Article 58 of the Treaty.

The supplementary report was, I understand—not having been a member of the Legal Affairs Committee but having, of course, read it—unanimously adopted by the Legal Affairs Committee after a great deal of discussion and also approved by the Committee on Social Affairs and Employment.

We think, in our group, that it contains a compromise which to some extent tries to solve the many difficult problems which arise in negotiation between employees and employers, and the proposal to set up an arbitration board presents a possibility for conciliation after negotiations have failed to procedure a satisfactory solution; but as Mr Winston Churchill, as he then was, said, every solution presents its problems, and it is clear that questions arise as to time-limits, the validity of the decision, when and by whom and with whose consent the arbitration board should be called. We consider, however, that the procedure of setting up an arbitration board as defined in the amendment contained in the supplementary report goes a long way to solving some of these many problems, and above all it contributes to the principle that workers' rights should be safeguarded and protected, particularly in view of the number of mergers which are taking place at this time.

Lady Elles

When turning, as Mr Brugger so rightly did—and as I, of course, also did—to the introduction to the Commission's proposal for a directive, you will notice that a great number of concentrations of companies was taking place, but we should perhaps recall in this European Parliament that this document was written in an atmosphere of economic growth and prosperity without any consideration of what is now happening in the Communities. At that time, there was no mass unemployment, there was growth and considerable improvement in the economic situation in the Communities, whereas now we are faced with mass unemployment in every country.

The emphasis then was very much more on amalgamations and mergers, whereas now, regrettably, it will be very much more on takeovers where a company is in danger of going into liquidation and causing unemployment if the transfer or merger does not take place. I think this point should be very much more realized by speakers who, quite rightly, say that the interests of workers should be protected: Every group in this parliament, I am quite certain, agrees with this principle, but let us remember that it is much more in the long-term interests of a worker to have a job than to be unemployed because one comma of an agreement on occupational pensions has not been able to be fulfilled at the time the merger is taking place. This does not mean that an improvement in the economic situation may not be able to rectify this particular problem. Of course, occupational pensions are a vital part of a worker's interests and of his private long-term economic planning, but let us remember that it is better to have a pension and a job than no possibility of an occupational pension because he is out of a job. For these basic reasons, my group supports the flexible approach which has been produced in the supplementary report.

I should like to comment on the amendment tabled by the Christian-Democrats with regard to bringing in a time-limit to the arbitration procedure. We absolutely agree that an arbitration procedure should not be protracted more than is necessary, and we quite accept the reasons which Mr Brugger very clearly gave for their proposing this amendment.

However, we feel in our group that any time-limit imposed on a system of arbitration must be doomed to failure because it puts pressure on a board to come to a decision which may not, in effect, be in the best interests of the employee; we therefore consider that it is probably better not to impose a time-limit on this arbitration procedure.

Of course, we consider that a merger should not be prevented by the failure of an arbitration

board to take its decision by the time that the merger was due to take place, because in any case—as is perfectly clear in the draft directive, and I am sure the Commissioner will confirm this—the decision of the arbitration board will be binding on all parties regardless of whether or not the merger has taken place. In this way, measures for protecting and safeguarding workers' interests are clearly taken which do not prevent the merger itself from taking place, and this, as I have pointed out, will in the long term protect the employment interests of the worker.

Apart from this, Mr President, I would merely like to thank Mr De Keersmaecker both for the work he did in the report and for the very clear exposition he gave us this morning of the way in which the arbitration board would work. I think, as I have said, that the problem is probably insuperable, but this is one of the best solutions that one could come to, and we in our group certainly support any proposal that would not necessarily harmonize legislation between Member States but which would certainly harmonize industrial relations between the social partners within the Community.

(Applause)

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

Mr Duval. — *(F)* Mr President, ladies and gentlemen, Mr De Keersmaecker's supplementary report on the third directive takes account of the opinions of the European Parliament, the Economic and Social Committee and the Committee on Social Affairs and Employment.

The part most frequently discussed concerns information to and the consultation of workers' representatives in the case of mergers of limited companies.

The House dealt with these matters when examining the Statute of the European limited company and the directive on acquired rights. Similar solutions must therefore be sought for these problems.

This need is supplied by the Commission's amended proposal, supplemented by Mr De Keersmaecker's report advocating the setting up of an arbitration board. I do not feel it necessary to repeat the various views expressed during the discussions on this report. I would merely state therefore, in order not to protract the discussions further, that the Group of European Progressive Democrats approves the conclusions arrived at therein.

(Applause)

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

Mr Marras. — (I) Mr President, ladies and gentlemen, what I have to say will fortunately not take long as many of the points I had intended to raise have already been dealt with by the spokesman for the Socialist Group.

Those of you who have been Members of this Parliament for some years will be familiar with the chequered history of the two measures we have before us: the third directive on mergers and the directive on the retention of the rights of workers in the event of a merger. We have discussed these problems in the past, and on each occasion Parliament has had to refer them to the responsible committees, within which conflicting opinions have often emerged, especially in the Legal Affairs Committee and the Social Affairs Committee.

We must first determine what course of future action these measures envisage. Will they carry forward the old system which has prevailed over the last 15 years in the Community and which consists in introducing into a process of economic development social measures aimed at minimizing the consequences, or, now that the Social Action Programme has been adopted, will the workers' interests finally begin to take priority over those of the economists and the bosses?

I must say that in the directive, particularly in the preamble, the Commission seems to be aware that the process of concentrations and mergers in the economic field cannot be considered positive in itself. This process is taking on huge proportions, as the information provided by the Commission shows. In many countries 50% of the gross national domestic product is controlled by about a hundred companies.

What each of us and each group must now decide is whether the social aspects of the problem or the economic aspects are to predominate in this process. There is here a clash between two concepts which underlie the major political choices of the parties and of the masses in Europe.

The old liberal-bourgeois concept leaves the solution of all problems to the so-called market laws and does not accept any control over the economy, holding that, all things considered, these market laws will work for the common good. I maintain on the contrary that this process can only lead, via merger after merger, to the creation of multinational companies which will dominate the market according to laws completely different from those in which the old liberal economists believed. This process is

already taking place on a large scale everywhere in Europe. We have here in this House today the minister in charge of the Italian budget, who was previously responsible for industry. In Italy a great amalgamation took place between the Edison company, the leader in the field of electrical energy, and the Montecatini company, the biggest producer of chemicals. The result was the giant Montedison concern which statistics place among the top ten companies today operating in Europe. But can it be said that this process of concentration and enlargement has greatly benefited the economy of our country? Everybody knows—and above all Mr Andreotti in virtue of his position—how many millions these mergers, which have taken place without any safeguard, have cost the Italian community.

On one side, then, we have a liberal-bourgeois philosophy and on the other the approach outlined by the Socialist Group spokesman in his speech. Mr Lautenschlager stated the need to participate in the running of the economy, especially through the Community, so that the economic process can be guided and controlled, as is now necessary in view of the present level of European economic growth. But, our opponents argue, if you hold that mergers must not take place without the workers' consent, you introduce the power of veto into an economic process which should be free. Well, the shareholders of companies considering a merger, who can decide whether to merge or not, already have the power of veto. Why should the workers, too, not have it? Or perhaps we feel that workers do not represent general interests? Or that their trade unions are not sufficiently responsible to consider also the general interests affected by such operations?

There is no contradiction between the workers' interests and the more general interests of economic growth. A few years ago it seemed that this fact had at last been recognized, and I should like to remind honourable Members of the text produced by the rapporteur of the Social Affairs Committee, Mr Adams of the Socialist Group, at the time of the first debate. The document of 14 June 1974 stated that a merger can take place only when the negotiations on the social plan have been successfully concluded. During the past year this text has been watered down somewhat even if our colleagues in the Socialist Group appear to want to retain its essence. The basic question, however, shrouded in complete ambiguity as it is, has yet to be resolved. I should therefore like the rapporteur to be explicit on this point. What would happen if the arbitration body decided that a given merger would jeopardize the workers' interests? Would the merger be blocked

Marras

or would new measures to counteract its harmful effects be adopted? This is the ambiguity that still persists with regard to the document under examination and I feel that this Parliament's vote should be aimed precisely at resolving this ambiguity.

President. — I call Mr Thomsen.

Mr Knud Thomsen. — (DK) Mr President, although I was not a member of any of the committees which discussed this matter, I have listened to what has been said and read the documents submitted to us with the greatest of interest—not for political reasons alone, but also in view of the fact that I have spent 33 years in industrial limited companies and consider myself to be fairly familiar with conditions in them.

The point I should like to stress does not conflict with what Lady Elles has already said on behalf of our Group, but in fact underlines what has been said here—that the essential point in our discussions today is whether, when companies are to merge, the result of an arbitration procedure for questions affecting the workers has to be awaited, or whether the mergers can become effective without waiting for this result. As Lady Elles pointed out, these proposals were made in a period of expansion, a period of growth with large-scale amalgamations, whereas we are now faced with a completely different situation in which a merger is very often the last resort before the decision to shut down one or both of the merging companies. This step—merging—is of decisive importance in the depression now facing Western European industry, but it can only be taken, and can only ensure the survival of hundreds—perhaps thousands—of companies in Europe, if these mergers can be carried out without unnecessary delay.

We in the Conservative Group have accepted the arbitration procedure proposed by the Legal Affairs Committee. We did so because we think that the arbitration procedure described here can benefit society, workers and the economy, and that we can thereby avoid unnecessary conflicts between the two sides which—we must nowadays recognize this in the final analysis—have the same interests, namely the safeguarding of the company and the jobs. I feel, however, that the compromise mentioned in the Legal Affairs Committee's proposal goes as far as it can reasonably go. In view of the present overall employment situation, going any further might induce me to say that those who want to go even further with arbitration procedures are in danger of showing the same lack of reality as Marie Antoinette when she said: 'If they have no bread, let them eat cake'. If they have no

jobs, they can have an arbitration procedure. I find this a strange approach, but the fact is probably that underlying many of these efforts there is another and more serious one—a conscious wish to create, in this serious situation facing the private business sector, conditions which, in certain cases, may make the survival of the private business doubtful or even impossible, so as to justify state intervention, state support or the nationalization of the economy and the introduction of a socialist society by these means.

I, personally, should very much like to see a vote which shows clearly who, in this Parliament, has such a change in society as his final aim. I myself believe that, at the very core of the Socialist Group, there are some Members who are not attracted by such a change in our society.

For my part, the sole aim of these few remarks has been to make the situation clear to these Members, so that we can at any rate see what we are going to be voting on.

(Applause)

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — (DK) Mr President, I shall try to be extremely brief, since I gave a detailed report of the Commission's views on this matter during Parliament's earlier discussion of the proposal for a third directive. It was in fact my remarks—among others—during that debate which induced the House to ask the Legal Affairs Committee to reconsider Article 6 of the third directive in the light of an idea which I brought up in the plenary session—the idea that any conflicts between the drawing up of a social plan to safeguard the workers' interests in case of a merger, and the need to enable economic decisions to be put into effect, might possibly be resolved by a negotiation and arbitration procedure.

I am grateful that the Legal Affairs Committee and its rapporteur, Mr De Keersmaeker, have submitted a supplementary report based on this concept of resolving any conflicts by means of a negotiation and arbitration procedure. I feel that this proposal represents a great step forward towards solving the difficult problem of facilitating mergers—which are a necessary part of the process of economic adaptation, particularly in the present new economic situation—in a way which does not involve unacceptable social disadvantages for the workers concerned. I think that this proposal goes as far towards taking full account of these two main principles as it is possible to go. The Commission thus

Gundelach

welcomes the present proposal and the remarks contained in Mr De Keersmaker's report.

The fact that four amendments have been tabled shows that the debate has not yet reached the stage of full agreement on all details, although I think, after the rapporteur's remarks, it can be assumed that there is broad agreement in Parliament on the main principles. I therefore do not feel that it would be impossible for the Commission to take full account of the points of view expressed in the final version of the proposal and to find formulations which take account of certain diverging opinions reflected in the present amendments.

For me, the essential thing today is that there is broad agreement on the solution proposed in the supplementary report—a solution based on what I said when the matter was last discussed in plenary session.

The Christian-Democratic Group has proposed a time limit for the arbitration procedure. I fully understand the reasoning behind this time limit. It is clear that neither negotiation nor arbitration can be allowed to continue *ad infinitum*, but I have my doubts as to whether it is wise to introduce a time limit as short as the one proposed, and I therefore reserve my opinion on this suggestion.

On behalf of the Committee on Social Affairs and Employment, Mr Alfred Bertrand has tabled Amendment No 1 which prevents the merger from taking place until the negotiations or arbitration on the social plan have been completed. I must make it perfectly clear—just as I made it clear when we last discussed this proposal—that I cannot accept such a conditional veto.

The same idea, only differently phrased, is contained in Amendment No 3 tabled by Mr Adams and others. There, the aim is not so much to stop the economic decision being put into effect, as to try to have the decision put into effect in such a way that the employees' interests are protected until such time as a social plan can be approved. I understand the reasoning and the concept behind this proposal better, and although I cannot accept the present text—I think a better one can be found—I am prepared, in the definitive text of the proposal, to consider the reasoning behind Amendment No 3.

As regards Amendment No 2, which lays down that the arbitration procedure can be initiated only by mutual agreement between the two parties, I feel that this amendment is based on a different interpretation of the proposal from mine. The first part of Article 4 states clearly—as was also emphasized by the rapporteur—that the decision to initiate negotiations or arbitra-

tion can be taken only by the employees. It is they alone—and not the employers—who can initiate the procedure described in Article 4. Negotiations without the obligation to go to arbitration are already provided for under Article 3, and I must say that, in this point, I can see no difference between what the Socialist Group has said and what I intended to say in my earlier remarks. I am therefore prepared to reconsider our phrasing of Article 4, so as to remove any doubts there may be that the employees cannot be forced to accept an arbitration procedure in which they are unwilling to cooperate.

President. — I call Mr Bertrand.

Mr Alfred Bertrand. — (NL) Mr President, I should like to ask Mr Gundelach and the Commission to clarify some points in today's debate. For obvious reasons we began with the De Keersmaeker report since we cannot debate that and the Yeats report at the same time. However, the Commission has certain views on this matter, for example that it is not necessary to have a time limit of a month, whereas in its proposal for the fifth directive, which was published in the Official Journal of 13 September 1974, the Commission itself proposed a time limit of a month for the negotiation and arbitration procedure.

There is a contradiction here and I should like to hear what the Commission has to say.

Secondly, we are discussing two quite distinct problems. The supplementary report by Mr De Keersmaeker deals with the third directive, drawn up by the Commission pursuant to Article 54(g) of the Treaty, which provides for equivalence of safeguards in the Member States. The proposal for the fifth directive, however, which is dealt with in the Yeats report, was submitted by the Commission pursuant to Article 100 of the Treaty, which covers approximation of administrative and legal provisions, with the aim of protecting the interests of the workers. The Commission itself thus takes the view that there are two quite different issues here. And yet we are now faced with an all-out effort to harmonize the third directive based on Article 54(g) with the fifth directive based on Article 100. This is quite out of the question. I should like to hear the Commission's explanation since we have here, ladies and gentlemen, two different texts drawn up by two different Directorates-General of the Commission. The first text, which is discussed in the De Keersmaeker report, was produced by Mr Gundelach's Directorate-General and was submitted to the Council three years ago. The

Alfred Bertrand

debate in Parliament on the Héger report led to the idea of arbitration, and this arbitration procedure is now included in the proposal for the fifth directive, submitted by the Directorate-General for Social Affairs under Mr Hillery.

I should be grateful if the Commission could tell me what the point is of submitting these two proposals. Either the interests of the employees can be protected by means of the third directive discussed in the De Keersmaeker report, in which case the fifth directive is not necessary, or the problems of the workers can be omitted from the third directive and dealt with in the fifth directive drafted by the Directorate-General for Social Affairs. I should like to know why the Commission has created this confusion, which has made it very difficult for us to reach a consensus.

As I understand it, the Directive pursuant to Article 100 only aims at protecting the acquired rights of workers in cases of mergers, and by this I mean mergers of all undertakings, not only at national but also at international level, while the third directive deals only with national mergers of limited companies, the so-called '*sociétés anonymes*'.

I cannot understand why it is considered necessary to harmonize these two quite distinct things. Why can we not continue to live with the distinction between the general rules for mergers, i.e. across national frontiers as well, as laid down in the directive from the Directorate-General for Social Affairs, and the guidelines contained in the directive produced by Mr Gundelach's Directorate-General, which relate only to limited companies at national level. There would then be no difficulty in reaching agreement in this House. I should thus be grateful if the Commission could inform us of its reasons for submitting these two proposals.

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — (DK) Mr President, I shall try to answer very briefly a question, the full depth and breadth of which I do not claim to have understood.

There is no point in proposing to solve, in the fifth directive, problems for which solutions are available in the third directive. The fifth directive is an extremely wide one aimed at harmonizing national company law, with particular reference to the decision-taking bodies in a company. Both the third directive and the directive for which my colleague, Mr Hillery, is responsible—and which we shall be debating somewhat later—are intended to deal with quite

tangible, more limited problems. If we want to be so perfectionistic as to try to solve all company law problems concerning social policy in one massive directive, I am afraid that we shall be debating here, in the Council and elsewhere, for many years to come without achieving anything whatsoever.

Having said that, I will admit—and this was the main point in my speech in this House just over a year ago, and I have repeated it since then—that it is up to this Parliament, the Commission and the Council to make every possible effort to ensure coordination between the different directives, which are intended to achieve different things. These directives, however, do converge in a number of points, and in certain situations they do deal with the same problems, and it is there—as several other speakers have pointed out today—that we must make the greatest possible effort to achieve identical solutions for identical problems. This is why, for example, I myself drew attention previously to what we have proposed and what Parliament has approved in the statute for the European limited company. We must ensure the directive we are discussing now agrees with the one we shall be discussing later today; we must ensure that there is agreement with other regulations which will be passed in the field of company law. On this point, I agree completely with Mr Alfred Bertrand's remarks.

As regards Mr Alfred Bertrand's basic point of departure, let me add that he must have misunderstood me. I was not refusing to consider a time limit as proposed for the arbitration. I did not see this proposal until today, and I was therefore asking for leave to consider it. I fully agree with Mr Alfred Bertrand's view, precisely because I want the greatest possible coordination between the different instruments, and we must look closely at what we do in the fifth directive and bring the two things into agreement on the basis of the formula: identical problems, identical solutions. I fully agree with this. If it is to be two months, it must be two months in both cases. I was only asking for time to consider the length of any time limit.

6. Order of business

President. — Ladies and gentlemen, since a certain number of our colleagues have not been able to arrive in Luxembourg in time to take part in the vote on the amending and supplementary budget No 1, the Chairmen of the political groups have met to decide how to enable as many Members as possible to take part in the vote.

President

They propose that the proceedings be now suspended to enable meetings of the political groups to be held.

A further meeting of the Group Chairmen will be held at 2.45 p.m. in the President's office.

At 3 p.m. the President will inform you of the results of this meeting, and we shall then decide whether the vote is to be held immediately or later.

Are there any objections?

I call Mr Durieux.

Mr Durieux. — (F) Mr President, may we know if there is a quorum already present? If so, the vote could be held immediately.

President. — According to the latest count a quorum is not present.

I call Mr Aigner.

Mr Aigner. — (D) Mr President, ladies and gentlemen, I would ask you to fix the time of the vote at exactly 3 o'clock, since we must decide precisely when the vote is to be held so that Members who arrive before then can be informed. I therefore propose 3 o'clock, irrespective of whether a quorum is present or not.

President. — I call Mr Radoux.

Mr Radoux. — (F) Mr President, I think Mr Aigner is right. We are not many Members short of a quorum. If everyone makes an effort and knows exactly at what time we are going to vote, it will be better for everyone.

Consequently, Mr President, I support on behalf of my Group the proposal by Mr Aigner that the vote be held at precisely 3 o'clock.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, I also am in agreement with the proposal that we should vote at 3 o'clock on the dot. I think it most regrettable that, although this House has had plenty of notice, we cannot summon a quorum at this moment. But that is how it is, and I would accept and support the proposal of Mr Aigner that we should now have the vote on the dot of 3 o'clock, that everybody should know about it and be here, and if they are not here, it's just too bad.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, may I just add that a vote by roll call is essential.

President. — That is, in fact, the voting method provided for in the Rules of Procedure.

Are there any objections to the proposal which I made to you?

That is agreed.

The proceedings will now be suspended until 3 p.m.

The House will rise.

(The sitting was suspended at 12.20 p.m. and resumed at 3 p.m.)

IN THE CHAIR: MR MARTENS

Vice-President

President. — The sitting is resumed.

7. Amending and supplementary budget No 1 of the Communities for 1975 (vote)

President. — The next item is the vote on the draft amending and supplementary budget No 1 of the European Communities for the financial year 1975 (doc. 530/74).

I would remind the House that the debate on this draft budget was held on 12 March 1975. At the end of this debate Parliament decided to postpone the vote until today's sitting. We shall therefore hold the vote without further delay. Only the rapporteur will be allowed to speak. At the same time I would remind you that Parliament, at its plenary sitting of 12 March 1975, decided that the vote on draft amendments should be taken by sitting and standing and the vote on the proposal for a decision by roll call.

On the draft supplementary budget I have received amendments relating to expenditure. If they are adopted, this will affect the section on 'Revenue'. We shall postpone the vote on revenue until after the vote on expenditure has been taken. The draft supplementary budget concerns only Section III of the Commission.

On Titles 1 to 7 I have no amendments listed.

I put these to the vote.

Titles 1 to 7 are adopted.

On Section III, Title 8, Chapter 80, Article 800, I have draft amendment No 2, tabled by the Committee on Budgets and worded as follows:

President**(A) Expenditure**

Title 8

— European Agricultural Guidance and Guarantee Fund — Guidance Section

Chapter 80

— Projects for improving the structure of agriculture referred to in Article 13 of Council Regulation No 17/64/EEC

Article 800

— Projects for improving the structure of agriculture referred to in Article 13 of Council Regulation No 17/64/EEC

Increase appropriations by 50 000 000 u.a.

(B) Compensation

These appropriations should be transferred from Article 833 'priority agricultural areas'.

JUSTIFICATION

This transfer is justified by the reasons given by the Commission of the European Communities in the preliminary draft amending and supplementary budget No 1 and which can be summed up as follows:

- the Summit Conference of 9 and 10 December 1974 allocated a total amount of 1 300 000 000 u.a. to the Regional Fund to be financed by a contribution of 150 000 000 u.a. from appropriations of the EAGGF Guidance Section which are so far not being used;
- the Commission proposes that these 150 000 000 u.a. be used to finance all the payment appropriations of the Fund for the financial year 1975; the main bulk of these appropriations (125 000 000 u.a.) are to be taken from the reserve set up for priority agricultural areas (Article 833);
- since such a transfer would exhaust this reserve and since the Commission intends to withdraw its proposal for a regulation which constituted the theoretical legal basis of this reserve, Article 833 no longer serves any purpose;
- consequently, the Commission proposes that the 50 000 000 u.a. entered under Article 833 of the general budget for 1975 be transferred to Article 800 'Projects for improving the structure of agriculture'.

The Committee on Budgets takes note of this new allocation; however, since the Council rejected this transfer in the draft supplementary budget, the Committee on Budgets proposes that the 50 000 000 u.a. be transferred *by amendment* to Article 800.

This transfer takes the form of an amendment since the very absence of a legal basis for this sum automatically classifies it as non-compulsory expenditure.

I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, ladies and gentlemen, may I draw your attention to the detailed discussion that has already taken place. What is involved here is a transfer of 150 million u.a. from the Agricultural Fund to cover part of the 1 300 million u.a. allocated to the Regional Fund, these 150 million u.a. being intended to finance the payment appropriations. Of this, 50 million u.a. are to be transferred from Article 833, i.e. from the reserve, which is thus being used to finance the Regional Policy. This leaves another 50 million u.a. in Article 833, which sum is now to be transferred—since the legal basis is being withdrawn by the Commission—to Article 800 to finance individual agricultural projects. This proposal was approved by both the Committee on Agriculture

and the Committee on Budgets—I believe even unanimously. I ask the House to adopt this amendment.

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission of the European Communities. — Mr President, ladies and gentlemen, my colleague Mr Cheysson was compelled to return to Brussels at the end of the morning sitting. He asked me to draw the attention of this House to a technical point relating to Draft Amendment No 2. The Commission is extremely grateful to Parliament for its proposal that 50 million units of account should be transferred from Article 833 to Article 800. It was a proposal of the Commission and we should be very pleased that it be adopted by the House.

Hillery

However, the Commission has serious doubts about the classification of this 50 million units of account after transfer. We should remember that Article 800 has been classified compulsory expenditure. This was accepted by Parliament within the framework of the 1975 budget. When a proposal was made during the budgetary debate to change the amount in this article, it was voted on by the House as a proposed modification and not as an amendment, confirming the compulsory character of the 145 million units of account of expenditure covered by this article. It seems therefore impossible now to add 50 million classified as non-compulsory to the 145 million already classified as compulsory by Parliament and the Council. One cannot have expenditure of two different classifications on the same line in the same article of the budget. This 50 million should therefore be considered after transfer as compulsory. The proposal put to the vote of Parliament should in the view of my colleagues be amended accordingly.

President. — I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, ladies and gentlemen, this is a very difficult legal point. The Committee on Budgets reasoned as follows: these 50 million units of account are the remainder of the 1975 budget. However, the Commission is withdrawing the regulation

covering these 50 million units of account, i.e. they no longer have any legal basis.

If there is no legal basis this expenditure can hardly be considered to be compulsory.

It is quite true, and the Commission's objection is justified, that once this expenditure which is at present non-compulsory is classified as compulsory expenditure it might well assume another character. But this is such a difficult legal point, Mr President that we should discuss it with the Council. We shall shortly be having the conciliation meetings with the Council. Perhaps we can bring it up then. It is a question on which many a European University could offer a thesis. However, we are continuing to insist that the expenditure be classified as non-compulsory as there is no longer any legal instrument to justify otherwise.

President. — I put draft amendment No 2 to the vote by sitting and standing.

Draft amendment No 2 is adopted by 106 votes with 4 abstentions, subject to the adoption of the proposal fixing a new rate of increase for non-compulsory expenditure.

On Title 9, Chapter 98, Article 980 I have draft amendment No 1, tabled by the Committee on Budgets and worded as follows:

(A) Expenditure

- Title 9
- '..... other expenditure'
- Chapter 98
- Non-allocated provisional appropriations
- Article 980
- Non-allocated provisional appropriations¹

Increase these appropriations by 150 000 000 u.a.

(B) Revenue

Modify revenue accordingly.

JUSTIFICATION

At the Summit Conference of 9 and 10 December 1974 it was decided to allocate 300 000 000 u.a. to the European Regional Development Fund in 1975.

In view of the undertakings given in plenary assembly by the Commission and the Council during the December 1974 part-session, the European Parliament did not vote an amendment aimed at entering the same amount in the general budget of the Communities for 1975.

Since the Commission in its preliminary draft budget has proposed the allocation of only 150 000 000 u.a. in payment appropriations to the Regional Fund, and since the Council has adopted the same standpoint, Parliament considers that these appropriations might well prove insufficient to launch the Regional Fund effectively and rapidly; it therefore proposes that these payment appropriations be increased by 150 000 000 u.a., to be entered under Chapter 98 so as to be available whenever the need should arise without it being necessary to resort to the supplementary budget procedure.

¹ The following sentence should be added to the remarks on this Article: 'appropriations earmarked for Article 550 'European Regional Development Fund — Interventions'.

President

I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, ladies and gentlemen, may I briefly remind you of the events leading to this amendment. In the draft budget for 1975 the Commission had originally earmarked 650 million u.a. for regional policy in the Community. This was cancelled by the Council. We then proposed a compromise for 1975: twice 150 million u.a. 300 million u.a.—that was the formula for the Paris Summit Conference. Subsequently, during the vote on the 1975 draft budget in this House, the Council and the Commission stated that a sum of no less than 300 million u.a. would be made available for 1975. The Commission has now transferred 150 million u.a. from the Agricultural Fund to regional policy. Our amendment aims to reflect Parliament's wishes, by calling for the transfer of a further 150 million u.a. in addition to the 150 million already made available, not to the Regional Fund but as a compromise with the Council, to Chapter 98. This proposal has also been unanimously accepted by all the committees, Mr President, as far as I can remember.

I therefore request that this draft amendment be adopted.

President. — I put draft amendment No 1 to the vote by sitting and standing.

The European Parliament,

- having regard to the preliminary draft amending and supplementary budget No 1 of the European Communities for the financial year 1975 (COM(75/20)),
 - having regard to the draft amending and supplementary budget No 1 of the European Communities for the financial year 1975 established by the Council (doc. 530/74),
 - having regard to its resolution on the above-mentioned draft amending and supplementary budget (Doc. 533/74),
 - considering that the draft budget amended by the European Parliament so as to enter therein an amount of 300 000 000 u.a. to finance the Regional Fund and to transfer an amount of 50 000 000 u.a. from Article 833 to Article 800 requires that a new rate of increase for non-compulsory expenditure for the financial year 1975 be fixed,
1. Proposes that a new rate of increase of 68.35% be fixed for non-compulsory expenditure for the financial year 1975 in relation to expenditure of the same type incurred during the financial year 1974;
 2. Instructs its President to forward this proposal for a decision to the Council and, for information, to the Commission of the European Communities.

I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, ladies and gentlemen, this proposal is in fact the consequence of the adoption of the two draft amendments. We must now submit a proposal for this new maximum rate to the Council. I would just ask that I may be allowed to add

Draft amendment No 2 is adopted by 115 votes, subject to the adoption of the proposal fixing a new rate of increase for non-compulsory expenditure.

On Section III I have no other amendments listed.

Does anyone wish to speak?

I put Section III so amended to the vote.

Section III so amended is adopted.

We shall now consider 'Revenue' as modified by the amendments which Parliament has just adopted to Section III of 'Expenditure'.

Does anyone wish to speak?

I put the modified 'Revenue' to the vote.

The modified 'Revenue' is adopted.

I would point out that, as a result of the adoption of the draft amendments to Section III of the draft supplementary budget, the rate of increase for non-compulsory expenditure for the financial year 1975 must be changed.

The Committee on Budgets has therefore tabled a proposal for a decision fixing a new rate, the text of which reads as follows:

orally half a line which is missing from this version owing to a printing error. The fourth paragraph of the preamble should, in fact, read: '—considering that the draft budget amended by the European Parliament so as to enter therein an amount of 300 000 000 u.a. to finance the Regional Fund and to transfer an amount of 50 000 000 u.a. from Article 833 to Article 800

Aigner

requires that a new rate of increase for non-compulsory expenditure for the financial year 1975 be fixed'.

Mr President, this is not a change but simply the correction of a printing error, and I ask the House to adopt this proposal, on which a vote must be taken by roll call.

All the committees concerned were unanimously in favour of this point also.

President. — I would remind the House that, under the terms of Article 203(8) of the Treaty, in order to fix a new maximum rate the Assembly must vote for the proposal by a majority of its Members and three-fifths of the votes cast.

We shall now take a vote by roll call.

The roll call will begin with Mr Fellermaier, whose name has been drawn by lot.

The vote may commence.

I ask the Secretary-General to call the roll.
(*The roll call was taken*)

Does anyone else wish to vote?

The ballot is closed.

Here is the result of the vote:

Number of Members voting: 122.

Abstentions: 6.

For: 116.

Against: 0.

The following voted in favour:

Mr Adams, Mr Aigner, Mr Albertsen, Mr Andreotti, Mr Ariosto, Mr Artzinger, Mr Baas, Mr Behrendt, Mr Berkhouwer, Mr Bermani, Mr Alfred Bertrand, Lord Bessborough, Lord Bethell, Mr Blumenfeld, Mr Bourdellès, Mr Brégègère, Mr Broeks, Mr Brugger, Mr Burgbacher, Mr Carpentier, Mr Cointat, Mr Corrie, Mr Corterier, Mr Cousté, Mr Covelli, Mr Creed, Mr De Clercq, Mr De Keersmaecker, Mr Della Briotta, Mr Deschamps, Mr Didier, Mr Dondelinger, Mr Dunne, Mr Durand, Mr Durieux, Mr Duval, Lady Elles, Mr Faure, Mr Fellermaier, Mr Flämig, Miss Flesch, Mr Frehsee, Mr Früh, Mr Gibbons, Mr Giraud, Mr Giraudo, Lord Gladwyn, Mr Glinne, Mr Guldberg, Mr Van der Gun, Mr Hansen, Mr Härzschel, Mr Herbert, Mr Houdet, Mr Howell, Mr Jahn, Mr Kaspereit, Mr Kavanagh, Mrs Kellett-Bowman, Mr Klepsch, Mr Laban, Mr Lagorce, Mr Lange, Mr Laudrin, Mr Lautenschlager, Mr Leenhardt, Mr Lenihan, Mr Liogier, Lord Lothian, Mr Lückner, Mr McDonald, Mr de la Malène, Mr Martens, Mr Meintz, Mr Memmel, Mr Emile Muller, Mr Mursch, Mr Ney,

Mr Brøndlund Nielsen, Mr Noè, Mr Nolan, Mr Normanton, Mr Notenboom, Mr Nyborg, Lord O'Hagan, Mr Outers, Mr Pêtre, Mr Pianta, Mr Pintat, Mr Pisoni, Mr Premoli, Mr Radoux, Lord Reay, Sir Brandon Rhys Williams, Lord St. Oswald, Mr Santer, Mr Schmidt, Mr Scholten, Mr Schuijt, Mr Schwabe, Mr Scott-Hopkins, Mr Seefeld, Mr Shaw, Mr Spicer, Mr Springorum, Mr Suck, Mr Terrenoire, Mr Thomsen, Mr Thornley, Mr Vandewiele, Mr Vernaschi, Mr Vetrone, Mr Walkhoff, Mrs Walz, Mr Yeats and Mr Zeller.

The following abstained:

Mr Bordu, Mr D'Angelosante, Mr Fabbrini, Mr Hartog, Mr Leonardi and Mr Marras.

The required majority has been obtained for the adoption of the proposal for a decision.

The proposal for a decision is consequently adopted.

(*Applause*)

The amended version of the draft supplementary budget must now be forwarded to the Council, together with the proposal for a decision fixing a new rate of increase for non-compulsory expenditure.

We shall now consider the motion for a resolution contained in the report by Mr Aigner on the supplementary budget.

On this motion for a resolution I have no amendments listed.

I put it to the vote.

The resolution is adopted.¹

Thank you, Mr Hillery.

8. Third Directive on the coordination of safeguards required in connection with mergers between sociétés anonymes (resumption)

President. — The next item is the resumption of the debate on the report drawn up by Mr De Keersmaecker on behalf of the Legal Affairs Committee on the amended proposal from the Commission of the European Communities to the Council for a third directive on the coordination of safeguards which, for the protection of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty in connection with mergers between sociétés anonymes (Doc. 513/74).

I call Mr Adams.

¹ OJ No C 95 of 28. 4. 1975.

Mr Adams. — (D) I should like to return to the question touched upon by Mr Bertrand and which was also the subject of much debate in our Group, namely whether the two texts or the texts of the two reports by Mr De Keersmaeker and Mr Yeats must agree. One might also ask whether the text on the European limited company must likewise be adapted to bring it into line with these two reports.

This was discussed at length in my Group and, in our view, all three texts must definitely agree.

Like many of my colleagues I was not absolutely clear as to what Mr Gundelach meant in his reply to Mr Bertrand's question before lunch.

My Group also discussed what might happen as a result of differently worded texts and provisions. Does it mean that, if both texts on mergers are right—which may well be the case—the workers' representatives or employers' representatives can try to get the best deal for themselves by skilful exegesis and must it be left to the European Court of Justice to decide what is right? This would delay the merger even longer.

Therefore, on behalf of my Group I should like the Commission to give a clear answer as to whether the three texts or the two texts must agree.

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — (DK) I feel that I replied quite clearly to Mr Alfred Bertrand this morning when I said that identical problems require identical solutions, and that this was also a valid, unambiguous and very clear answer to the last speaker. The different provisions must be brought into line with each other so that, as I said, identical solutions are found for identical problems.

President. — Before the vote on the motion for a resolution contained in the report by Mr De Keersmaeker, we must deal with the amendments tabled to the proposal for a directive.

On Article 6(4) I have three amendments:

— Amendment No 4, tabled by the Christian-Democratic Group and worded as follows:

'Article 6(4)

This paragraph should read as follows:

"4. If the employees' representatives consider that the merger may be prejudicial to the employees' interests, the management organs shall initiate negotiations with the employees' representatives before the General Meeting discusses the merger, with a view to reaching

agreement on the measures to be taken for the benefit of the employees.

If, after these negotiations, or at the end of a period of two months at the latest from the time they began, no agreement has been reached between the parties, each of them may refer the matter to an arbitration body which shall reach a final decision within one month on the measures to be taken for the benefit of the employees. This arbitration body shall consist of assessors appointed in equal numbers by the two parties and a president appointed by common consent. If either party fails to arrange for the appointment of its assessors or if agreement is not reached on the choice of the president, the competent Court shall make these appointments."

— Amendment No 2, tabled by Mr Adams and others and worded as follows:

'Article 6(4), second sub-paragraph

This sub-paragraph should read as follows:

"If, after these negotiations, or at the end of a period of two months at the latest from the time they began, no agreement has been reached between the parties, they may refer the matter by mutual consent to an arbitration body which shall reach a final decision on the measures to be taken for the benefit of the employees. ..."

— Amendment No 3, tabled by Mr Adams and others and worded as follows:

'Article 6(4)

At the end of this paragraph, add the following sentence:

"... During the negotiations provided for in paragraphs 2 and 3 and during the arbitration procedure, the operation may only take place if the economic and social advantages of the employees are guaranteed."

I call Mr Bertrand to move Amendment No 4.

Mr Alfred Bertrand. — (NL) Mr President, we agree with the amendment to Article 6(4) of the De Keersmaeker report, on the understanding that the words 'a binding decision within one month' are included. These are the two phrases we wish to insert: 'a binding decision' and 'one month'. If the House is able to accept this text, I am prepared to withdraw my Amendment No 1 to Article 6(4) on the insertion of a new paragraph 4a, since we shall then all be satisfied with this text. That means that it will then be clear that the decision must also be respected after the merger has taken place. We propose that the same amendment be incorporated in the report by Mr Yeats, in which case we shall withdraw the amendment to Article 8(4) of the directive dealt with in the Yeats report. This will result in the two texts being brought into line with each other as planned. All that we have to do is to adopt the texts with the insertion of 'within one month' and 'a binding decision'.

President. — I call Mr Broeks.

Mr Broeks. — *(NL)* Mr President, I have listened with great interest to Mr Bertrand's speech. I should like to state that we have some misgivings about the setting of a time limit of one month. I agree with Mr Gundelach that this is probably on the short side. However, our objections are not of an essential nature and if Mr Gundelach should later amend the deadline to two months I imagine that Mr Bertrand, like ourselves, would find this satisfactory.

Nor have I any objections to a binding decision. On the contrary, I consider that the decision of an arbitration body should be binding, otherwise there is no arbitration. I thus have no objections to the word 'binding'.

This does not mean, however, that we have no objections to this amendment, since it states that either party can submit the matter to arbitration. We feel that this is in conflict with the Commission's proposals.

What is the situation, after all? In the event of a merger difficulties may arise with respect to the rights of the employees in the widest meaning of the term. Who can object to this? The employees, of course. The European Commission has therefore rightly proposed in its draft that, if the employees' representatives feel that the employees are being disadvantaged, an arbitration procedure should be initiated (and this is in line with Mr De Keersmaeker's suggestion). Only the workers can introduce this arbitration procedure. The purport of this amendment, however, is that if no agreement is reached at a given moment the employers, too, can request arbitration. In other words, they can initiate the procedure unilaterally at a juncture when the workers do not wish it. This is in conflict with the aims of the Commission's draft. We are prepared to accept a procedure whereby both parties request arbitration jointly after consultation, and we have in fact submitted a proposal to this end. But we must realize what this amendment from our Christian-Democratic friends really means. If the workers fail to obtain their rights by normal negotiations, they have the right to strike or request arbitration, only to find perhaps that their strike is pointless because the employers have suddenly and unilaterally requested arbitration. In a number of countries, including my own, this would immediately mean that strike action was no longer possible. You will understand that we do not intend to accept this risk.

There are two alternative routes open to us: either we act in the spirit of the Commission's proposal, in which case only the workers have the right to appeal to an arbitration body, which

then of course takes a binding decision, or we adopt my Group's proposal, which allows both workers and employers to request arbitration after joint consultation, so that the workers cannot be overwhelmed by a sudden request for arbitration by the employers. This would run counter to the proposals made by the Commission, and I find it impossible to believe that Mr Gundelach would accept it.

I am sorry therefore that we are unable to accept the amendments put forward by Mr Bertrand on this matter. We can accept the time limit and the principle of the binding decision, but not the possibility of one of the parties requesting arbitration unilaterally. This would mean that the employers could do this unilaterally and we have serious objections to this. For these reasons we shall vote against this amendment.

President. — I call Mr Marras.

Mr Marras. — *(I)* Mr President, I should like Mr Bertrand to clarify a few points concerning the amendment tabled by his Group, since without this clarification I will not be in a position to form an opinion, or rather I shall have to reject the amendment.

The Christian-Democratic Group proposed that paragraph 4 of Article 6 should be replaced by an entirely new one. This would mean, for example, that the sentence '(the management organs) shall initiate negotiations... before the General Meeting discusses the merger' would disappear. How can we allow this to happen? Mr Bertrand, moreover, as Chairman of the Committee on Social Affairs and Employment, proposed a new paragraph to the effect that 'the negotiation or arbitration procedure referred to in the previous paragraphs should be completed before the merger takes place'. These two requirements must be satisfied, since if the amendment tabled by the Christian-Democratic Group is adopted and Mr Bertrand withdraws his amendment we will have lost many of the advantages we have won in the course of the debate.

However, if Mr Bertrand maintains his amendment, that of the Christian-Democratic Group is clearly less important than it appears at first sight, except for its stipulation of a time limit of one month for the arbitration body.

I should also like some clarification on the meaning of the phrase 'binding decision'. Does this perhaps also imply that the merger will not take place if the arbitration board finds that the operation would be seriously prejudicial to the interests of the employees?

Marras

These matters must be clarified if we are to get a clear picture of the problem under discussion.

President. — I call Lady Elles.

Lady Elles. — Mr President, I too would like some clarification because I think this subject has really got into rather a confused state.

First of all, I would like to ask the Commissioner whether he meant that only employees may invoke this arbitrations board procedure, as I understood the discussion to be going in that direction before lunch. Mr De Keersmaeker's report and the amendment in the report state quite clearly that each of the parties may refer the matter to an arbitration board, and I would like confirmation as to whether this is the intention of the Commission.

Secondly, I come to the opinion of our group on the question of the one month's notice. I quite appreciate the arguments put forward by the Christian Democrats, and see their point, but we consider this stipulation might be restrictive. It might be harmful to the protection of employees' interests, which after all is the purpose of this procedure. I think that any time-limit can impose great pressure, resulting in an unsatisfactory solution or else the absence of any decision at all, with the whole matter then being thrown back to renegotiation. So, although we appreciate the principle which guided the Christian Democrats with regard to the time-factor, we would abstain on this amendment.

I would also like clarification of the English text, because in the translation over the earphones, there has been reference to a binding decision. Now in my text of Amendment No 4, line 5 of the second paragraph reads: 'reach a final decision'. I presume that this is in fact meant to be 'binding decision'. I have always assumed in law that any decision by an arbitration board is binding on the parties if they so accept it, and so I assume that what is meant here is a binding decision and we would agree to such a change.

But I would like clarification as to who in fact is allowed to invoke this arbitration procedure, because if only one party is allowed to do so, this seems to me socially and economically unjust and undesirable and we would only support the amendment if either party can invoke this procedure.

President. — I call Mr Yeats.

Mr Yeats. — Mr President, I think Mr Bertrand, in his intervention, was speaking on his own behalf, or rather on behalf of the Christian-Democratic Group. And I think it is necessary at

this stage that I should intervene, for although I am not rapporteur of the document that is before us, I am rapporteur of the following report, which deals with precisely those matters that are now under discussion. I think it is necessary, therefore, that I should make quite clear the views of the Committee on Social Affairs and Employment on these matters. It is obviously not merely desirable but essential that whatever is done on this document should also be done on the following document on mergers, and *vice versa*. It would be a ridiculous and impossible situation if the law were to be different in each case, if precisely similar circumstances could arise with different legal remedies. That simply would not do, and therefore whatever decision is taken now on these amendments must also be taken on the report on mergers. Since it would then be too late to give the views of the Committee on Social Affairs and Employment I think I should give them now.

I can do this by saying quite clearly what in fact the situation is with regard to this arbitration board. First of all, in the Commission text, as agreed to by the Committee on Social Affairs and Employment, it is to my mind quite clear that either party, either the employer or the workers, can require the initiation of the arbitration procedure. Paragraph 2 of Article 8 of the Commission text, which was left unchanged by our committee, says that 'if negotiations fail to secure agreement between the parties within two months, each of them may refer the matter to an arbitration board...' This to my mind is quite clear.

Secondly, in my report, with regard to the one month which is allotted to the arbitration board to deal with its affairs, we are faced with the extraordinarily unsatisfactory, and indeed ridiculous, situation that this very important matter was not referred to at all in the English, German and Danish versions. The phrase 'within one month' simply did not appear. In other languages it did. This seems to me an altogether fantastic situation and one I think that those who are concerned ought to try and avoid in the case of future documents that come before this Parliament. I am talking, naturally, about the mergers document and not about the De Keersmaeker report.

The Commission did intend that the arbitration board should be given one month, and this was clear to the Committee on Social Affairs and Employment. The Legal Affairs Committee very kindly brought this matter to our notice and I referred to it in the committee discussions. So I can say that the view of the Committee on Social Affairs and Employment was that the

Yeats

arbitration board should be given one month to do its job.

The remaining question I will not deal with now, because I do not think it is really under discussion yet—namely, the question of the completion of the merger before the negotiations are completed. I will merely say that the majority of the Committee on Social Affairs and Employment took the view, and incorporated it in their report in the form of an amendment, that the procedures of arbitration, negotiation and so on must be completed before the carrying out of the operation. I would urge Parliament, therefore, to adhere to our committee's views in order that the legal situation is the same both under this document, the third directive, and under the directive on mergers.

President. — I call Mr Bertrand.

Mr Alfred Bertrand. — (NL) Mr President, I must apologise for asking to speak a second time, but I should like to make a few remarks in connection with what Mr Broekszy has said. I should first of all like to thank him for not objecting to the words 'one month' and 'binding', but I must, however, point out that he was speaking about a text I have never seen. On page 10 of the Dutch version of the De Keersmaecker report I find the European Commission's text, which is worded as follows: 'If the merger is prejudicial to the employees' interest, the management organs shall initiate negotiations with the employees' representatives, before the General Meeting discusses the merger, with a view to reaching agreement on the measures to be taken regarding the employees. If no agreement is reached in these negotiations, each of the parties may ask the public authority to act as intermediary'.

That was the Commission's text. I wonder where you got the idea, Mr Broekszy, that the Commission was thinking in terms of arbitration here. The original text provides for mediation by the public authority. Arbitration is only mentioned in the Yeats report on the new proposal of September 1974. That's where the Commission came forward with the ideas of arbitration. I shall now read you this text too: '...each of them may refer the matter to an arbitration board...'. This is the Commission text. Thus the Commission clearly states 'each of them'. I should like to draw your attention to this fact. Our amendment does not, therefore, conflict with the Commission's text.

This is not, however, the end of the matter. You want to replace the phrase, 'each of (the parties)' by the phrase '...they may refer the matter by mutual consent to an arbitration body...'

Mr Broekszy, you appear to believe that only the managements make proposals during negotiations. But in most cases mergers involve proposals from the employees too. I will give you an example. Company A takes over company B with the result that X number of jobs in company B disappear. The trade unions demand that the redundant employees from company B should receive severance pay amounting to 100 000 Bfrs. However, the management does not agree to this. You are now making it impossible for the trade unions to call for arbitration on this point, since your proposal is that the parties may refer the matter to arbitration by mutual consent, i.e. if the management says no, the persons affected cannot call for arbitration on their claim for 100 000 Bfrs.

Let me give you another example. It frequently happens that the employees of one firm enjoy special pension rights by virtue of a group insurance scheme, which means that their pensions are higher than normal.

Obviously, then, the employees involved will ask the transferee to take over the group insurance scheme. Let us assume that the management refuses to do so, and no agreement is reached. Your text precludes the possibility of these employees calling for arbitration, since the management will not agree to do this on a joint basis. You are therefore putting the employees in an impossible position, since it is particularly in cases of mergers that they will have demands to make, usually via their trade unions. But your proposal prevents them from calling for arbitration if the management does not meet their requests. This is unacceptable, since it is in total conflict with the idea of safeguarding the acquired rights of employees. Each of the parties must, therefore, have a right to call for arbitration.

I feel sure you will agree, Mr Broekszy, that having negotiated and argued for two months without reaching agreement, the parties are not very likely to seek arbitration on the basis of mutual consent. Both parties must therefore have the right to call for arbitration, if the interests of both parties involved are to be safeguarded.

I should like to stress this point. Your amendment represents a real restriction and therefore constitutes a genuine threat to the safeguarding of the rights and advantages of employees in cases of mergers. I therefore ask you not to press for the adoption of this amendment. I mean this seriously, since I know from experience what normally happens in practice, i.e. it is the proposals from the trade unions which form the basis of the deliberations, not those of

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the management. I hope you will think about this.

President. — I call Mr Broeks.

Mr Broeks. — (NL) Mr President, I think there has indeed been a misunderstanding between Mr Bertrand and myself. May I begin with the original Commission proposal, which referred to mediation by the public authority. As soon as the mediation by the public authority is requested there is a right to strike. The employees are not deprived of this right; this is my basic assumption. If one considers the first few phrases of point 4 of the De Keersmaeker report it is clear that it is based on the assumption that the employees' representatives are dissatisfied—not the employers, but the employees.

Mr Bertrand says that he is a syndicalist. This word has a slightly different meaning in my country. I can hardly claim to be a syndicalist, but I have been a trade unionist since my early youth. That is, however, a small linguistic quibble, Mr Bertrand. All I can say is that I, too, have been active in the trade union movement since I was eighteen.

It seems to me, therefore, that the De Keersmaeker report takes as its basis a situation in which the employees are dissatisfied. What happens then?

Negotiations begin. If these negotiations produce no results, in other words, if the dissatisfied employees do not get satisfaction, they must have the right to call for arbitration. What does the De Keersmaeker report have to say on this? It says that both parties have this right.

I am not suggesting that the trade unions *must* call for arbitration. They *may* do so, but they may also strike. If they do strike, however, instead of calling for arbitration, then, in the case Mr Bertrand quoted, no-one can stop the employers requesting arbitration, thereby making the strike illegal. In my view, this is quite wrong, Mr President, and in conflict with the interests of the employees as originally conceived in the De Keersmaeker report. I oppose this. I also said at the meeting of the Legal Affairs Committee that I could give my support provided the employee's right to strike was not affected.

This amendment clearly affects the right to strike. This is why we oppose it, though we do not, of course, maintain that employees must always strike; the two parties can also conduct negotiations, and jointly call for arbitration if they find that they cannot agree. There are cases in which arbitration is jointly requested in a reasonable manner, Mr President. But that is

something quite different from allowing the employers to do so unilaterally thereby depriving the workers of their right to strike. We do not accept this. We therefore oppose the amendment tabled by Mr Bertrand and his Group and shall vote against it. The examples given by Mr Bertrand defeat his own argument. He said that the employees could be put at a disadvantage and gave a number of examples. There I can only agree with him. Mr Bertrand is quite right—the employees could indeed be put at a disadvantage. But what can they do about it? In the case quoted by Mr Bertrand they can no longer do anything. Or rather, they can still do something, but so can the management. They can take a unilateral step which makes the right to strike impossible. The members of your Group know this as well as I do, Mr Bertrand. Just ask the gentleman on your right. He will confirm that in the Netherlands, for example, the right to strike ceases the moment an arbitration procedure is initiated. The right to strike no longer exists and the courts will condemn such a strike and put an end to it. These are the hard facts of trade union experience. We cannot allow this situation to arise and therefore we shall vote against Mr Bertrand's amendment.

I must admit, however, that the directive discussed in the Yeats report represents a different approach on the part of the Commission. I do not agree with this approach and we shall oppose it too. We have also tabled amendments to the Yeats report with regard to this matter. We hope, however, that the amendment tabled by the Christian-Democratic Group, which deprives the employees of their right to strike, will be rejected.

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — Mr President, I have very little to add to what I have already stated, but a couple of specific questions on the matter under discussion have been put to me.

In the De Keersmaeker report, towards the bottom of page 12, the Legal Affairs Committee states that the provisions they suggest for a new Article 6 of the third directive do not affect national laws and national practice on the exercise of the right to strike. Mr Broeks is entirely right when he says that the meaning, the very nature of arbitration excludes the right to strike. So, if these two parts of the report, the comments on page 12 and the proposals themselves on page 9, are to be logically linked, and I am sure that the Legal Affairs Committee is logical, there must be a point where the workers take a position, having been informed of the planned merger, having been given a

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report, having had the opportunity to ask questions and familiarize themselves with the situation. This stage is described in paragraph 3 of Article 6. Having gone through that stage, which I shall call the information and negotiation stage, they have to make up their mind. They have to make up their mind whether to use their right to strike, in those countries where this is allowed, or to avail themselves of what is new in this proposal and what I consider a step forward—namely, a negotiation and arbitration procedure which can avoid confrontation and lead to a peaceful settlement. But they have to make the choice, and that is why this morning I said that it is the workers and the workers alone who at a given point have to decide whether they will use whatever legal right they have to strike, or enter into negotiations ending, if necessary, in arbitration. They, the workers alone, make this choice, and that was what I referred to this morning. But once they make that choice, they have taken the decision referred to at the beginning of paragraph 4 of Article 6. Paragraph 4 has two parts, but I consider it to be an indivisible whole, comprising negotiations and, if they fail, arbitration. Therefore the only possible difference of opinion between Mr Broeks and myself is the point in the proceedings at which the workers make their choice, because we do agree that they make their choice and they make their choice alone. I think they do this when they open the door to Article 6(4). Mr Broeks is worried on this point. That is why he has tabled an amendment to the second subparagraph of Article 6(4) and I made my views known on that earlier this morning. For me paragraph 4 is an indivisible whole.

President. — What is the rapporteur's position?

Mr De Keersmaeker, rapporteur. — (NL) The amendment tabled by the Christian-Democratic Group contains two alterations to the Legal Affairs Committee's text.

First of all there is the word 'binding'. From the strictly legal point of view I find this unnecessary. Nonetheless, I think the political significance of a guarantee that the decision will be implemented is so great that I fully agree to it being made explicit in the text. I thus have no objections here.

As regards the time limit of one month I share the concern of the Christian-Democratic Group, which is also felt by the Socialist Group, albeit from a different angle. I should like to remind you that the Legal Affairs Committee did not propose a time limit for strictly legal reasons, since in the first place it is superfluous and, in the second place, would involve certain risks in

the light of existing legislation in various Member States. For these reasons, which I also explained this morning, I do not recommend the adoption of a time limit.

As regards Amendment No 2 tabled by Mr Adams and other members of the Socialist Group, I can only say that I agree with the arguments put forward by Mr Bertrand and Mr Gundelach.

Mr Broeks, this morning I gave what was in my view a fairly complete account of the various stages of the procedure.

After what Mr Gundelach called stage one, which includes both the drawing up and issuing of the report and the obligatory negotiations, the employees' representatives can do whatever their particular national laws permit, but, in addition, and Mr Gundelach was very clear on this point, they can choose a different line of action which they alone have the right to choose. i.e. they can demand a time limit for the negotiations, which will give way to an arbitration stage if no agreement is reached. Both parties can, of course, request arbitration—this is inherent in its very nature. But the employee's representatives can also make use of the means that they have always had at their disposal by virtue of their national legislation, or have recourse to the additional possibility offered by this text and which they alone can use—with all the consequences described here. Your proposal to the effect that they should call for arbitration in or after joint consultation is, in my view, pointless; if the employees were to accept this they would have fewer rights than they had had previously, since they would then no longer have the right to make a unilateral request for negotiations.

I therefore urge Parliament not to adopt this amendment.

President. — I call Mr Bermiani.

Mr Bermiani. — (I) Mr President, as a member of the Legal Affairs Committee and the Committee on Social Affairs and Employment I have heard these problems discussed many many times, but, if I may say so, it has always struck me as a discussion among deaf people.

I should now like to give an explanation of vote to the effect that I will not support the amended version of paragraph 4 of Article 6. It is true that I am a member of the Legal Affairs Committee, but owing to illness I was absent from the beginning of December until the beginning of March. This document was adopted on 7 February and if I had been able to attend the meeting I would have voted against it, as I have always opposed the ideas contained in paragraph 4.

Bermani

I understand Mr Gundelach when he invites us to consider the beginning of the Article according to which the employees are entitled to initiate negotiations. We agree on this point, but initiating negotiations does not, in the next paragraph of the same article, lead to the results we would wish. Obviously once a cyclist pushes his bike across the starting line the race is on. But if there are nails scattered over the track there can no longer be any question of a fair race.

The central issue is that of arbitration which either of the parties may call for if no agreement is reached. But we must not underestimate what Mr Broeks said a moment ago, namely that in the Netherlands and in other Member States the right to strike ceases with the application of an arbitration procedure.

The right to strike, is, however, a much more important weapon in the defence of employees' interests. And since workers are deprived of the right to strike when an arbitration procedure is initiated, and since either of the parties may call for such a procedure, we as Socialists cannot support a proposal of this kind. We consider that it would be prejudicial to the interests of the workers since it would give the employers the right to call for arbitration, thereby providing them with a way of stopping strikes, which, as I said before, are the most powerful weapon in the workers' armoury.

This is why my Socialist colleagues and I will oppose the provision laid down in paragraph 4 of Article 6. I would have opposed this provision just as firmly at the meetings of the Legal Affairs Committee if my health had not prevented me from attending them.

President. — I put Amendment No 4 to the vote.

Amendment No 4 is adopted.

Amendment No 2 is accordingly no longer necessary.

The next item is therefore Amendment No 3.

I call Mr Broeks to move Amendment No 3.

Mr Broeks. — (NL) Mr President, I think there are two questions involved here, namely: can the process of arbitration have effect before agreement has been reached on the conditions of employment in the widest sense, and can the economic aspects of the merger then go ahead or not? These are the two questions that must be answered.

It appears to be felt that the economic implementation of the merger can only proceed after

everything has been fully settled. We feel, however, that negotiations on conditions of employment in the broad sense need not prevent arbitration from taking effect, since clearly if agreement is reached later or if the arbitration body makes a decision regarding the conditions of employment, it must subsequently be put into operation.

I therefore do not think there is any need to stipulate that the merger as a whole cannot take place before agreement has been reached on the conditions of employment.

It seems to me better to say that the merger can take place subject to *post factum* establishment of the conditions of employment in the widest sense, as subsequently agreed upon.

We therefore feel that since a binding decision will clearly be made after the two months of negotiations, i.e. after a total of three months, the management should be allowed to go ahead with economic aspects of the merger.

President. — I call Mr Yeats.

Mr Yeats. — Mr President, I would again like to say a few words on the views on this matter of the Committee on Social Affairs and Employment. First of all, I am not absolutely clear as to what is intended by the wording of this amendment providing that the operation may only be carried out 'if the economic and social advantages of the employees are guaranteed.' Now, on one meaning or one reading of this phrase, I think one can say that the Commission has already provided for this situation. If I may refer, Mr Broeks, to the Commission document on mergers, Article 3, paragraph 1, reads: 'The employment relationship entered into by the transferor shall be automatically transferred to the transferee with all rights and obligations. This also applies to rights and obligations arising from customary industrial practice. Any declaration on the part of the transferor or the transferee [that is, the old employer and the new employer] intended to exclude or limit the transfer of the employment relationship shall not be legally valid'.

Then paragraph 2 states: 'Where the rights and obligations arising from the employment relationship are based on plant or company agreement concluded by the transferor [or the former employer], these rights and obligations shall be automatically transferred to the transferee.'

It seems to me, therefore, that as provided in the Commission's document on mergers, the economic and social advantages of a pre-existing nature pertaining to the employees must automatically be carried over.

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If, on the other hand, Mr Broeksz has something else in mind, if he has in mind some further advantages which are not laid down in the Commission's document, my view would be that this phrase is so vague that it would be impossible to enforce it legally. I think that for these reasons this amendment ought not to be adopted, either because it is already covered by the Commission document or, if it refers to some other aspect, because it is so vaguely phrased that it would really be impossible to enforce.

President. — I call Mr Broeksz.

Mr Broeksz. — (NL) Mr President, a similar amendment to the Yeats report has been tabled by Mr De Keersmaeker on behalf of the Legal Affairs Committee. I am referring to Amendment No 2, which proposed that the Commission's original text should be restored. This amendment on behalf of the Legal Affairs Committee has exactly the same aim as Amendment No 3 to the De Keersmaeker report. In other words, Mr De Keersmaeker has tabled an amendment to the Yeats report on behalf of the Legal Affairs Committee and we wish to table a similar amendment to the De Keersmaeker report. I do not think, therefore, that Mr De Keersmaeker will have any objections to our amendment. At least I hope not.

President. — What is the rapporteur's position?

Mr De Keersmaeker, rapporteur. — (NL) Mr President, ladies and gentlemen, although I share Mr Broeksz's concern I do not understand the logic behind the amendment, since it says: '...During the negotiations provided for in paragraphs 2 and 3 and during the arbitration procedure, the operation may only take place if the economic and social advantages of the employees are guaranteed.'

If this text is in fact correct, I would ask you to revise it since it is unacceptable as it stands.

President. — I call Mr Broeksz.

Mr Broeksz. — (NL) I cannot agree with the way the text has been translated. This is why I explained what it means. The intention of this amendment is precisely the same as that of Amendment No 2 to the Yeats report tabled by Mr De Keersmaeker, i.e. that the merger can go ahead even before agreement has been reached on the conditions of employment, since these will subsequently be established. If, therefore, Mr De Keersmaeker will read the Dutch text of his Amendment No 2 to the Yeats report he will know exactly what we mean. I regret,

however, that it is not very clearly expressed in the Dutch version of our amendment.

President. — I call Mr De Keersmaeker.

Mr De Keersmaeker, rapporteur. — (NL) I am sorry, but I can only comment on the text I have before me and which I have read. The first sentence is quite superfluous since it is quite clear from the text of the report that the operation, i.e. the merger process, cannot in fact be delayed during these two stages. But the rest of the amendment is completely unacceptable since it says that during the arbitration procedure 'the operation may only take place if the economic and social advantages of the employees are guaranteed'. I find the intention laudable, but what is important is that the result of the arbitration procedure should be accepted, and if you set conditions like these the entire system of arbitration loses all its force. For who is going to say whether these conditions have in fact been met? The same people who made the decision in the arbitration body? If so, there would be no way of checking anything and so no one would be responsible for the decision. This is quite out of the question as it would weaken the entire system.

President. — Mr Broeksz says that the Dutch text does not correspond to the original text of the amendment, which was drawn up in German. Perhaps we could vote on the text in the original German version.

I call Mr Yeats.

Mr Yeats. — Mr President, I think the problem arises simply because there are two amendments here and Mr Broeksz is talking about one of them while everybody else is talking about the other. There is Amendment No 3, which I understood Mr Broeksz to start speaking about. This reads, and I will read it slowly so that it can be translated into all languages:

'Article 6 (4)

At the end of this paragraph, add the following sentence:

"...During the negotiations provided for in paragraphs 2 and 3 and during the arbitration procedure, the operation may only take place if the economic and social advantages of the employees are guaranteed."

Now there is another amendment, by Mr Bertrand,—No 1—and this is the one I think that Mr Broeksz has recently been talking about, but we have not, I hope, yet come to it. This amendment proposes to add the following new paragraph after paragraph 4 of Article 6:

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'The negotiation or arbitration procedure referred to in the previous paragraphs should be completed before the merger takes place.'

These are two different concepts and to my mind we are at the moment talking about Amendment No 3, which is a totally different matter. I think there has been a misunderstanding about the amendments rather than a linguistic conflict.

President. — Mr Broeks, would you perhaps read out the text in Dutch as you consider it should be translated from the German.

Mr Broeks. — (NL) Mr President, I shall try but I am not a sworn translator from German. The meaning is, however, clear.

The merger can take place even before the negotiations on the conditions of employment are completed since the decisions reached can be implemented *post factum*. This, I agree, conflicts with Amendment No 1 by Mr Bertrand, according to which the merger should not take place before the negotiations on the conditions of employment are completed.

What, however, does the Legal Affairs Committee propose with respect to the other report? It proposes that the Commission's original text should be restored, i.e. the amendment tabled by Mr De Keersmaeker on behalf of the Legal Affairs Committee is precisely the reverse of that tabled by Mr Bertrand. This is why we are in difficulties. One proposes that the merger operation should go ahead pending the results of the negotiations on the conditions of employment, which must subsequently be implemented since the arbitration decision is probably binding. The other says that the entire merger should wait until everything is finally settled. Mr De Keersmaeker on behalf of the Legal Affairs Committee has now tabled an amendment to the Yeats report to the effect that the economic aspects of the merger should go ahead without waiting until the negotiations are completed.

A merger can, after all, be greatly to the advantage of both companies involved and to their employees, both from the economic point of view and as regards the future of the employees, even if the negotiations on the conditions of employment are not yet completed.

President. — I call Mr Bertrand.

Mr Alfred Bertrand. — (NL) Mr President, Mr Broeks generally listens very carefully, but this time something has escaped him, namely the fact that I said that I would withdraw my Amendment No 1 if Amendment No 4 tabled by

the Christian-Democratic Group was adopted. That has in fact now happened. This, Mr Broeks, is the cause of all the confusion.

Your text can also be withdrawn since we have the guarantee that at least until the arbitration procedure is completed everything will remain as it was for the employees.

The arbitration only takes effect after the arbitration body has made its decision. You can, therefore, withdraw your amendment too since you have a complete guarantee.

President. — I call Mr Broeks.

Mr Broeks. — (NL) I am willing to withdraw it, provided that we are agreed that the same will be done with Amendment No 2 by Mr De Keersmaeker to the Yeats report.

President. — Amendment No 3 is therefore withdrawn.

On Article 6(4) I have Amendment No 1, tabled by Mr Alfred Bertrand on behalf of the Committee on Social Affairs and Employment and worded as follows:

'After Article 6(4), insert the following new paragraph:

"4a. The negotiation or arbitration procedure referred to in the previous paragraphs should be completed before the merger takes place."

However, this amendment can now also be regarded as withdrawn.

I call Mr Yeats.

Mr Yeats. — Mr President, I am very sorry indeed to intervene at a time when it seems that everyone has happily reached agreement, but I think I must point out that, after prolonged discussion, the Committee on Social Affairs and Employment decided by a narrow majority to include the stipulation that the negotiation and arbitration procedures must be completed before the carrying out of the merger. We discussed this on many occasions and, as I say, it was passed by a narrow majority of only 8 votes to 7 with 2 abstentions, but this is nevertheless the established view of the committee and, as I think we all agree, the law on these subjects must be the same in the two documents, both the proposal on mergers that we will be discussing later and this present third directive that we are discussing now. It is essential that the same position should be adopted in each case. So, as rapporteur for the Committee on Social Affairs and Employment, I must request on the committee's behalf that we should stick by its deci-

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sion, even though it was only taken by a narrow decision.

President. — I call Mr Scott-Hopkins to speak on a point of order.

Mr Scott-Hopkins. — Mr President, with the greatest respect to my honourable friend, Mr Yeats, he is talking about a report that we are not even discussing yet. When we come to the Yeats report let us deal with the matters he has raised. We have wasted one hour on discussing two amendments, which have both been withdrawn. I suggest we now get on with the voting and finish the De Keersmaeker report.

(Applause)

President. — We shall now consider the motion for a resolution contained in the report by Mr De Keersmaeker.

I have no amendments listed.

I put the motion for a resolution to the vote. The resolution is adopted.¹

Thank you, Mr Gundelach, for your contribution to the debate.

9. Directive on the retention of the rights of employees in the case of mergers

President. — The next item is the debate on the report drawn up by Mr Yeats on behalf of the Committee on Social Affairs and Employment on the proposal from the Commission of the European Communities to the Council for a directive on harmonization of the legislation of Member States on the retention of the rights and advantages of employees in the case of mergers, takeovers and amalgamations (Doc. 385/74/rev.).

I call Mr Yeats.

Mr Yeats, rapporteur. — Mr President, this directive attempts to deal with the difficult, complex and sensitive problem of the rights of workers in the event of a change of ownership of a company by which they are employed. The emergence of this proposal is, in itself, a recognition of the need for the protection of the acquired rights and advantages of employees in the case of mergers, takeovers and amalgamations.

There is an obvious need also for the harmonization of the legislation of the Member States

in this field. Until now the interventions by the Communities in the field of company law had been directed in the main at the harmonization of legislation protecting the rights of shareholders. The Committee on Social Affairs and Employment has therefore welcomed this new intervention, which, for the first time, sets out the rights of the workers, who are, after all, essential to the continued well-being of any company. In spite of the vital nature of their contribution, the position of the workers in the event of a merger or takeover is often very weak.

The proposed directive adopts a radical approach to the question of the development of employees' rights. The proposals contained in this will be novel to a number of the Member States. In fact the position in the Community at the moment is that five of the Member States have no legislation of any substance on this subject. The other four have legislation of widely differing characteristics, giving in certain cases a very defective element of protection to the workers. Thus there would in any case be a real need for Community intervention in this regard.

The need for action, however, becomes even more urgent when one considers the development of concentration during the past dozen years or so. Statistics show that between 1962 and 1970 the annual number of amalgamations between undertakings in the six original Member States rose from 173 to 612. For the second half of this period, from 1966 to 1970, the rate of increase doubled as compared with the period between 1962 and 1966. This continuing trend towards amalgamation has led to a situation in some Member States where the turnover of the hundred largest industrial undertakings has risen to 50 per cent of the total.

This is therefore an important proposal, and we welcome the initiative of the Commission. There is no need to stress the difficulties that the very rapid development of concentration may cause for workers. Even the rumour that a change of owner is about to take place may create the fear that the workers will be faced with redundancies or with other changes prejudicial to their interests. When the merger or takeover does in fact take place, workers may find themselves without a job or with a lower income or inferior status. There is, in such cases, a very real need to protect the rights and advantages acquired by these employees prior to the change in employer. Previous experience suggests that it is unlikely that in the foreseeable future these matters will be dealt with at all adequately by legislation at the national level. In any event, since a high proportion of concentrations now take the form of cross-border link-ups within

¹ OJ No C 95 of 28. 4. 1975.

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the Community, it is clear that a common Community approach is required in order to safeguard the rights of workers in the event of mergers or takeovers of companies and undertakings.

The Committee on Social Affairs and Employment found itself in full agreement with the aims that the Commission hopes to achieve in this draft directive, even though there were some respects in which we felt that the document was unduly vague. There were certain matters of detail on which the committee has proposed amendments with a view, in particular, to the strengthening of the safeguards for the protection of workers that are contained in the draft directive.

I will deal in detail later with these amendments that have been made by the committee. First, however, I should point out that the general aim of the directive is to protect previously acquired entitlements of workers in the case of a change of employer. This aim is to be achieved in three ways: firstly, by the automatic transfer of the employment relationship from the old to the new employer; secondly, by the protection of employees against dismissal as a result exclusively of a change in the structure of the undertaking—and this of course raises the question of compensation payments; thirdly by the giving of prior notice to the representatives of workers that a merger is about to take place, followed by a process of consultation and negotiation with regard to the interests of the employees.

All this is satisfactory as far as it goes. There are, however, some obvious weaknesses, in particular a lack of any real distinction between the process of harmonization and the possibility of national legislation. In its introduction to this document the Commission says, and we agree completely with it, that harmonization is necessary because of deficiencies in national legislation with regard to the preservation of workers' rights. When it comes to the actual terms of the draft directive, on the other hand, we are told over and over again that legal matters of vital importance are left to be decided not by the Community but by national legislation. In particular, the Commission has refrained from laying down definitions with regard to what should be regarded as unfair dismissals, nor is there any real attempt to deal with the legal consequences of such dismissals.

I should, however, like to stress that in spite of these weaknesses in the document the committee has welcomed the proposals of the Commission as a positive and useful step forward. The amendments of the committee that I now propose to explain in greater detail are simply

intended to ensure that the highly desirable aims of the draft directive may be more readily achieved. I should stress also that, in considering these amendments, the committee has endeavoured to maintain a fair balance between the sometimes conflicting interests of employers and employees. The main purpose of the directive of course is the protection of the workers' interests, and in its amendments the Committee on Social Affairs and Employment has tried to make this purpose more effective. Nonetheless, in the drafting of its amendments the committee has aimed to preserve also the legitimate interests of employers and shareholders.

Now I should like to refer very briefly to the various amendments that were made by the Committee on Social Affairs and Employment. There is first of all an amendment to the fourth recital on the draft directive of the Commission. It is an amendment which, because it is simply to a recital, is not of any great practical legal importance, but is of some importance as an assertion of principle. The Commission's text in the fourth recital begins: 'Whereas changes in undertakings' structure are not in line with this purpose, but on the contrary adversely affect conditions for workers on and off the job...' Both the Legal Affairs Committee and the Committee on Economic and Monetary Affairs recommended our old Social Affairs Committee to change this, since clearly there are many mergers which are very much in the interests of workers and it is quite wrong to suggest that they adversely affect conditions for workers. We have therefore amended the recital to read: 'Whereas changes in undertakings' structure may on the contrary adversely affect conditions for workers...' This is not, as I say, of much importance but it does at least assert the principle of the matter.

I would like to thank both Mr Pianta and the members of the Legal Affairs Committee for their extremely helpful opinion on this whole matter. They raised a number of matters which we found extremely helpful. They recommended that there should be an amendment to Article 1. This is set out in page 18 of my own report. It regards the legal definition of merger. I think there is no need to go into the technicalities of this matter, except to say that we found ourselves regretfully unable to agree to this amendment, because we felt that it is of vital importance for workers that the strict legal meaning of a merger should be clear. If, as suggested by the Legal Affairs Committee, certain words were deleted, then there would inevitably be occasions on which an element of doubt could arise as to whether a particular transaction did bring about a merger. The Committee on Social

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Affairs and Employment felt strongly that employers, or indeed in certain cases speculators, ought not to be enabled to claim, in particular cases, that a merger did not come under the provisions of this directive for legal reasons and that therefore the workers could not claim any rights under it. While respecting the intentions of the Legal Affairs Committee, we therefore felt unable to accept this proposed amendment.

We did, however, ourselves amend Article 4 of the directive by inserting a new paragraph 2. Paragraph 1 of Article 4 in the Commission's text reads: 'Mergers and takeovers shall not constitute in themselves a reason for termination of the employment relationship on the part of the transferor or the transferee. This shall not apply to dismissals made in connection with mergers and takeovers necessitated by pressing business reasons.' Now obviously in this connection the precise definition of pressing business reasons is of vital importance. The Commission stated that they found themselves in great difficulties when trying to define this term. In their explanatory memorandum, on page 7 of the English text, they say that the proposed directive purposely avoids listing such business reasons. These reasons can vary so widely, depending on the circumstances surrounding each case, that to list them would only cause confusion. And they go on to say that it is essentially a task for the legislator and the courts in the individual Member States to define the concept of a pressing business reason. But it seemed to us and to the Committee on Social Affairs and Employment that it would be just as difficult for national legislators and for national courts to lay down any general rules which would cover pressing business reasons or the multitudinous circumstances which could arise. We also felt that it would be highly undesirable that the definition of pressing business reasons should be left to the courts in each individual case. There would be endless possibilities for litigation, endless possibilities for uncertainty as to what precisely this term could mean. We therefore decided to insert into the Commission's text a new paragraph, which reads: 'Save where otherwise determined by the laws, regulations and administrative provisions of the Member States, "pressing business reasons" have to be determined during the negotiations between workers' representatives and the transferor and transferee as shown in Article 8.'

Then, as is necessary for legal purposes, there is a further sentence providing that the provisions of the directive on mass dismissals shall not be affected by this provision. This amendment means in effect that the various negotiations and possibly arbitration, under Article 8 of this directive, between the employers and the

workers must decide what pressing business reasons means. It is, I think, a simple way of dealing with the situation, and I would recommend Members of Parliament to accept this amendment.

On Article 8, we proposed various amendments. The difficulty to our mind was that the Commission's text provided in paragraph 1 of Article 8 that the transferor and transferee—that is, the old and the new employer—'shall be required, before carrying out the projected operation, to inform the representatives of their respective workers... of the reasons that led them to consider such an operation...' Now the word 'before' could mean two months, two years or two minutes. This would entitle someone, for example, who was taking over a company to usher the representatives of the workers into the boardroom to explain to them that there was going to be a takeover, that there was going to be a re-organization, a rationalization, that so many hundred workers were going to be dismissed, or that other adverse circumstances would come about for the workers. They could then say, 'Well, thank you, gentlemen, for listening to us.' And the moment the workers' representatives had left the room, they could sign the contract and the merger would be in being.

It seemed to us highly undesirable that this should be allowed, and we therefore provided in our amendment that this information should be given at least two months before carrying out the projected operation, except in special justified cases. Now this phrase 'in special justified cases' is of great importance. It was pointed out in the course of the discussions in committee that some mergers and takeovers take place in order to increase the profitability of the concern and there is no particular urgency. In many other cases, however—and as Lady Elles pointed out earlier today, in the present economic circumstances these may be the majority of cases—you will have a situation where a company is about to go bankrupt and only a very urgent takeover or merger with a profitable and efficient concern can save the employment of the workers.

The provision that this two-month period need not apply in special justified cases is intended to apply to this situation, in order to save a firm and, in particular, in order to save the employment of the workers concerned. So while the information should always be given before the merger takes place, at the same time the two months' period can be waived in such cases.

In the same article there is a further new paragraph, paragraph 2, which provides for the situation where none of the employees concerned is in fact in a trade union. The Commission's

Yeats

text only provided for informing the representatives of the workers, that is the trade-union representatives, but we felt that there were many cases where workers would not be in any trade union. For example, it is worth mentioning that the Commission produced statistics in recent days pointing out that only 22 per cent of French workers were organized in trade unions, some 39 per cent of workers in the German Federal Republic, 50 to 55 per cent in Italy, 52 per cent in Luxembourg, 42 per cent in the Netherlands and 49 per cent in the United Kingdom. Obviously, therefore, there are very large numbers of workers who are not organized in trade unions and of course these are the workers who, generally speaking, are in the weakest position, who are most in need of protection under such circumstances. At the same time, no one wants, and particularly we did not wish in the Committee on Social Affairs and Employment, to run any risk of undermining the negotiating position of trade unions, and therefore our amendment is extremely limited. It provides that in a case where 100 per cent of the workers are non-union, the mere information that a merger is about to take place must be given to these workers. The later provisions for negotiation at the request of the workers' representatives, and later on for arbitration, do not apply. In other words, the right and indeed the sensible step for the workers to take, having been given the information that a merger is about to take place, is that then—in their own interests, one can only assume—they should go and find a union that they can join which can negotiate with the employers. We have not wished in any way to undermine the negotiating position of unions and therefore the only provision in this amendment is that workers should be informed; the initial information must be given to the workers whether they are organized in trade unions or not.

Then, at the end of the new paragraph 3 of Article 8 there is a small tidying-up amendment, which was again recommended to us by the Legal Affairs Committee, providing that the competent court referred to in connection with the arbitration procedure should be the competent court in the Member State in which the company to be taken over is situated. I believe, in fact, that since recommending this to us the Legal Affairs Committee has decided that it was not necessary after all, but it does no harm and I am quite happy to leave it there even though they apparently changed their mind.

Then in paragraph 4 of Article 8 we have, of course, the matter which has already caused a great deal of discussion here today and which caused a great deal of discussion in the Com-

mittee on Social Affairs and Employment. The Commission's text for this paragraph read: 'The obligation to hold immediate discussions in paragraph 1 and the negotiation and arbitration procedures contained in paragraph 2 are not to prejudice the operation'. In other words, the negotiation and arbitration must proceed alongside the merger. This led to a great deal of discussion in our committee and, as I have already mentioned, by a very narrow vote of 8 to 7 with 2 abstentions the Committee on Social Affairs and Employment decided to incorporate the amendment which says that 'the obligation to hold immediate discussions in paragraph 1 and the negotiation and arbitration procedures contained in paragraph 3 must be completed before the carrying out of the operation'. In other words, the merger cannot take place until the negotiation and arbitration procedures have been finished.

Now, in the lengthy discussions that took place in our committee there were two main schools of thought. There were, on the one hand, those who said that one should not, in such a case, give to the workers the power of veto. It is argued that in many cases this amendment would have the effect of making mergers impossible. And it was argued that, as a matter of practical politics, there was no prospect at all that this amendment would be acceptable to the Council. On the other hand, there were those—ultimately the majority—who supported this amendment and said that it was unreasonable that the merger should go through before the workers' problems had been dealt with. It was pointed out that in any event, in the case of joint stock companies...

I will endeavour to finish rapidly, Mr President, but the problem is that I can either deal with these amendments now or later. It will save time, I think, if I refer to these amendments now, and this certainly would make the debate easier, but I would ask you to bear in mind, Mr President, that, apart from the amendments the committee has made, there are 15 amendments tabled which inevitably will take some time. Indeed, it is a rather amusing situation that we decided last December not to discuss this matter because there were 14 amendments. Now, four months later, we find there are 15.

President. — I must ask you to explain your position presently when we come to the amendments.

Mr Yeats. — Well, Mr President, I will say no more about this question of the veto because clearly there is an amendment down on this matter and I will deal with it later on.

Yeats

There was another amendment to paragraph 2 of Article 9 which we incorporated at the request of the Legal Affairs Committee. It is not a matter of any great difficulty, so I will merely point out that we were happy to accept this amendment from them.

So this completes the list of amendments adopted by the Committee on Social Affairs and Employment. I should, perhaps, mention at this stage that the committee considered with care the 14 amendments remitted to it from the plenary session last December, but none of these was in fact adopted by the committee. Now there are a large number of new amendments but, at your request, Mr President, I will deal with these when they come up later on.

May I conclude, Mr President, simply by repeating that our committee believes that this draft directive will be a valuable addition to Community law. We believe that the amendments as outlined will provide some further necessary protection for the workers concerned, and I ask Members to approve the report that is now before us.

(Applause)

President. — I call Mr Pêtre to speak on behalf of the Christian-Democratic Group.

Mr Pêtre. — *(F)* Mr President, ladies and gentlemen, it is my job today to put the view of the Christian-Democratic Group on this proposed directive, and first and foremost I would like to say how closely interested we are in the two proposed directives which we have been discussing since this morning. But, Mr President, I feel bound to point out from the outset that there does seem to be a certain amount of confusion, though highly understandable in the circumstances, as Mr Bertrand and others said this morning, between the reports made by Mr De Keersmaecker and Mr Yeats.

In debates such as these we must never forget that the proposed directive which is the subject of the Yeats report includes all companies as defined in Article 58, second paragraph, of the Treaty establishing the EEC in the case of mergers, takeovers and amalgamations. On the other hand, the proposed directive which was the subject of Mr De Keersmaecker's report only covers limited companies in the case of mergers within national frontiers. It is very important to remember this, Mr President, in order to avoid any further confusion in the future.

This confusion is due to the fact that, while these proposals have different objectives, the aim of both, in my opinion, is to give the social aspects of company law a legal framework by

adapting that law gradually to the requirements of current social trends in the Community. This means, Mr President, that the Christian-Democratic Group also attaches great importance to the proposed directive and Mr Yeats' report on the protection of the rights and advantages of employees in the event of mergers, takeovers and amalgamations.

The particular aims of this proposal, of course—this is how we look at it—are to give employees a say in the problems raised by mergers, and to protect acquired rights; it also seeks to provide for all contingencies by instituting an arbitration procedure, in keeping with the requirements of the social progress which is characteristic of our time. Although we would not suggest that this proposed directive will automatically do away with the industrial unrest and disputes which, as we all know, often arise when mergers take place, we are nevertheless entitled to hope that the procedure envisaged in the directive may generally help to avert possible disputes by ensuring that the workers are kept informed, which is of the utmost importance, and by providing for the increasingly necessary consultation machinery. We are the more in favour of the proposal because it offers the possibility of achieving positive results from both the social and the business points of view. Nevertheless, we are not over-optimistic about this, because we know from experience that mergers always raise difficult problems, and sometimes extremely distressing ones, whatever one's point of view. We can therefore do no less than encourage, and I mean encourage, the Commission in its action to find solutions to these problems, which can be very painful and raise strong feelings in industry.

Since Mr Yeats has commented very fully on his report, on which I congratulate him, there is no need for me to go over the various provisions of the proposed directive. I think in any case we can assume that these provisions are sufficiently familiar to the House and I need not dwell on them myself. I shall sum up, Mr President, by saying that my Group welcomes the machinery proposed by the Commission to achieve its objectives, in particular as regards the transfer of employment relationships and rights from the old to the new employer as a result of a merger and also the procedure for the protection of workers against dismissal resulting solely from changes in the company's structure.

But, turning now to the Commission, and in particular to Mr Hillery, there remains a certain amount of anxiety among the members of my Group regarding the real effectiveness of the social protection measures proposed. The aim

Pêtre

of this proposed directive, let it be emphasized once again, is to harmonize the laws and regulations in the Member States. To put it simply, harmonization would be perfectly straightforward if the nine countries had more or less similar legislation in this field, but of course this is not so. This leads us to wonder whether the directive will be observed in all respects and in all the Member States, and if so when; we also wonder what will happen if some of the countries concerned do not make radical changes to their legislation in this matter. We would therefore be grateful if the Commissioner could reassure us on this point.

Having made these few observations, it only remains for me to say on behalf of the Christian-Democratic Group that we welcome the proposed directive as a whole and also the amendments which will be tabled by our colleague Mr De Keersmaeker in a few moments.

My Group will however reject the amendments tabled by our Communist colleagues, for the following two reasons: firstly, as has already been said and as the rapporteur has also pointed out, these amendments were previously proposed and discussed at length in the Committee on Social Affairs and Employment, which rejected all of them. Secondly, we have reread these new amendments, but we feel obliged to say quite simply that they seem superfluous to us because they change neither the spirit nor the main substance of the proposed directive, which we ourselves consider a satisfactory step, broadly speaking, towards the safeguarding of the acquired rights and interests of employees.

Mr President, ladies and gentlemen, subject to these reservations, the Christian-Democratic Group welcomes the proposed directive and will vote for it. We also approve the text of the report and the motion for a resolution presented by the rapporteur for the Committee on Social Affairs and Employment.

(Applause)

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

Mr Adams. — *(D)* Mr President, ladies and gentlemen, I can be very brief, as Mr Lautenschlager put forward our basic views when he presented the opinion of our Group on Mr De Keersmaeker's report. I should, however, like to take this opportunity to thank the two rapporteurs, Mr De Keersmaeker and Mr Yeats, for the hard and voluminous work which they have carried out.

The matter we are tackling here is beyond doubt of highly restricted relevance, specifically

because, as far as I know, only two of the Community Member States have arbitration procedures and arbitration courts. None of the others has these procedures and, if I am not mistaken, there are still some trade unions in the Member States which refuse to accept such arbitration procedures.

It is therefore very difficult, of course, to achieve harmonization in this field. On the other hand, I naturally share the Commission's view that this harmonization must be carried out, since we are on the whole rather backward as regards protective measures for employees, in view of what has been happening for a long time on the market and in the European Community, where we witness mergers, concentrations and amalgamations every day without considering harmonization of employees' rights at Community level. It is for this reason that we welcome the Commission proposal.

I shall confine myself to these few remarks, Mr President. We shall give our opinion on the amendments with which we still have to deal at a later stage.

President. — I call Mr Premoli to speak on behalf of the Liberal and Allies Group.

Mr Premoli. — *(I)* Mr President, ladies and gentlemen, concentrations of undertakings within the EEC are on the increase. Mergers between companies, transfers of ownership of plants, or the purchase of part of the holdings of one firm through another are the instruments of these concentrations. I do not need to point out that such structural modifications are bound to have repercussions on the social situation of the workers affected. The Community—which must keep pace with an ever-changing society—could neither remain indifferent to this fact nor ignore it. Nevertheless, I feel that the terms of the directive under examination over-emphasize the rights and interests of the workers of the company taken over, to the detriment of factors and situations which should not to my mind be overlooked.

The greater risk, of course, is run by the labour force of the weaker, smaller company. Even so, the employees of the company taking over may also risk dismissal as a result of a merger. It would be presumptuous to state *a priori* that their situation is stable and that it is therefore superfluous to protect these workers by means of *ad hoc* provisions. Consequently, in view of both the social and the legal requirements, it would be desirable to introduce protective measures for the entire work force of companies involved in the above-mentioned operations. At the same time the employee's prerogative of

Premoli

terminating his contract when a merger occurs should be recognized, even if he does so for reasons other than those stipulated in Article 4, that is, because there have been substantial changes in working conditions.

A worker's right to ask for the termination of his contract following a merger or a change of ownership of the company must be recognized whatever the reason and must not therefore be subject to special conditions. It may not be in his interests to keep on his job for reasons other than those taken into consideration. In short, the very essence of the two directives we are now debating consists in this connection of defining the arbitration procedure to be applied should the negotiations between the parties to the contract prove unsuccessful.

Consultation of the trade unions and the organizations representing the employees is in my opinion an indispensable condition for the success of the arbitration procedure we envisage. It would indeed be absurd not to consult the people affected, because this would cause tension between the parties, perhaps even result in an actual rejection of the arbitration procedure by one or other of the two sides.

A further criticism concerns the precision of the wording and texts of the negotiation in general and of the arbitration procedure in particular. Greater exactitude would undoubtedly admit of better coordination, removing the dangers of differing interpretations to the advantage of the directives under examination and thus eliminating misunderstandings.

As the time at my disposal is limited I shall move on to the heart of the matter. The Committee on Social Affairs and Employment has amended the Commission's text as regards the upholding of workers' rights and interests in the event of mergers between companies, changes of ownership, and amalgamations of undertakings, proposing that the negotiation and arbitration procedure be completed in full before the merger can go through. This course would be acceptable for the negotiation procedure. As it has been established that the workers' representatives must be informed of the imminence of such an operation two months before it is due to come into effect and, furthermore, as the negotiation phase must end within two months, purposeless adjournments could thus be avoided.

But in the case of the arbitration procedure set out in this directive, it is not known what would happen if one of the two sides failed to name its own arbitrators more or less deliberately or, if you like, with a more or less firm intention of obstruction. If this gap were not filled immediately, the merger would obviously be confronted

with an obstacle similar to an actual veto. There are more facets to the situation since, even when arbitrators have been appointed, the parties could disagree on the choice of chairman. The procedure would be so watered down as to be a positive hinderance to the progress of the merger which, for a variety of reasons, must be completed within relative short time limits.

My colleagues in the Liberal Group share my view that the arbitration procedure must necessarily be concluded before the merger comes into effect; we are convinced that the decision has an intrinsic binding effect on the social consequences of the merger for the workers. These arguments prompt the Liberal Group to support the amendment of the Legal Affairs Committee to the Yeats report. This amendment in fact has the merit of making it possible to coordinate the provisions the two directives devote to the arbitration procedure. We likewise consider that the removal of the obligation to complete the negotiating and arbitration procedure before the merger goes through is justified. I should like to point out that the Liberal Group had previously put forward a formal proposal to that effect.

In conclusion, my desire—and I speak on behalf of everyone in my Group—is that the Commission should get a clear idea of all the problems connected with these two directives, problems upon which I have only touched. If not, these texts could contain dangerous legal and social gaps. In other words, these problems must be cleared up before the voting stage is reached.

President. — I call Lady Elles to speak on behalf of the European Conservative Group.

Lady Elles. — Mr President, my group in principle welcomes the report and particularly the draft directive which the Commission proposed. I did make a general statement this morning expressing the group's views and insisting on the great importance we attach to protecting worker's interests in the event of an amalgamation, a merger or a takeover; but I would, Mr President, at this point like to emphasize the fact that, despite the somewhat misunderstood name of our group, about which there have been so many misinterpretations and misunderstandings this afternoon, in the Conservative Party, out of over 10 million voters, there will be very very few who are not workers or who will not be affected by this draft directive. This directive is therefore also of great concern to us as a political party—and the same I am sure applies also to the Conservative Party in Denmark—for we are in fact all workers of one kind or another, and will indeed be directly affected

Lady Elles

by this directive and therefore regard it as of the greatest importance.

I would like to say just a word about the amendments. We presented some amendments to Parliament at the December part-session, but agreed to withdraw them because of the number of amendments being presented, and as Mr Yeats rightly said we discussed these amendments in committee. It is only in a spirit of democracy and cooperation that we have agreed not to present again all the amendments which we originally tabled. Our views were expressed in those amendments, and I do not propose to take up Parliament's time by going over all the arguments again. However, I would like to say to Mr Pêtre that I take precisely the same views as he did with regard to the amendments proposed by the Communist Party, with regard both to the substance, with which we disagree, and to the procedure which they have again used to take up the time of this Parliament today.

With regard to the transfer of rights, I would just like to make one general comment and to address the Commissioner, who will no doubt take this point into account. When this subject was debated earlier, and up to the time that it was discussed in the Committee on Social Affairs and Employment, the draft directive on the access to employment, recruitment, promotion and upgrading of women in employment had not been put forward. Nor has it been discussed yet. Therefore I would suggest that when that transfer of rights takes place, some account will be taken of the improvement in the rights and obligations of women, given that new legislation will be introduced within the next year or so. Undoubtedly, if the present rights are automatically transferred, this will be a great disadvantage to the many thousands of women in employment who are being discriminated against and getting very shabby treatment, particularly under Article 3(1), where the fourth line refers to the 'rights and obligations arising from customary industrial practice.' We are asking—and, I know getting the support of the Commission on this—that customary industrial practice with regard to women in employment will be either abolished or amended, and so improved.

I hope this will be taken into account when the Commission produces its final directive.

With regard to Mr Yeats' report, of course we congratulate him on the immense work he has done and his very thorough attempt to reach a balanced view despite the very many conflicting views put forward in the committee, and agree with most of his proposals contained in this report. However, I must on behalf of my group strongly deplore the introduction of the amend-

ment to the last paragraph of Article 8, which would in effect prevent a merger from taking effect or taking place should the employees object or the negotiations not come to a satisfactory conclusion. The arbitration board has binding powers over both parties, and I think that the protection of workers by a fair and just arbitration board giving a fair and sensible award should in fact solve this particular problem. We would not like to see mergers being stopped just because a power of veto could be used by one powerful sector of society.

I would also like very briefly to give our views on the amendments. I will not, Mr President, go into them in detail, but I think it might save time if I outlined the guidelines on which we shall be basing our voting on the amendments before us. In the light of the existing economic situation, we would deplore any way in which unemployment could be precipitated by a too rigid directive which prevented the agreement between workers and employers from reaching a satisfactory conclusion in the short term with better prospects in the long term. I think it would be a great mistake merely to insist on a certain rigidity which might in the end rebound to the great disadvantage of the worker.

The second principle is that we do not believe that this economic situation—with the great unemployment that now exists in the Community Member States—can be used as an excuse by employers to enforce unacceptable conditions of employment on employees, and it is for this reason that we welcome the protective measures proposed in the draft directive.

We would also support any proposals which can make a company viable both for the benefit of those who risk their savings and for those who are employed. In all the discussions, both this morning and this afternoon, I have not heard one word about the shareholders. Now I know this is considered an unacceptable word in many areas of society, but I think that sometimes we should remember in this Parliament that there are millions and millions of people with very little money who risk their savings in companies which provide work for the citizens of the Member States. It would be defeating the object of trying to improve economic growth in the Community if measures were taken which arrested this economic growth. If there is no faith in the machinery that is being set up by the Communities to produce viable companies, there will be lack of investment and there will be no employment. And regrettably, Mr President, I must even refer to a speech made by the British Minister for Industry, Mr Wedgwood Benn, who himself acknowledged the great threat of unemployment if there is not a very large increase

Lady Elles

in investment in industry. If these directives are made too rigid and favour only one sector of society, this may well be the effect. So I would draw the attention of Parliament to the fact that we should not encourage measures which prevent mergers and take-overs, which are to the ultimate benefit of the worker as well as to the ultimate benefit of those millions of people with very little money who put their savings into business to encourage employment and who contribute to society.

May I thank Mr Yeats again and say that, broadly speaking, we support his report.

(Applause)

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

Mr Duval. — *(F)* Mr President, ladies and gentlemen, the draft directive which is the subject of our debate today deals with the complex, sensitive and controversial problem of employees' rights. It draws our attention to the harmonization of legislation in the Member States regarding the protection of the acquired rights and advantages of employees in the case of mergers, takeovers and amalgamations.

Until now, the Communities have always concentrated on harmonizing legislation to protect the rights of shareholders. We therefore welcome the Commission's proposal for the protection of employees' right. This draft directive in fact introduces elements new to many Member States, as well as a radical approach to the question of employees' rights. The importance of this is more easily appreciated when one considers that only four Member States have passed legislation in this field. And there is another reason for emphasizing the need for Community action in this field, and that is the increasing number of amalgamations taking place in industry. According to the statistics the annual number of mergers in the original six Member States increased from 173 in 1962 to 612 in 1970. In some Member States, this trend has even been such that the turnover of the hundred biggest industrial undertakings made up 50 per cent of total turnover in the industrial sector. Very often, however, when mergers are mentioned, there arises a vague feeling of insecurity among workers, who are afraid that they may become redundant or otherwise affected by changes prejudicial to their interests.

When amalgamations take place, workers may find themselves without work, with lower incomes, or with different conditions of employment. It is absolutely essential to provide legal

protection of the rights and advantages acquired by these workers before any change of employer. And since in the Community we are witnessing an ever-increasing number of cross-border amalgamations, the Community should preferably study at Community level ways of guaranteeing the rights of these workers.

On the whole, my Group approves the substance of this report. However, we should like to make a few remarks about certain points which have long been the subject of controversy and heated debate both in this House and in the Commission.

Firstly, I refer to Article 8(1) as amended in the report, which stipulates that workers will be informed of any intended merger, takeover or amalgamation at least two months before the projected operation is carried out, except in special justified cases.

This exception to the two months' notice rule was also mentioned by the rapporteur, Mr Yeats. I entirely agree with his argument that we must face up to problems such as the takeover of bankrupt companies. We all realize that companies are often declared bankrupt overnight, without prior notice being given. Indeed, in these days of economic difficulties this has become a common practice. In this type of unfortunate situation workers are unable to find other jobs and are faced with gloomy prospects for the future.

Sometimes, however, another firm is able to take over the bankrupt company, while allowing it to continue part of its activity, in which case some workers invariably lose their jobs. Others, however, may keep their jobs, which is obviously better than if they all lose them.

The second controversial point in the draft directive is Article 8(4). In its amended version the report states that any discussions, negotiations and arbitration procedures must take place before the operation is carried out, which amounts to giving employees a right of veto as regards the decision to carry out a merger, a takeover or an amalgamation.

The Commission opposed such a right and declared its support for a proposal close to the one it made in its directive on the retention of acquired rights and which would involve the instituting of a system of appeals to an arbitration board to be lodged by the two parties to a government mediation procedure.

The Commission also quite rightly wants consistency between the articles of the three texts regarding, respectively, the European *société anonyme*, the third directive and the directive on the retention of employees' rights and advan-

Duval

tages. The social plan is indeed an extremely important aspect. We have always maintained that workers should be given their due, and this, I think, this directive aims to do, not just by seeking to ensure that workers are properly informed, but by providing for them to be consulted and instituting negotiations and an arbitration procedure.

But while the social plan must remain our principal concern, arbitration cannot be allowed to affect the actual carrying out of the merger as such. The social aspect must not become an indirect means of preventing the merger operation, which must often be carried out rapidly if it is to be successful.

While we support the principle that employees' rights must be protected—and we strongly condemn the abuses and the exploitation of which they are sometimes the victims—it is unquestionably also necessary to find a system permitting the smooth implementation of a merger, takeover or amalgamation which would not in any way harm the best interests of workers.

In conclusion, I should like to reiterate my Group's support for the type of legislation being discussed today. What would be the point of the Community's making progress in industrial and economic spheres, if it did not make similar progress in legislation on social questions and employment? It is encouraging to see the Commission making such progressive proposals in the legal sphere, particularly since this institution is so often wrongly accused of protecting the interests of big business.

We welcome any further proposals the Commission may wish to make in the matter of workers' rights. I would stress in particular the need for a directive on individual dismissals. I hope that Parliament will have an opportunity in the near future to discuss measures which might be taken in this field.

These then are the views of the Group of European Progressive Democrats, which approves the conclusions of the report made by Mr Yeats on behalf of the Committee on Social Affairs and Employment.

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

Mr Marras. — (I) Mr President, many remarks have been made about the fact that our Group has tabled a number of amendments to this proposal for a directive. If we have tabled many amendments it is obviously because we do not consider the proposal completely satisfactory

and also because we attach great importance to this initiative of the Commission, considering it one of the main elements in the Social Action Programme which is slowly being carried out.

Moreover, we felt obliged to devote due attention to it as ours is a party which has its roots very much amongst the workers. For this very reason we are certainly not shocked that other colleagues, Lady Elles for example, have deeper roots among the shareholders and complain that not enough attention is being paid to those aspects of the directive that concern them. It does not shock us because this is the logic of the class structure of society. While we are on the side of the workers, this does not mean that other organizations and parties that speak up for the employers need fear that we shall call them exploiters or something worse.

These then are the reasons for our interest in this important part of the Social Action Programme. But we must say that if at first the Commission's directive captured our interest and attention to some extent, we have become progressively less enthusiastic as the discussion has pursued its course through its various bodies. I do not know whether there exist documents more troublesome than the one with which we are concluding this debate. Mr Yeats began his work on 16 July 1974 with the number PE 37.832. This document was then revised; this was followed by the draft of a second revision. Then we had the final draft and, as if that were not enough, the final revision! These figures reflect the trouble, the disagreement and the anxiety through which the work of the various Parliament bodies on this directive has passed. Throughout this slow progress the directive has unfortunately deteriorated, as is borne out by a comparison between the drafts of the initial and the final report. This is not a criticism of Mr Yeats. He was obliged to reflect the opinion prevailing in the Committee, where, as he himself recalled in his introduction, some decisions were taken with a majority of only one. The problems obviously all stem from the disagreement, to which I referred this morning, as to what constitutes economic processes. Some people consider mergers and concentrations as a good in themselves, while others tend to place the interests of the workers before this objective approach. Besides, giant companies do not, according to the more established tenets of modern economic thinking, provide the optimal framework for productive activities even in a capitalist system. Mergers tend to eliminate competition and it is significant that societies which are highly developed in the capitalist sense, such as the United States of America or the European Community itself, are compelled

Marras

to adopt measures and provisions to combat monopolistic concentrations. 'Without mergers', we are told by some colleagues, and they later put this in the form of amendments, 'without mergers companies go bankrupt and the workers lose their jobs'. In the meantime the workers are losing their jobs even with mergers, whether or not we protect them or introduce carefully devised safety measures. In fact, mergers, by virtue of the objective laws that govern them, such as productivity, or because of the need to slough off the burdens of overproduction, cause many redundancies. It is not as if there were no alternative, because even a process of industrial reorganization guided by public authority, and with strong worker participation, can be successfully achieved.

Dare I make one further criticism, not so much of the report this time or of the speakers who preceded me, but of the Commission? Perhaps not, as Commissioner Hillery may retort: 'But we are on schedule at the Council of Ministers!' The proposal for a directive under examination was presented by the Commission on 31 May 1974, but the nine-month time limit within which the Social Action Programme envisaged for 1974-76 should have been adopted was not respected. You will say that this is Parliament's fault for deciding to refer it to committee. What I would like to emphasize is that the social policy approved at the beginning of last year is making very slow progress indeed. We have had decisions on the physically handicapped, on the Foundation for the Improvement of Living and Working Conditions, on a European vocational training centre and on collective dismissals, but only in the last few months. But the very provisions of the Social Action Programme which could have had the greatest influence on the present economic situation in Europe—in other words, those on collective dismissals, workers' safeguards in the event of a merger, the 40-hour week, the four weeks' holiday, a whole series of proposals for directives which might even have proved effective in our present predicament—have all fallen badly behind. We are also behind in other sectors which have been referred to during this debate. Mr Yeats himself, for example, reminds us that a directive on individual dismissals is indispensable. Even in sectors brought to your attention by Parliament, such as the index-linking of earnings or harmonization of retirement age, we are still very far behind.

So it is time for this directive to be quickly approved by the Council of Ministers after the vote which Parliament is about to give. We should like this vote to reflect the majority opinions in committee.

Mr Pêtre, who is always moderate in his judgments, considers our amendments largely superfluous. I maintain that, on the contrary, these amendments represent improvements to the Commission's text, even though some may appear to be statements of principle, and I fail to understand why Mr Pêtre is unable to support them. When we say, 'Mergers... shall not be prejudicial to the rights and interests of employees', we are making a statement of principle that progressive sectors of the European Christian-Democratic movement, such as some of the Belgian Social Christians, should have no trouble in approving. Mr Pêtre, I have examined your amendments and I find them to be really the reverse of an improvement. I refer especially to the amendment which would completely distort the meaning of the directive and in which you propose the omission of paragraph 4 of Article 8 on which Mr Yeats spoke at some length. This is the paragraph which gives the workers at least the safeguard that as long as the negotiations last and as long as arbitration continues the merger cannot go ahead. You then added: 'except in special cases'. And now you propose the deletion of this paragraph. In this case, when compared to ours which you consider superfluous or even utopian, your amendments may indeed be extremely concrete, but in the wrong sense as far as the safeguarding of the workers' interests is concerned.

President. — I call Mr Bermani.

Mr Bermani. — (I) In the debate on the Third Directive earlier today I explained that owing to illness I was not able to participate in the voting in committee. In the case of this directive, however, I myself chaired the meeting of the Legal Affairs Committee when it expressed its opinion on 21 November 1974.

I should like to say immediately that I agree with what Mr Adams has said and I congratulate the rapporteur for his excellent work. Yet I cannot help raising one small point. Article 1 of the directive stipulates that it '...shall apply to any merger between companies or firms, as these are defined by the second paragraph of Article 58 of the Treaty, which is authorized by the laws, regulations and administrative provisions of Member States or by Community law, and which has the result that another company replaces an existing company in its capacity as employer'. As regards this article I agree with Mr Marras on the acuteness of an observation by Mr Pêtre, who pointed out that this reference to the laws, regulations or administrative provisions of the Member States and to Community law may conceal certain dangers, recognized indeed by the Legal Affairs Com-

Bermani

mittee itself. This committee's rapporteur, Mr Pianta, pointed out 'that the wording of Article 1, which is clearly intended to be comprehensive, may in fact create an undesirable lacuna where a merger takes place which is subsequently held not to have been authorized by the laws, regulations or administrative provisions of the Member States or by Community law ; in such a case there is a risk—albeit small—that the workers might forfeit the protection intended to be given.

It is not clear that there is anything to be gained from the inclusion of this phrase and the Legal Affairs Committee proposes that it be omitted'.

I do not understand why the Social Affairs Committee, which has accepted nearly all the suggestions made by the Legal Affairs Committee, has not accepted this one. Nor do I understand why the rapporteur, despite his care in drawing up this document, and despite the fact that the Legal Affairs Committee explained the risks workers might face in the event of a merger, does no more than state that the Social Affairs Committee cannot accept the Legal Affairs Committee's proposal to modify Article 1.

Surely the Social Affairs Committee should have explained its reasons for not accepting the proposal.

Having accepted the other amendments proposed by the Legal Affairs Committee, the Social Affairs Committee should, in my opinion, also have accepted this amendment in the interests of the workers, even if the risk was minimal.

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission of the European Communities. — Mr President, ladies and gentlemen, I should like to thank Parliament and the members of the different committees who have studied this proposal so very attentively, and in particular the rapporteurs, Mr Pianta, Mr Schwörer and, above all, Mr Yeats, for their excellent and comprehensive reports.

The Commission has noted with great satisfaction that, in all the discussions in the different parliamentary committees, the Commission's view concerning the need for this initiative has been confirmed. In fact, this initiative is more than justified by the growing number of mergers, take-overs and amalgamations taking place within the Community. In some of the Member States the growing trend towards link-ups has led to a situation where the share of industrial turnover of the hundred largest industrial undertakings has risen so high as to amount to 50% of the total.

This development may well be desirable from an economic point of view, and the Commission is endeavouring to create the necessary legal framework to facilitate the kind of operation involved. This framework takes the form of proposals for a third directive on mergers between stock companies, the preliminary draft of a convention on international mergers, the proposals for a Council regulation on the control of amalgamations, and the proposed statute of the European Company.

At the same time, the Commission considers that the Community also has the responsibility to protect workers' interests through suitable measures against the unfavourable consequences of these operations. This is all the more necessary as the legislation of the Member States differs widely in this field and does not always take sufficient account of the legitimate interests of workers. This has been particularly evident in cases where structural changes have come about in accordance with the rules laid down by civil or commercial law, but where workers have had no legal right to demand that the previous employment relationship be maintained by their new employer. It is for these reasons that the Commission has given this matter high priority in its Social Action Programme. This was adopted in the Council Resolution of 21 January 1974, and in answer to Mr Marras' question regarding the conditions governing decision-making in that Resolution, the time-limit related to the period after Parliament's opinion was received by the Council or, if there was an instance in which Parliament's opinion was not required, then the period would be 9 months, so that within a period of, I think, 5 months from receiving Parliament's opinion on this draft directive the Council has undertaken to make a decision.

A first important step in the field of workers' protection has already been taken by the directive on mass dismissals, approved on 17 December last year by the Council of Ministers. This present draft directive concerning the retention of acquired rights by workers is a further important step in that direction.

The Commission notes with satisfaction that the essential rules of the draft directive have been supported by the rapporteur of your Committee on Social Affairs and Employment and that he shares the Commission's view with regard to the three basic elements—namely, the automatic transfer of the employment relationship from the old to the new employer, the protection of workers against dismissals due exclusively to mergers, takeovers or amalgamations and, thirdly, the provision of a compulsory information, consultation and negotiation procedure.

Hillery

This draft directive is based on a combination of two approaches. The first is the guarantee of acquired rights and existing terms of employment by mandatory provisions of law which guarantee the individual legal protection. The second approach is a collective system of safeguards centred on negotiation with workers' representatives.

The first approach aims to guarantee the automatic transfer of the employment relationship and the protection of workers against dismissal due exclusively to a change in the structure of undertakings. The guarantees are therefore provided through a system of mandatory legal provisions, complemented by the information, consultation and negotiation procedures laid down in Article 8, which aim at finding mutually acceptable solutions to those negative effects which are not covered by the system of individual legal protection.

The amendments proposed by the rapporteur are of considerable interest to the Commission and I can assure you that the Commission will examine each of them very closely. We had an extensive exchange of views with the members of the Committee on Social Affairs and Employment when discussing Mr Yeats' report, and I have already declared my intention to propose to the Commission that most of the amendments presented in the report should be accepted. However, as far as Article 8 is concerned, I feel obliged to present to you the following consideration.

In order to avoid a situation in practice in which the parties involved were faced with different procedures for the same kind of economic operation, the Commission has to ensure that the information, consultation and negotiation procedures included in its proposals in the field of harmonization of company law, especially in the third directive, are essentially identical with the provisions of this present directive. It is for this reason that the Commission has decided to propose in this directive a procedure which is in principle identical with the information procedure provided by the third directive. After the debate and the decision that has been taken in connection with the third directive today concerning this point, I think I should say that the Commission will consequently adopt the same procedure in both directives. The standardization of these two procedures in no way weakens the effectiveness of this present directive.

Independently of the procedure provided for in Article 8, Article 3 compels the new employer to take over the terms and conditions of the employment relationship with all their rights and obligations. This provision ensures a large degree of protection for the workers concerned. This

protection is reinforced by the provisions of Article 4, which provide guarantees against dismissals except in the case of pressing business reasons. I accept the criticism that this latter definition in the draft directive is perhaps lacking in precision. The Commission's choice was an attempt to find a global definition which would cover adequately the multiplicity of elements likely to arise in practice. The rapporteur's proposal on Article 4 can be accepted as a workable refinement.

Finally, I would underline the fact that this proposal is aimed exclusively at providing specific protection for workers in the event of mergers, take-overs and amalgamations. The Commission is aware that additional Community measures are needed to ameliorate the protection of workers' interests, for example, as mentioned by Mr Yeats, in the field of individual dismissals. Preparatory work has already been undertaken by the Commission in this connection. However, I am of the opinion that in addition to the directive on mass dismissals the present proposal constitutes a further significant step in the direction of providing more comprehensive protection of workers' interests within the Community.

If I may refer to Mr Pêtre's question, the answer to this is the same as in the case of the implementation and the application of every directive, that is, if a Member State does not take the necessary measures, then it is for the Commission to take such measures, including action in the European Court against such a State. The same applies to this directive as to any other directive adopted by the Council.

(Applause)

President. — I call Mr Yeats.

Mr Yeats, rapporteur. — Mr President, I would like to question Dr Hillery on one point. I am not quite clear as to what he said with regard to the proposed amendment by the Committee on Social Affairs and Employment on Article 8 of his draft directive. He said that, in order that the law on each subject should be the same, he proposed to follow the provisions of the fourth paragraph of Article 6 of the third directive. Did he mean by that the fourth paragraph as it originally came from the Commission or the fourth paragraph as amended here today, as a result of the vote on the De Keersmaeker report?

Mr Hillery, Vice-President of the Commission of the European Communities. — I meant that the paragraph amended here today would be considered by the Commission in the normal way

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and if such an amendment is accepted, it would apply in the case of both directives.

President. — Before considering the motion for a resolution contained in the report by Mr Yeats, we must deal with the amendments tabled on the proposal for a directive.

On Article 3 I have Amendment No 13, tabled by Lady Elles on behalf of the European Conservative Group and worded as follows:

'Article 3

Add the following new paragraph to this article:

"4. Paragraphs 1 and 2 shall be subject to a derogation where the merger or takeover arises from a threat, in the absence of such merger or takeover, to the continuance of the business of the transferor and consequently of un-employment. In such circumstances the transferee will assert its best endeavours to retain as much of the relationship as is practicable and beneficial to the employees."

I call Lady Elles to move this amendment.

Lady Elles. — Mr President, with regard to Article 3, paragraph 4, the group has tabled this amendment for the following reasons. First of all, in Article 4, which is concerned with dismissals, there is an exception allowed for in the case of pressing business reasons. Now under Article 3, referring to automatic transfer of rights, there is no exception allowed whatsoever, and so we consider that this draft article is too rigid in its present form and some derogation should be allowed in certain circumstances. The worker, for instance, should be able to renounce some rights with the prospect of having better rights in the future. Under the present draft, as I understand it, this would not be possible.

Further, I think it has not been taken into consideration that the employees in the transferee companies may well enjoy lesser rights or benefits, and obviously it may not be possible to improve those immediately. You will then have the very undesirable social and economic effect of workers from one company enjoying better terms and conditions than other workers working on the same shop floor or in the same office. It therefore might well be desirable to be able, although keeping basically the same benefits and rights, to modify or alter such benefits so as to remove the discrimination which will undoubtedly exist. There is nothing worse for good industrial relations than discrimination of this nature. We think that our amendment could provide an acceptable solution in that particular situation.

I would also point out, as Mr Yeats has also said, that there is a very high percentage of workers who are not members of trades unions and do

not necessarily benefit from collective bargaining agreements. Indeed, in some countries collective bargaining agreements are not even legal. We therefore think there should be some form of escape clause in this Article 3, by which paragraphs 1 and 2 could have some form of derogation. I would also point out that as the proposal is worded, the onus would be on the transferee to show that he had reason to modify such benefits and he would have to justify his action. It is for these reasons that we table the amendment and hope that it will get the support of this Parliament.

President. — What is the rapporteur's position?

Mr Yeats, rapporteur. — Mr President, I would ask Members not to pass this amendment for two main reasons. First of all, as it stands it seems to be extremely vague from a legal point of view: I cannot imagine how one would ever define in legal terms whether a threat had arisen to the continuance of the business of the transferor and of employment, nor do I know how one would define whether the new employer had in fact asserted his best endeavours to retain as much of the relationship as is practicable and beneficial to the employees. It is so vague that I think it would be quite impossible to administer.

However, apart from that aspect I think that Lady Elles has perhaps misunderstood the degree of rigidity which she thinks exists in Article 3 of the Commission's text. To my mind—and I hope that if I am wrong in this the Commission will correct me, because it is a very important point—to my mind there is nothing in Article 3 of the Commission's text which forbids an agreement being made between the trade unions, the employees and the employers, new or old, to modify existing arrangements. In other words, if there is a collective bargaining agreement I cannot see anything in this article which says that the employer cannot approach the trade unions saying that things are looking very bad, that the company is about to go bankrupt, that a great many people will be out of work unless they can agree to modify this collective bargaining agreement. I don't think there is anything that forbids this. All Article 3 does, to my mind, is to forbid any unilateral declaration by the old employer or the new employer that these various rights, collective bargaining agreements and so on, no longer apply. To my mind an agreement between union and employers is like any other contract; any contract in any circumstances anywhere can always be changed if all the parties to the contract agree. If the unions and the employers agree that a modification is necessary in the arrange-

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ments for wages and conditions and so on, there is nothing in Article 3 to forbid it. But if I am wrong on this I would like to hear from the Commission.

President. — I put Amendment No 13 to the vote.

Amendment No 13 is rejected.

On Article 4(1) I have Amendment No 3, tabled by Mr Marras and others on behalf of the Communist and Allies Group and worded as follows:

'Article 4(1)

This paragraph to read as follows:

"1. Mergers or takeovers shall not be prejudicial to the rights and interests of employees."

I call Mr Marras to move this amendment.

Mr Marras. — (I) Amendments Nos 3 and 4 both concern Article 4. I have already had the opportunity to explain the first during my speech: it is aimed at upholding a principle to which we attach great importance, that is, the workers' interests must have pre-eminence at the time of a merger or transfer. Whenever this principle is not adhered to it is contrary to the interests of the economy in particular and of the nation in general to allow certain mergers to go through.

Amendment No 4 is a consequence of the statement of principle made in Amendment No 3.

President. — Does the rapporteur wish to add anything?

Mr Yeats, rapporteur. — I have said that the 14 amendments that were submitted last December were all sent from the plenary sitting to the committee, and the committee rejected them all. Six of them have returned. This Amendment No 3 is one of them. I would therefore ask the House to reject it again.

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

Amendment No 3 is rejected.

On Article 4(2) I have Amendment No 4, tabled by Mr Marras and others on behalf of the Communist and Allies Group and worded as follows:

'Article 4(2)

The first sentence of this paragraph to read as follows:

"2. To safeguard the rights and interests of employees, negotiations should be held between the transferor, the transferee and the workers' representatives as shown in Article 8."

Mr Marras has already moved this amendment.

President. — I put Amendment No 4 to the vote. Amendment No 4 is rejected.

On Article 4(3) I have Amendment No 5, tabled by Mr Marras and others on behalf of the Communist and Allies Group and worded as follows:

'Article 4(3)

After the words 'Member States' at the end of the first sentence of this paragraph, add the following: "including the provisions governing reinstatement in a post or compensation for workers in the event of such dismissals."

I call Mr Marras to move this amendment.

Mr Marras. — (I) The concept we have introduced in these amendments would seem to be largely acceptable judging by the discussion in committee and in this House as well as by contacts with Members, because its aim is to describe in greater detail the workers' rights that must be safeguarded in the event of a merger. The proposal for a directive states that the legal consequences of a prohibited dismissal 'shall be decided according to the laws, regulations and administrative provisions of the Member States'. If we now look at the national legislation, which is well known to the Italian Members present, we find that among these consequences is the reinstatement in a post or compensation for workers in the event of such dismissals. We consider it necessary to stress especially that part of the directive which refers to reinstatement, clearly the task of the authority responsible for this sector, i.e. the judicial authority. That is why I have always said that these amendments of ours are improvements on the Commission's text.

President. — What is the rapporteur's position?

Mr Yeats, rapporteur. — Mr President, I would like to say a very brief word on this in order that there should be no misunderstanding about the position. The principle of this amendment is excellent, but I would ask that it should be rejected for the following reason. I myself proposed an equivalent type of amendment in the course of the discussions in committee and I withdrew the amendment with the agreement of the committee on an assurance by the Commission that the matter of compensation would be dealt with in the forthcoming directive on individual dismissals. It would be futile obviously to deal with this matter in two different directives, and for that reason I would ask that this amendment be rejected.

President. — I put Amendment No 5 to the vote.
Amendment No 5 is rejected.

On Article 5 I have Amendment No 6, tabled by Mr Marras and others on behalf of the Communist and Allies Group and worded as follows:

‘Article 5

Delete the second sentence of this article.’

I call Mr Marras to move this amendment.

Mr Marras. — (I) This amendment seeks the deletion of the second sentence of Article 5 which states: ‘It shall not apply, however, where the worker, as a result of his employment contract, is bound to accept transfer to another undertaking.’ Here, too, we have to widen the field of rights that are to be safeguarded for the workers in the event of concentrations or mergers.

President. — What is the rapporteur’s position?

Mr Yeats, rapporteur. — Here again, Mr President, this is an amendment which in principle is a good one. I myself had an amendment, having had the matter brought to my notice by the Legal Affairs Committee, and I thanked them for this. But I withdrew my amendment with the agreement of the committee on an undertaking by the Commission that it would amend this directive to deal with the matter. So I would suggest that we should not proceed any further with this amendment.

President. — I put Amendment No 6 to the vote.
Amendment No 6 is rejected.

On Article 6 I have Amendment No 7, tabled by Mr Marras and others on behalf of the Communist and Allies Group and worded as follows:

‘Article 6

Replace the words:

“shall be taken fully into account in his relationship with the transferee”

by the following:

“and any qualifications or advantages resulting from supplemental occupational pensions and related benefit schemes shall be taken fully into account in his relationship with the transferee.”’

I call Mr Marras to move this amendment.

Mr Marras. — (I) Mr President, I am deeply touched by the kind remarks the rapporteur makes on all our amendments, but frankly I would be even more moved to see this kindness translated into facts.

I shall now endeavour to explain Amendment No 7 to honourable Members. Article 6 of the directive stipulates, and I quote: ‘The worker’s length of service with an undertaking or company due to his employment relationship with the transferer shall be taken fully into account in his relationship with the transferee’. There’s a fine statement for you! But we should like to be more specific, and it is worth noting—perhaps we may be able to add a few more votes to those of our own Group—that the idea was suggested in committee by a Conservative, Lady Elles. This idea safeguards not only length of service but also qualifications or advantages resulting from supplemental pensions and related benefit schemes existing in the company amalgamating or merging with another.

I hope that on this occasion we shall receive, in addition to the unfailing praise of the rapporteur, also the votes of those Groups who in committee found this amendment pertinent and applicable to special situations, such as those resulting from supplemental occupational pensions and related benefit schemes.

President. — What is the rapporteur’s position?

Mr Yeats, rapporteur. — Mr President, this again was referred by the plenary part-session last December to the committee and was rejected by the committee on the grounds that the matter was dealt with fully and adequately in paragraph 3 of Article 9 of the directive.

President. — I put Amendment No 7 to the vote.
Amendment No 7 is rejected.

On Article 7(3) I have Amendment No 8, tabled by Mr Marras and others on behalf of the Communist and Allies Group and worded as follows:

‘Article 7, paragraph 3 (new)

Add the following new paragraph to this article:

“3. In the circumstances mentioned in the preceding paragraph 2, the workers’ representatives shall remain in office until new elections are held.”’

I call Mr Marras to move this amendment.

Mr Marras. — (I) Mr President, this amendment adds to Article 7 a new paragraph which ensures that in the circumstances mentioned in the preceding paragraph 2 the workers’ representatives shall remain in office until new elections are held.

President. — What is the rapporteur’s position?

Mr Yeats, rapporteur. — I hope, Mr President, I will not surprise Mr Marras when I say that this is a good amendment and I would recommend that we should pass it.

President. — I put Amendment No 8 to the vote. Amendment No 8 is rejected.

On Article 8(1) I have Amendment No 9, tabled by Mr Marras and others on behalf of the Communist and Allies Group and worded as follows:

'Article 8(1)

In this paragraph, delete the words:

"except in special justified cases".'

I call Mr Marras to move this amendment.

Mr Marras. — (I) Mr President, this amendment refers to the few words between brackets in paragraph 1 of Article 8.

Speaking on the Conservative Group's amendment a few minutes ago, Mr Yeats said that it was not acceptable from the legal point of view. Frankly, I too wonder how an exception of this kind can be sustained legally. Who is it that establishes the special nature of the case? How must the justification be presented? The wording of the text between brackets is very vague and even dangerous, and I feel that it should be eliminated. I believe that this parenthesis was not included in the first text prepared by Mr Yeats but was introduced in some later revision of the report, such as I referred to in my first speech.

President. — What is the rapporteur's position?

Mr Yeats, rapporteur. — Mr President, this again was referred last December to the committee, discussed for the second time by the committee and rejected. It would simply make the old procedure unworkable and I would recommend therefore that we reject the amendment.

President. — I put Amendment No 9 to the vote. Amendment No 9 is rejected.

On Article 8(3) I have three amendments:

— Amendment No 11, tabled by Mr Adams and others and worded as follows:

'Article 8(3), second subparagraph

This subparagraph should read as follows:

"If the negotiations fail to secure agreement between the parties within two months, they may refer the matter by mutual consent to an arbitration board which shall give a binding decision

within one month as to what measures shall be taken for the benefit of the workers. ..."

— Amendment No 14, tabled by the Christian-Democratic Group and worded as follows:

'Article 8(3)

This paragraph should read as follows:

"3. At the request of the workers' representatives who consider that the operation is likely to be prejudicial to the interests of the workers, the transferor and the transferee shall be required to enter into negotiations with the representatives of their workers with a view to reaching agreement on such measures as should be taken in relation to the workers.

If the negotiations fail to secure agreement between the parties within two months, counting from the time they began, each of them may refer the matter to an arbitration board which shall give a binding decision within one month as to what measures shall be taken for the benefit of the workers. This arbitration board shall consist of assessors appointed in equal numbers by the two parties and a president appointed by common consent. Where one of the parties fails to arrange for appointment of its assessors or where agreement is not reached on the choice of president, it shall fall to the competent Court to make these appointments.'

— Amendment No 1, tabled by Mr De Keersmaecker on behalf of the Legal Affairs Committee and worded as follows:

'Article 8(3)

This paragraph should read as follows:

"3. At the request of the workers' representatives who consider that the operation is likely to be prejudicial to the interests of the workers, the transferor and the transferee shall be required to enter into negotiations with the representatives of their workers with a view to reaching agreement on such measures as should be taken in relation to the workers.

If the negotiations fail to secure agreement between the parties within two months, counting from the time they began, each of them may refer the matter to an arbitration board which shall give a binding decision as to what measures shall be taken for the benefit of the workers. This arbitration board shall consist of assessors appointed in equal numbers by the two parties and a president appointed by common consent. Where one of the parties fails to arrange for appointment of its assessors or where agreement is not reached on the choice of president, it shall fall to the competent Court to make these appointments."

Since these three amendments involve considerable changes to the second subparagraph of Article 8(3), and Amendments Nos 14 and 11 also envisage a stylistic change in the first subparagraph of paragraph 3, we shall deal separately with each subparagraph of paragraph 3.

President

I call Mr Bertrand to move the first subparagraph of Amendment No 14.

Mr Alfred Bertrand. — (NL) Mr President, we have changed nothing in the first subparagraph of Article 8(3). It is the original text, which also appears in the report by Mr De Keersmaeker. Nothing has been changed in it. The text has been approved. I do not see why we have to discuss it. I propose that the text be adopted.

President. — I call Mr Broeks to give an explanation of vote on behalf of the Socialist Group.

Mr Broeks. — (NL) Mr President, in the discussion of this amendment to the De Keersmaeker report, we opposed this proposal, but it was adopted all the same. I do not think there is any point in our opposing this text once more. This time we shall abstain.

President. — I call Mr De Keersmaeker to move the first subparagraph of Amendment No 1.

Mr De Keersmaeker. — (NL) Mr President, ladies and gentlemen, I had tabled an amendment on behalf of the Legal Affairs Committee to bring the text of Article 8 into line with the text of Article 6 in the Third Directive, since we felt that the texts referring to this narrowly defined subject should be identical in both these articles. Since the text of Article 6 of the Third Directive has now been changed by the inclusion of a one-month time limit and by the substitution of 'binding' for 'final', which we have already approved, I ask the House to adopt the Christian-Democratic Group's amendment aimed at coordinating the two directives.

President. — What is the rapporteur's position?

Mr Yeats, rapporteur. — Mr President, I agree that we should accept Amendment No 14.

President. — I put the first subparagraph of Amendment No 14 to the vote.

The first subparagraph of Amendment No 14 is adopted.

We shall now deal with the second subparagraph of paragraph 3.

I call Mr De Keersmaeker.

Mr De Keersmaeker. — (NL) Mr President, at the end of the original amendment to paragraph 3 as it appears in the Yeats report, there is the provision concerning the competent court, something which does not apply to the Third Direct-

ive since that is concerned with national limited companies, thus confined to one country.

Because, however, we are dealing here with all the undertakings in different countries, it is therefore important to define which court is competent. I have noticed that this belongs to the text of paragraph 3 and should therefore like to recommend that the end of the original text be immediately added to my amendment. There can be no disagreement over this; it is a purely technical question, but we should complete this text immediately.

President. — I call Mr Yeats.

Mr Yeats, rapporteur. — Mr President, if I might make a point on this, I was worried over the omission in the amendment recently incorporated in the De Keersmaeker report: it omitted the statement that the court should be in the Member State in which the company to be taken over is situated. However, I enquired about this this morning and I was informed that at a meeting of the Legal Affairs Committee at which I was not present the Commission made it clear that in their view the legal interpretation of the phrase 'competent court' was that it must be inevitably the court in the country to which the company that been taken over belongs. In other words, wherever the company has been taken over or merged, it is the competent court of that country that is affected, and therefore there is no need to make this amendment. If the Commission agrees with this, I think we could leave the text as it stands, because I understand that this was the official view given to the Legal Affairs Committee and accepted by that committee and that there is therefore no need to worry about it.

President. — I call Mr Adams to give an explanation of vote on behalf of the Socialist Group.

Mr Adams. — (D) My explanation is the same as that just given by Mr Broeks about the first subparagraph. The reasons for our opinion and for our proposal were also stated by Mr Broeks this morning. We shall also abstain from voting on this—for the same reasons.

President. — I call Mr Alfred Bertrand to move the second subparagraph of Amendment No 14.

Mr Alfred Bertrand. — (NL) The rapporteur has said that in the debate in the Committee on Social Affairs and Employment the Commission stated that this addition was not necessary since the normal interpretation is that the only competent court is the one in the Member State in

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which the company being merged is situated. We can thus keep to the text as it stands in Amendment No 14. If we accept Amendment No 14 as a whole, the problem is solved and the texts of both the De Keersmaecker and Yeats reports are in line with each other.

President. — I put the second subparagraph of Amendment No 14 to the vote.

The second subparagraph of Amendment No 14 is adopted.

Since Amendment No 14 as a whole has been adopted, Amendments Nos 1 and 11 are no longer necessary.

On Article 8(4) I have three amendments:

— Amendment No 15, tabled by the Christian-Democratic Group and worded as follows:

‘Article 8(4)

Delete this paragraph.’

— Amendment No 2, tabled by Mr De Keersmaecker on behalf of the Legal Affairs Committee and worded as follows:

‘Article 8(4)

Delete this paragraph and replace it by the word “unchanged”.’

— Amendment No 12, tabled by Mr Adams and others and worded as follows:

‘Article 8(4)

This paragraph should read as follows:

“4. During the period provided for in paragraph 1 and the negotiations and arbitration procedure provided for in paragraph 3, the operation may only be carried out if the economic and social advantages of the employees are guaranteed.”’

I call Mr Bertrand to move Amendment No 15.

Mr Alfred Bertrand. — (NL) Mr President, since we have adopted the text in which it is stated that arbitration is binding and must be put into effect after the merger, paragraph 4 of Article 8 is no longer necessary. I therefore propose that paragraph 4 of Article 8 be deleted to avoid both confusion and misinterpretation.

President. — I call Mr De Keersmaecker to move Amendment No 2.

Mr De Keersmaecker. — (NL) Ladies and gentlemen, the Legal Affairs Committee had recommended that the Commission’s original text be restored, for the reasons just set out by Mr Bertrand. But if the deletion of paragraph 4 means that the provisions of the old text are

in fact applicable, then I can support it. In that case, as far as Article 8 is concerned, both directives are similar in content.

President. — I call Mr Broeks.

Mr Broeks. — (NL) We are in favour of Amendment No 15, and of course Amendment No 2 also. That means that we withdraw our Amendment No 12. It is no longer necessary to vote on it.

President. — Amendment No 12 is withdrawn. What is the rapporteur’s position?

Mr Yeats, rapporteur. — Mr President, as Members are aware, the Committee on Social Affairs and Employment by a small majority agreed to the amendment which is incorporated in paragraph 4 of Article 8, and I am of course bound as the rapporteur to support the views of the committee. However, in view of the fact that Members have already taken a decision on this precise subject on the question of the third directive, there is no particular point in my going into this matter again. I would merely point out again that the decision of the Committee on Social Affairs and Employment was to incorporate this amendment. But if it is decided to delete it on the grounds that the decision has already been taken on the third directive, I would suggest that Amendment No 15 would be better than 2 because the word ‘unchanged’ does not need to be incorporated in the document.

President. — I put Amendment No 15 to the vote.

Amendment No 15 is adopted.

Amendment No 2 is accordingly no longer necessary.

On Article 8(4) I have Amendment No 10, tabled by Mr Marras and others on behalf of the Communist and Allies Group and worded as follows:

‘Article 8(4)

Add the following new paragraph to this article:

“5. The projected merger shall not take place if the arbitration board in its deliberations finds that the operation would be prejudicial to the interests of the employees.”’

I call Mr Marras to move this amendment.

Mr Marras. — (I) Mr President, I wonder if this amendment can be tabled when the House only a few minutes ago approved by a large majority a text which is exactly opposite in content.

Marras

Nevertheless, we intend to uphold the principle which has so far been consistently rejected in the voting, i.e. that a planned merger cannot be put into effect if the arbitration body finds that it jeopardizes the workers' interests. Even if a large number of Members have already expressed an opposite opinion we shall vote for this principle which we defend within the reality of our movement, within the reality of the factories and in all the countries where we are to be found.

President. — What is the rapporteur's position?

Mr Yeats, rapporteur. — Mr President, this again was referred to the committee last December and was rejected by the committee on the main grounds that, contrary to the view expressed just now by Mr Marras, the enactment of this amendment would be very much against the interests of the workers. It would mean in the case of a company that was about to become bankrupt that it would ensure collapse and complete loss of employment by the workers. It would be very bad for the workers and therefore, in the interests of the workers, I would ask Members not to pass this amendment.

President. — I call Mr Broeksz.

Mr Broeksz. — (NL) Mr President, I protest strongly against Mr Marras' interpretation of this proposal. It is quite incorrect. If the arbitration board declares that the workers' interests have been damaged and states that the situation must be redressed, then that is done. This amendment is therefore completely unnecessary.

President. — I put Amendment No 10 to the vote.

Amendment No 10 is rejected.

We shall now consider the motion for a resolution.

I put the motion for a resolution to the vote

The resolution is adopted.¹

Thank you, Mr Hillery.

10. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Wednesday, 9 April 1975 at 10 a.m. and 3 p.m., with the following agenda:

- Question Time;
- Report by Mr Radoux on the Conference on Security and Cooperation in Europe;
- Joint debate on
 - oral question to the Commission on prospects for the Euro-Arab dialogue,
 - oral question to the Council on the same subject, and
 - oral question to the Conference of Foreign Ministers on the same subject;
- Oral question with debate to the Council on the tripartite conference with participation of the economic and finance ministers;
- Joint debate on
 - oral question to the Council on cooperation agreements, and
 - oral question to the Commission on cooperation agreements;
- Report by Mr Noè on radioactive waste management and storage.

The sitting is closed.

(The sitting was closed at 6.50 p.m.)

¹ OJ No C 95 of 28. 4. 1975.

SITTING OF WEDNESDAY, 9 APRIL 1975

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IN THE CHAIR: MR BORDU

Vice-President

(The sitting was opened at 12 noon)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are adopted.

2. *Membership of committees*

President. — I have received from the Liberal and Allies Group a request for the appointment of Mr Bourdellès to the Associations Committee.

Are there any objections?

The appointment is ratified.

3. *Tabling of a motion for a resolution and adoption of urgent procedure*

President. — I have received from Mr Lücker on behalf of the Christian-Democratic Group, Mr Fellermaier on behalf of the Socialist Group, Mr Durieux on behalf of the Liberal and Allies Group, Mr Kirk on behalf of the European Conservative Group and Mr de la Malène on behalf of the Group of European Progressive Democrats, a motion for a resolution, with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on the situation of refugees in Indochina (Doc. 36/75).

Are there any objections to the request for urgent procedure?

The adoption of urgent procedure is agreed.

I propose that the motion for a resolution be dealt with as the last item on the agenda of tomorrow, Thursday, 10 April 1975.

Are there any objections?

That is agreed.

4. *Question Time*

President. — The next item is Question Time. The text of the questions for this Question Time is published in Doc. 29/75.

We shall begin with Questions to the Council of the European Communities. I call Oral Question No 1 by Mr Lenihan. It is worded as follows:

'In view of the statement (Point 10) in the Communiqué of the Paris Summit to set up a working party to study the possibility of establishing a Passport Union, what steps have been taken to set up the working party and what will be its terms of reference?'

I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — Work has started on the setting up of a working-party to study the possibility of establishing a passport union and the subsequent introduction of a uniform passport. The Presidency will not overlook the fact that a draft has to be submitted to the governments of the Member States before 31 December 1976 if possible.

President. — I call Mr Lenihan.

Mr Lenihan. — Mr President, I take it that Parliament will be consulted before the draft is made final in regard to this matter, because the procedure will be quite clear if it is coming from the Commission. I should like to know what procedure the Council of Ministers proposes to adopt in this respect and in particular whether Parliament will be consulted before a final draft is decided upon.

President. — I call Mr FitzGerald.

Mr FitzGerald. — The position is that the working-party would expect to receive from the Commission a proposal on the matter, and that proposal would, of course, come before Parliament for its views before any question could arise of the Council's taking a position on it.

President. — I call Mr Lenihan.

Mr Lenihan. — Mr President, as long as the proposal comes from the Commission to the Parliament, we can examine it here.

President. — I call Oral Question No 2 by Mr Gibbons. It is worded as follows:

'Considering that the target income under the farm modernization scheme is set too high for many farmers, particularly in the West of Ireland (£1 800), what measures does the Council envisage to correct discrimination in the operation of this scheme?'

I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — Council Direc-

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tive No 72/159/EEC on the modernization of farms establishes a framework within which Member States determine, in their legislation, the precise criteria for implementing the directive and for granting aids under its provisions (see in particular Article 4 (4)).

The national provisions are subsequently examined by the Commission, which, having received the opinion of the Standing Committee on Agricultural Structures, expresses itself on the consistency of the national provisions with Directive No 72/159/EEC. With regard to Ireland, the Commission decided on 20 January 1975 that measures envisaged by the Irish Government in its decision of 1 February 1974 were consistent with the directive. It is clear therefore that assessment of the practical application of the directive in each Member State is the responsibility not of the Council but of the Commission, assisted by the Standing Committee on Agricultural Structures.

Mr President, having clarified the formal position and rôle of the Council—in this instance, non-rôle of the Council—in this matter, I might perhaps be permitted to add, speaking as Irish Minister rather than as President, that, because of the problem to which the honourable Member has drawn attention, the Irish Government has made further proposals to the Commission and these will be considered by the Standing Committee on Agricultural Structures on 11 April.

President. — I call Mr Gibbons.

Mr Gibbons. — Could the Minister say whether, having regard to the fact that farm incomes dropped by an estimated 30 per cent in Ireland last year, he thinks the application of the income standards referred to in the question are fair and equitable? And further, would he say whether, having regard to the uneven pattern of farm incomes in the different countries of the Community, he thinks a flat income level for application of the farm modernization scheme is fair and equitable?

President. — I call Mr FitzGerald.

Mr FitzGerald. — My responsibility as President of the Council is not engaged in relation to the question, for the reason I explained at the outset. But on the particular points raised, the fact is that there was, of course, a drop in income. Moreover, there are regional disparities in income and, as Irish Minister rather than President, I must say that the system under which there is a direct relationship to non-agricultural income, regardless of the relative growth or decline of agricultural and non-agricultural in-

come, and a relationship to the national non-agricultural income rather than to regional non-agricultural income, certainly poses problems. It is because of this that the Irish Government has made further proposals.

President. — I call Mr Gibbons.

Mr Gibbons. — Does the Minister not agree that, in the final analysis, it is for the Council of Ministers to direct the attention of the Commission to these problems to which he himself refers?

President. — I call Mr FitzGerald.

Mr FitzGerald. — The Commission will be reporting back this year on the working of the scheme, and, of course, it is open to any government, if the working of the scheme is unsatisfactory, to consider raising the matter with the Council. But in the first instance, governments naturally try to make the scheme work within its present terms of reference before deciding to take the matter further.

The honourable Member's question was addressed to the Minister, and I am afraid I am beginning to answer too much as Minister and too little as President.

President. — I call Mr Gibbons.

Mr Gibbons. — Lastly and finally, Mr President, may I thank the Minister for his reply and say that while he answered more as an Irish Minister than as the President of the Council, the amount of encouragement the participants—or would-be participants—in the farm modernization scheme may get from his reply is minimal.

President. — I call Oral Question No 3 by Mr Klepsch. It is worded as follows:

'In view of political developments in Portugal and of the preparations for elections, how does the Council assess the present situation and future trends in the light of the desire for fruitful cooperation between Portugal and the European Community?'

I call Mr FitzGerald.

Mr FitzGerald. — The Council recalls the declarations of intention which it has made concerning the attitude of the Community towards Portugal. In the light of these, and at the request of the Portuguese Government, the Council last November invited the Commission to explore the possibilities of developing and extending relations between Portugal and the Community. To this end the Joint Committee provided for in the

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EEC-Portugal agreement has set up a working-party which is to report to the Joint Committee at its next meeting.

President. — I call Mr Klepsch.

Mr Klepsch. — (D) Does the Council consider that the development of the political structures in Portugal will be a decisive factor in the development of special relations with the Community?

President. — I call Mr FitzGerald.

Mr FitzGerald. — I think, Mr President, it would be neither appropriate nor tactful for me to comment on the development of political structures in another country.

President. — I call Mr Klepsch.

Mr Klepsch. — (D) Mr President of the Council, you have perhaps understood only part of my question; may I repeat it slowly? All I wanted to ask was whether the Council feels that the development of special relations with the Community must be considered in the light of the development of the political structures in Portugal?

That was the gist of my question.

President. — I call Mr FitzGerald.

Mr FitzGerald. — As the question has not changed much it is hard for me to answer very differently. The fact is that this review is under way and that nothing that has happened alters the desirability of the review or our hope that it will be successful.

President. — I call Mr Jahn.

Mr Jahn. — (D) Will the Council reconsider its decision of the end of last year, in view of the latest developments in Portugal, so that the relations can be based on the present situation?

President. — I call Mr FitzGerald.

Mr FitzGerald. — Well, our relationships with other countries are obviously constantly under review. There is no proposal at this stage to undertake a particular review in relation to this particular matter raised in the question.

President. — We shall turn now to Oral Questions to the Commission of the European Communities.

I call Oral Question No 4 by Lord O'Hagan, whose place is taken by Lord Lothian. It is worded as follows:

'What benefits would the United Kingdom gain by leaving the EEC?'

I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, the Commission does not think that the honourable Member's question arises. There could be no benefit to the United Kingdom if it left the Community.

(Applause)

President. — I call Lord Lothian.

Lord Lothian. — May I thank the Commissioner for that most interesting reply and express the hope that it will be widely noted in my own country?

President. — I call Oral Question No 5 by Lord Reay. It is worded as follows:

'Since the replies given by Commissioner Gundelach to questions put in this Parliament on February 19 on the subject of the United Kingdom's trade deficit with the EEC have been the subject of debate in the British Parliament, and his conclusions have been described as false by the British Minister of Trade on the grounds that the Commissioner failed to make a distinction between total trade including oil trade, and non-oil trade, could he say what the figures should have been after taking account of British oil trade both with other Member States and with third countries?'

I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — In a reply on 19 February to a question put by Mr Scott-Hopkins on British trade, I stated that the trade figures do not indicate that membership of the European Economic Community has been disadvantageous for Britain. The conclusion has been contested on the grounds that the figures I quoted included trade in oil and thereby disguised the fact that a deterioration in the British balance of trade in goods other than oil has mainly occurred in trade with the European Economic Community.

What I used were the actual figures for British trade, and they have not been contested. They reflect reality by being the expression of actual developments. They are not artificial figures where some elements are subtracted or added with the intention of leaving a certain impression. I stand by my figures and by the comments with which I introduced them.

Of course, one very often attempts to correct statistics for disturbing or accidental factors in

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order to get a clearer picture of the underlying trend. For example, this is done by eliminating seasonal factors, the influence of a bad harvest, deliveries of ships or aircraft, etc., but the oil price increase is not this simple kind of one-time accidental phenomenon which can be eliminated merely by subtracting oil from the trade figures. If one wants to engage in the hypothetical exercise of assessing the situation had the oil price increases not occurred, one cannot subtract the trade in oil from the figures. The oil price increases have dramatically influenced the general economic situation not only in Britain but in the entire world. For example, they sparked off inflation and contributed to the economic slowdown.

In order to adjust to these consequences one would have to establish a completely new economic model, a model which, if not impossible, at best would be extremely hazardous to establish. To illustrate some of the difficulties involved in describing a hypothetical situation in figures, there is reason to emphasize, as I did in my reply on 19 February, that Britain switched to the EEC for her food imports and this switch has resulted in a lower food-bill for Britain. In addition, Britain's imports of goods such as chemicals and plastic products from the EEC partners became more expensive owing to the oil price increases. These three categories of items I mention are among the three biggest items on the British import bill from the Community, and they are all oil-price-influenced. The UK imports from the Community would thus, in the hypothetical situation described, have been noticeably smaller than indicated by trade figures simply adjusted by eliminating oil trade. Had the oil price increases not taken place, one could on the export side have experienced a higher economic activity.

This would have resulted in a lower overall trade deficit and a lower deficit in trade with the EEC partners because of the generally better conditions for the export of industrial products.

Britain's overall deficit in trade would, of course, have been lower had the oil prices not increased. Undoubtedly, her deficit in trade with the EEC partners would have been lower had the oil prices not increased. But this has, indeed, nothing to do with EEC membership, and I would repeat that the figures, whether including oil or not, do not indicate any adverse effect on Britain through membership. On the contrary, as stated on 19 February, there is naturally cause for concern over Britain's trade deficit. This is, however, due to general economic factors, both inside Britain and internationally, but they are not caused by EEC membership. Britain's balance-of-payments difficulties must be solved

by an increase in exports. This will be facilitated by access to a large open market, a condition which is fulfilled by being a member of the European Economic Communities.

President. — I call Lord Reay.

Lord Reay. — I am very grateful to the Commissioner for the stout and convincing defence which he has given of the statement which he made to this House on 19 February and which has been subject to misleading criticism in some quarters. Would the Commissioner not agree that the worrying problem of the United Kingdom trade deficit is a problem which Britain has to deal with, whether she is in the Community or not, and that there is nothing to suggest that this problem has been caused by the United Kingdom's membership of the Community, and could he say what possible advantage there could be from the point of view of the trade deficit for the United Kingdom to give up membership of the Community in order to become a member of a free trade area with the Community? Would this not be, in fact, to retain all the disadvantages of which Mr Shaw complains without the benefit of a share in the decisions by which we would still be affected?

(Cries of 'Hear, hear!')

President. — I call Mr Gundelach.

Mr Gundelach. — Mr President, I feel that the self-contradictory nature of the criticism which has been levelled against the comments and figures I quoted is demonstrated by the fact that the vast majority of participants in this discussion, whatever their stand on the broader European issue, is in favour of free European trade and as free a trade as possible between Europe and the rest of the world. And if no other substantive argument can bring this artificial discussion to an end, this contradiction ought to do it!

President. — I call Lady Elles.

Lady Elles. — The Commissioner just said that British difficulties would be partly solved by an increase in export trade with other Member States of the Communities. Would he not also agree that in the hypothetical event of the United Kingdom's withdrawing from the Communities, our export trade and orders, and consequently external investment in the UK, would considerably suffer and that hence jobs in the UK would also suffer as a consequence of our hypothetical withdrawal?

President. — I call Mr Gundelach.

Mr Gundelach. — There is no doubt that if an economy like the United Kingdom's stood in isolation or moved into isolation, this would cause a considerable degree of uncertainty which would have a negative effect on economic development.

President. — Oral Question No 6 by Mr Della Briotta will be dealt with tomorrow during the general debate on the situation in the wine sector.

Since the questioner is absent, Oral Question No 7 by Mr Premoli will be replied to in writing¹.

I call Oral Question No 8 by Mr Espersen. It is worded as follows:

'Does the Commission think that in the long term the destruction or denaturing of good food products may become an element of the EEC's market policy for agriculture and fisheries and how does it intend to encourage fishery producer's organizations to introduce voluntary quota systems for catches in order to avoid destruction or denaturing?'

I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, may I first of all make it clear that in no sector—neither in agriculture, nor in horticulture, nor in the fish industry—do we encourage or pay for the destruction of food products. The only thing that can be done under some regulations is that, if there are excessive supplies of some food products, they are not given first priority—i.e. for human consumption—but second priority—i.e. they are used as animal foodstuffs. Only in such cases may limited funds be made available to restore the balance on the market.

As regards the fishery sector in particular, we shall make increasing efforts to ensure that high-quality fish is used as much as possible for human consumption and less and less for the fishmeal industry.

President. — I call Mr Espersen.

Mr Espersen. — (DK) May I thank the Commissioner for his answer, even though it was somewhat brief. What I was trying to get at were the more long-term problems, and I should like to ask the Commissioner whether it is not true that people's attitudes towards the denaturing or destruction of food products have changed

over the last few years, so that what was once a traditional supplement to the market mechanism is now becoming gradually less and less practicable and will presumably finally be abolished completely?

In this context, it would also be interesting to know whether the Commission does not feel that the trend must gradually be towards more direct production planning, instead of attempts at indirect planning—e.g. through destruction subsidies.

To put it bluntly: is not direct planning of production, as a way of avoiding overproduction, gradually becoming worthy of serious consideration?

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) Mr President, I agree with the questioner that high-quality food products suitable for human consumption must, in future, be used as little as possible for the secondary sector, i.e. as animal fodder. This is, for instance, one of the reasons why we are no longer giving denaturing premiums for wheat this year.

In some sectors, however—in horticulture and fishing, for instance—production depends greatly on weather conditions, and supplies can rise to twice or three times the normal within a very short period. This problem can never be solved by planning.

Planning, for instance, can never take account of the fact that supplies of tomatoes will suddenly double in the third week of April because instead of the average one day of sun per week, the sun shines—let us say—for five days. And that is only one example. Another example is fishing: for 2 to 2 1/2 months this winter, the weather prevented almost all fishing. This was suddenly followed, at the end of January and the beginning of February, by 6 weeks of fine weather. The entire fishing fleet started fishing everywhere with renewed energy, and supplies were suddenly twice as high as normal. Such developments in agriculture, horticulture and fishing can never be foreseen. For social reasons, we thus want to give the producers at least a minimum guarantee. There is simply no escaping the fact that temporary surpluses have to be taken off the market.

President. — I call Mr Frehsee.

Mr Frehsee. — (D) Am I right in taking the first, basic part of Mr Lardinois' first reply to mean that the Commission considers the possible addition to petrol of wine alcohol obtained from distillation of the surpluses—something feared

¹ Cf. Annex.

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by public opinion—represents, as the questioner puts it, a destruction or denaturing of good food products—in this case alcoholic beverages?

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) Mr President, I have no objection to a given low-quality wine, for instance, being distilled without official aid and used without public funds. I do, however, feel that under no circumstances can public funds be used for this purpose.

President. — I call Oral Question No 9 by Mr Härzschel. It is worded as follows:

‘What is the Commission’s view on the safety of the atomic power stations in the Community in the light of the temporary shut-down and safety inspection of 23 American nuclear power stations?’

I call Mr Spinelli.

Mr Spinelli, Member of the Commission of the European Communities. — (I) Mr President, after minute hairline cracks were discovered in some boiling-water reactors at present operating in the United States, the United States Atomic Energy Commission, the designers and the operators of all similar reactors immediately started extensive safety checks. It was found that there had been no leak of radioactivity.

The Americans have meanwhile also emphasized that cracks of this type spread slowly and can thus be discovered by the relevant detection systems in time, before they become an actual threat to the safety of the reactor.

As far as the Community is concerned, responsibility for granting authorization to operate nuclear power stations and for inspection lies with the nuclear safety authorities in each Member State.

The Commission has been informed that these authorities have taken the necessary steps to check the five reactors of the same type operating in Europe, and that no such cracks have yet been found. The speed of reaction and the extent of the steps taken by the responsible authorities reveal the watchfulness and care with which safety problems in nuclear power stations are treated.

The Commission, for its part, has recently submitted to the Council and Parliament a memorandum on the technological problems involved in nuclear safety. The aim of this document is to strengthen considerably what has already been done at Community level towards achieving a gradual standardization of the methods and criteria of nuclear safety, and

towards the coordination of the safety research programmes.

President. — I call Mr Härzschel.

Mr Härzschel. — (D) Mr Commissioner, may I then ask you what the Commission has done since to publish these results, in view of the fact that there is increasing resistance and uncertainty about the safety situation in nuclear power stations, and that the opponents of the power stations are taking advantage of these results to arouse feeling against the stations, as we have seen increasingly recently in the countries of the Community. What does the Commission intend to do to combat this?

President. — I call Mr Spinelli.

Mr Spinelli. — (I) Mr President, the subject of this question is dealt with in the next oral question. I would therefore prefer to reply to this question when we come to Oral Question No 10.

President. — I call Mr Noè.

Mr Noè. — (I) Mr President, in view of the fact that these cracks are essentially a problem of materials, I should like to ask Commissioner Spinelli whether the departments of the Joint Research Centre engaged in materials research have been instructed to study this phenomenon, not only for the sake of the United States, but also for the sake of Europe.

President. — I call Mr Spinelli.

Mr Spinelli. — (I) The answer is yes. The Joint Research Centre is doing this. I would, however, emphasize that this problem does not specifically concern the nuclear reactors, but rather the hot-water inflow tubes.

President. — I call Oral Question No 10 by Mr Noè. It is worded as follows:

‘Does the Commission not consider that in view of the difficulties often raised by local authorities concerning the building of nuclear power stations in various Member States, it should adopt a clear general position on this important problem and intervene directly in the individual discussions in the most important cases, thereby helping to clear up some misunderstanding and to make the positions which these same Member States will adopt on the subject more uniform?’

I call Mr Spinelli.

Mr Spinelli. — (I) Mr President, like the honourable Member, the Commission is very worried

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about the difficulties of all kinds encountered in building nuclear power stations, but it does not consider it its duty to intervene in the individual cases arising at local level. Furthermore, the Commission has on several occasions stated its opinion on this matter, in a series of major initiatives which I shall list briefly:

- A) Programme of action on the environment, approved in November 1973 and providing for major action in the handling and storage of radioactive waste; Parliament will be voting on this this afternoon.
- B) Resolution on energy and the environment, approved by the Council in November 1974; this places particular emphasis on the need for strict supervision of the use of nuclear energy, so as to safeguard the population and the natural environment.
- C) Programme of action for the promotion of the use of nuclear energy, produced in February 1974, the first and most important section of which deals with protection of health and the population and the safeguarding of the environment.

On the basis of this programme, the Commission has already submitted to the Council proposals on the harmonization of the basic standards for radiation protection, drawn up by the Council in 1959 under the Euratom Treaty, and on the technological problems involved in nuclear safety.

These proposals will be followed by action on the thermal effects of the power stations, the potential radiological implications of the long-term nuclear programmes, the downgrading of obsolete nuclear power stations, the transportation of radioactive materials and legislation on the choice of sites.

I would remind you also of the constant application of Article 37 of the Euratom Treaty, which allows the Commission to check, at a technical level, the adherence to the requirements of radiation protection in the design of the nuclear power stations. More than 75 projects have already been examined. Finally, the Commission is at present undertaking a comprehensive study of the various aspects of the problem raised by Mr Noè, the aim of this being to assess the methods and limits of the steps it may possibly take to provide the public with full, objective and consistent information.

President. — I call Mr Noè.

Mr Noè. — (I) May I first of all thank Commissioner Spinelli for his reply and then ask him

whether, in view of the fact that the discussions at local level are often based on inadequate information, he does not feel that a statement of the Commission's opinions—not necessarily binding, but simply advisory—would raise the level of the discussion by introducing greater objectivity and an improved knowledge of the problem.

At the same time, this would be a good move for Europe, since it would increase the European involvement in a current national problem and would be a valuable addition to the steps which Commissioner Spinelli has just listed.

President. — I call Mr Spinelli.

Mr Spinelli. — (I) Mr President, I have already tried to answer this question—which is the same as the one put by Mr Härzschel—by saying that the Commission is investigating the possibility of informing the public as fully as possible, objectively and consistently in all the countries of the Community. It is a problem of which we are aware and which we are trying to solve.

President. — I call Mr Giraud.

Mr Giraud. — (F) Could the Commissioner say whether, when there is an incident or accident in a nuclear power station, the Commission is in a position to distinguish between a genuine nuclear accident and a normal operating incident which could happen in any power station?

President. — I call Mr Spinelli.

Mr Spinelli. — (I) Yes, with the information available to it, the Commission can distinguish between the two. In my reply, I made a point of stressing that the incidents which happened in America and which we are trying to prevent in the Community through extreme watchfulness, were normal incidents and are not peculiar to nuclear power stations. It was the hot-water inflow tubes which were involved.

President. — I call Mr Härzschel.

Mr Härzschel. — (D) Mr Spinelli, you said that the responsibility lay with the Member States, and you also listed the measures initiated by the Commission. However, does not the new situation, which I feel jeopardizes the Community energy supply programme, present the Commission with new factors which make it necessary for it to play a greater part in informing the public and in encouraging coordination between the Member States?

President. — I call Mr Spinelli.

Mr Spinelli. — (I) Mr President, it is quite probable that the Commission will have to be given new tasks. May I repeat that we have decided to tackle the whole problem and to discuss it in the light of these new requirements, in the light of this large-scale 'nuclear' debate which has started in our countries. It is clear that I cannot reply to this question at the moment. All I can do is to give an assurance that the Commission has decided to study the problem.

President. — I call Mr Espersen.

Mr Espersen. — (DK) Does the Commissioner agree that an accident in a nuclear power station—even if it involves only technical circumstances which themselves have nothing to do with nuclear power—could have more serious consequences than elsewhere. For instance, if a cooling system breaks down in a nuclear power station, this breakdown could have more serious consequences than if it happened in a plant of another kind.

President. — I call Mr Spinelli.

Mr Spinelli. — (I) It is clear that, in nuclear plants, incidents which are not particularly connected with the handling of the nuclear material have consequences which differ from those in other power stations.

This problem involves the general field of safety and the organic approach to the risks and safety conditions relating to the development of nuclear power stations.

As far as the Community is concerned, we shall tackle this problem and try to give it maximum publicity. The precise reply will obviously depend on the choice made, and can be given only at the end—not the beginning—of the nuclear debate.

President. — I call Mr Cointat.

Mr Cointat. — (F) Mr President, may I join Mr Noè in pressing the Commission to say whether it would not indeed be desirable for it to be actually present at the information meetings on nuclear power stations which are currently being held in the Member States and, for instance, in the regional bodies in France. I feel that the actual presence of a Commission expert would help to strengthen European feeling and make the construction of Europe easier.

President. — I call Mr Spinelli.

Mr Spinelli. — (I) I can only reply that we shall study this suggestion to see to what extent it can be implemented. I would, however, point out that the wide range of competencies necessarily imposes certain limits.

President. — Since the questioner is absent, Oral Question No 11 by Mr Normanton will be answered in writing¹.

I call Oral Question No 12 by Mr Durieux, whose place is taken by Mr Houdet. It is worded as follows:

'Does the Commission feel that the European Parliament is able to carry out its task of democratic control in cases where it is consulted on the basis of Article 235 of the EEC Treaty when essentially the decision is taken by the Council in the light of a memorandum submitted to it by the Commission?'

I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, the Commission attaches the greatest importance to the European Parliament's ability to carry out fully the consultative function granted to it by the Treaty and, in particular, Article 235 thereof. The Commission often takes the initiative in suggesting to the Council that Parliament should be consulted on proposals for which consultation is not legally obligatory, but which are of particular political importance.

In the case of Article 235, consultation of Parliament on proposals from the Commission is obligatory. If the Commission sometimes draws up a memorandum or issues a communication before framing its formal proposal, it is precisely to enable it to obtain advance information on the reactions of the institutions—including Parliament—to its ideas about the policy to be followed, the proposals to be made.

In any case, Parliament is then consulted on the Commission's formal proposal. This means that, if Parliament has not taken advantage of the previous opportunity to express its opinion on the Commission's communication, it can certainly at this stage play the normal rôle assigned to it by the Treaty. May I add, Mr President, that Parliament's influence on the decisions of the Council—with particular reference to Article 235—will increase considerably and will become of a public and fundamental nature through the conciliation procedure, which obviously enjoys priority under this Article.

¹ Cf. Annex.

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fact that the dollar has dropped by 10% against the unit of account since July of last year, the refunds have been cut by an average of 35%. And even then the milk price obtained by our farmers is no higher than that obtained by American farmers. There is no difference in price, even when the prices are expressed in dollars.

It is simply a difference in policy. Farmers in America get more for their drinking milk than those in Europe. In other words, the consumer pays a part of this. This is not the case under our policy. Basically, the price of drinking milk is the same as the price of milk for processing, and that is why we need these refunds. If we were to lower the price of our processing milk, so that the consumer paid more for drinking milk and this bit extra was added to the farmers' income, we would have the same policy as the United States and no refunds would be needed. Since, however, we have a different policy, these refunds were very convenient. There is no question of dumping, there is no talk between the United States and Europe of a natural advantage of one over the other—only of a difference in policy, a difference in practice. I do feel, however, that we are still entitled to act as we ourselves think fit.

President. — I call Mr Giraud.

Mr Giraud. — (F) Apart from the United States, do other countries apply the same policy vis-à-vis the Community?

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) I cannot remember at the moment.

President. — I call Oral Question No 14 by Mr Howell. It is worded as follows:

'Since the 31st December 1974 the fuel subsidy to British glasshouse growers has been discontinued, whereas other Member States are subsidising fuel to their glasshouse industries. What steps does the Commission intend to take to ensure that British glasshouse growers do not have to face unfair competition from other EEC countries?'

I call Mr Lardinois.

Mr Lardinois. — (NL) Mr President, last year, in view of the enormous increase in fuel prices, we authorized the Member States to grant a subsidy on oil for glasshouses and certain forms of fishery, to cover a maximum of 50% of the difference between the original and current prices. At the end of last year, the period of application of this regulation was extended to 1 July of this year. This extension was not

approved by the British Government, but it was by some other governments. I feel that because of this, and because of the continuing price differential between oil and other fuels even despite the subsidy, we are faced with an extremely serious distortion of competition in the glasshouse industry. We have told both Parliament and the Council that we shall shortly be making suitable proposals in order to achieve a uniform policy in this sector throughout the Community. Fortunately, we have had an unusually mild winter, so that this problem has perhaps not been so serious as would otherwise undoubtedly have been the case, but I feel that we can take no further risks in this matter. The proposals which the Commission of the European Communities will be submitting to the Council in a few weeks' time must ensure that normal conditions of competition are restored in this sector.

President. — I call Mr Howell.

Mr Howell. — Mr President, may I thank the Commissioner for his very full and thoughtful reply, but can I urge him to try to persuade the British Government, even at this late stage, to reconsider its shortsighted policy and to re-introduce the aid which it was previously giving for the six months between 31 December and June, when it is proposed to have a uniform policy for the whole Community? I believe it is essential that this should be done in order to safeguard the interests of the British producers and also to maintain the credibility of the EEC.

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) Under Articles 92 to 94 of the EEC Treaty, we can authorize the Member States to do this. That has been done. We cannot, however, force the Member States to do it. Nevertheless, I feel that it would be desirable for the British Government to make use of this authorization. Formally, I can take no steps in this matter, but I assure the House that I shall contact the British Government informally and draw its attention to this aspect.

President. — I call Mr Gibbons.

Mr Gibbons. — Mr President, could I ask the Commissioner to use the same good offices that he promises to the author of the question in regard to the British Government, in regard to the Irish Government too, because the Irish glasshouse producers suffer from the same disadvantages as those in the United Kingdom, and there is undoubtedly a distortion of trade

President. — I call Oral Question No 13 by Mr Cousté. It is worded as follows:

'Can the Commission give its views on what is already referred to as the 'cheese war' which has apparently resulted from the reintroduction by the Community of refunds on exports of cheese, which the American authorities treat as export subsidies, leading to the imposition of compensatory levies on cheese entering the territory of the United States?'

I call Mr Lardinois.

Mr Lardinois. — (NL) Mr President, I shall be happy to give some further details of this affair. We have had these difficulties with the Americans for more or less a year now. In order not to impede the passing of the US foreign trade law we decided, in July of last year, to suspend all refunds on cheese temporarily. This was done until the beginning of February this year, when we reintroduced these refunds for most varieties of cheese, although at a level approximately one-third lower than applied before July 1974. In spite of this, the Americans were not content, and new negotiations with the American Government on the matter have been in progress since about mid-February this year. The negotiations had made such good progress, and we had made so many concessions in the matter, that it seemed that a solution could be reached before Easter. Roughly, this solution was that all refunds would be discontinued for cheese from Europe which was in direct competition with American produce and which was intended for indirect consumption—i.e. for industrial and other processing in the United States—while the refunds for cheese intended for direct consumption—most of this is high-quality cheese from southern Europe—would be retained. On this basis, we felt that we could reach an agreement before Easter with an American delegation led by the second highest official in the American Department of Agriculture. After Easter, however, it became clear that we have not got that far after all, particularly since the American Government made its agreement conditional upon an agreement with some senators, and these senators, in turn, have made their agreement conditional upon an agreement with the dairy industry.

This appears to be the position. I have no comment to make on it, but I would simply say that we have not yet solved the problem. It is not impossible that we will in fact find a solution but the Commission's flexibility and its readiness to compromise in this matter are now more or less exhausted.

President. — I call Mr Cousté.

Mr Cousté. — (F) Commissioner Lardinois, I am extremely interested by your reply, but what I

am worried about is that we are faced with new American demands deriving from the fact that official circles in that country—I am not speaking of professional circles—are establishing a kind of precedence for an old national law—that of 1897—over the GATT regulations. The GATT regulations are thus being stripped of significance because of prior national legislation.

This is particularly serious, because although the issue is cheese, tomorrow it may be other produce such as soya beans, or even industrial products. We are up against a problem of principle, and it is on this point of principle that I should like to be sure that the Commission will remain firm, because the interests of the whole European Economic Community are at stake.

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) You may rest assured that we shall certainly not put this principle at risk, and you may also rest assured that we are not prepared to go any further than is justified.

President. — I call Mr Cointat.

Mr Cointat. — (F) I would go even further than Mr Cousté. At present, because the refunds are based on the letters of credit, they pay the import duty into the United States. Commissioner Lardinois, could not this state of affairs be remedied, since to my mind this is an unjustified customs duty?

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) This is one aspect of the matter. I must say that I am extremely disturbed by the American attitude, and I should like to express to Parliament my firm belief that Americans will find their own exports greatly endangered if they refuse imports from Europe in every sector.

President. — I call Mr Frehsee.

Mr Frehsee. — (D) Is not the reintroduction of export refunds for cheese a direct result of the Community agricultural policy—which was, after all, approved by this Parliament—and of the Commission's efforts to enforce the higher prices subsequently decided upon by the Council of Ministers?

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) No, that is not the case. Despite the fact that our prices were increased at the beginning of February, and despite the

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between both British and Irish glasshouse producers and those of the Community.

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) I do not think the Irish and British cases are the same, since till 1978 the principal glasshouse products are much more strongly protected in Ireland than in Britain. There is thus a fundamental difference in practice, although the two cases may appear the same superficially.

In practice, however, the glasshouse industry in Ireland is much more strongly protected till 1978.

President. — I call Mr Corrie.

Mr Corrie. — Mr President, can the Commission say if Britain is the only country that did not give this grant to glasshouse growers, or was there any other country that also did not give it?

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) Denmark does not give any grant either, nor does Ireland, but the Danish glasshouse industry also enjoys greater protection, up till 1978, than the British industry. Nor has the German Government used this authorization to the full, as several other Member States have done.

President. — The period allotted for Question Time has now elapsed. Unless the authors wish otherwise, the questions which were not called will be answered in writing.¹

Question Time is closed.

Thank you, Mr FitzGerald, Mr Cheysson, Mr Gundelach, Mr Lardinois and Mr Spinelli.

The proceedings will now be suspended until 3.00 p.m.

The House will rise.

(The sitting was suspended at 1.10 p.m. and resumed at 3.00 p.m.)

IN THE CHAIR: MR BEHRENDT

Vice-President

President. — The sitting is resumed.

5. Conference on Security and Cooperation in Europe

President. — The next item is the debate on the report drawn up by Mr Radoux on behalf of the Political Affairs Committee on the Conference on Security and Cooperation in Europe (CSCE) (Doc. 485/74).

I call Mr Radoux.

Mr Radoux, rapporteur. — (F) Mr President, ladies and gentlemen, first of all I should like to make one remark by way of introduction. It was practically impossible for the Political Affairs Committee of the European Parliament to say in relation to a fixed point in time everything which might have been said about this subject, i.e. about a conference which has now been going on for two years. I therefore have a reservation to make about my explanatory statement. I know it contains things which are already out of date. If I had it to rewrite today, I would doubtless write it differently and if we were to meet again in a month's time, I would perhaps write a still different statement. I hasten to add, however, that the resolution was worded in such a way that it is still valid today, as I shall have the opportunity of explaining in a few moments.

When considering the Conference on Security and Cooperation in Europe, there is one thing we must not do and that is to believe that it is an isolated occurrence, to believe that it is only in Geneva today and in Helsinki tomorrow that the big and the not-so-big countries are meeting.

At this very moment negotiations are taking place in Vienna between the East and the West on Mutual and Balanced Force Reductions and at the Conference itself we have in the last few weeks witnessed the emergence of a new factor, namely the consideration of nuclear weapons, despite the fact that the Conference was only supposed to concern itself with traditional weapons. Things are moving fast.

There are also the negotiations between the two major world powers on intercontinental missiles, the GATT negotiations to which four of the so-called East European countries belong, and the various bilateral and multilateral negotiations and meetings which are taking place, in particular between the Eastern bloc and the West.

It would perhaps be a good idea to comment on the origins of the Conference and to say what made it possible. As regards its origins, the initiative for the Conference was taken by the Soviet Union as long ago as 1954, but, although

¹ See Annex: Oral questions not answered during Question Time, with written answers.

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I did not mention it in my report for reasons of brevity, I think history will record that it was in fact at the Karlovy Vary Conference in 1967, attended by fourteen communist countries, that the aims and methods of the communist world were defined; and if anyone is interested, later on I shall list the fourteen points agreed at the Karlovy Vary Conference. These are most interesting, not just from the point of view of knowing the programme of the communist parties, but in order to bear in mind what aims they are pursuing in Europe and in the world as a whole.

What made the Conference possible? Here the initiative came from the West. The path to negotiation was opened thanks to the policy of the Federal Republic of Germany towards the Eastern bloc and the agreement between the four powers and between West and East Germany on the Berlin question. Thus today the era of negotiation has begun between two political philosophies. This is an historic event: two systems are confronting each other in Europe in order to arrive at mutual understanding instead of to fight. To those who argue that the work of the Conference is progressing slowly, we would emphasize the scale and complexity of the subject under discussion. Thirty-five countries are represented at the meeting, and they are there for the first time in thirty years. As members of the European Community we are delighted to observe that the whole of Europe is present, side by side with the other powers.

Just one last remark before briefly considering the progress of work: ladies and gentlemen, to meet does not automatically mean to succeed. Where there is form there is necessarily substance. We must therefore not be surprised that the work has already taken a long time and will go on for some time still.

The Conference cannot fail, since the consequences of failure would be too serious for the security we are trying to consolidate and the cooperation which we want to set in motion on this modern multilateral basis. Negotiation must now continue in the three committees and the attitude we sometimes hear about and which in my opinion is not a political attitude, namely that of weariness, must be avoided. I think it is necessary to be all the more determined as in Geneva and in Helsinki the states are not entering into legal commitments but subscribing to principles and declarations to which they intend to adhere.

I shall now give a very brief outline of the work of the Conference. At the time of speaking nine of the principles of the first committee, known as the Political Committee, have been adopted,

but I hasten to add that the first reading is not yet finished and the ninth principle was adopted only last week in Geneva.

I shall not list these principles, as I assume they are familiar to you, but I would make just one remark about them: we must not create the illusion that the solemn declaration of a set of political standards is sufficient to guarantee security in Europe. We must at the same time and in the same quarter establish certain rules stating that this security can only be achieved if concrete measures are adopted in the military sphere.

I have in mind in particular the Vienna Conference on Mutual and Balanced Force Reductions of which I have just spoken. In Geneva, however, it is essential for agreement to be reached on various practical measures aimed at building greater trust between the participants. The results which we are able to achieve on proposals in this sphere will inevitably be a test of the credibility of the political standards which are drawn up.

This involves at least two major difficulties. The first is bound up with the military aspect of security, in other words the notification of military manoeuvres. As far as we are concerned, it is important to determine the conditions of these notifications: the time limit for giving notification, the parties who are to receive such notification, the limit beyond which manoeuvres must be notified, and the area within which manoeuvres must be notified. I say all this because, as we know, some powers are wont to declare that this commitment should be a voluntary commitment. I do not think, ladies and gentlemen, that an approach of that kind is going to get anywhere at this Conference.

I should like to make a second observation, of a political nature this time. We are familiar with the concept of the inviolability of frontiers urged by the Soviet Union and the Eastern bloc. I think that while we are in agreement with this concept of the inviolability of frontiers, we in the West must link it to the idea of being free to modify frontiers by agreement, and here I have in mind very broadly, of course, the freedom for the West, in particular our Community, to modify our frontiers peacefully and by mutual agreement, if we wish to do so.

I do not think that one of these concepts can be accepted without the other.

I turn now to Committee II which is responsible for economic matters. And as often happens, we have been a little surprised in the past few weeks, because we did not really expect the worst difficulties to emerge until we spoke about

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the third committee, that responsible for human and cultural problems.

The entire business, and I mean the entire business, of this Conference is political. Contrary to what has been said by some during the past few weeks, nothing is technical and therefore nothing is secondary. It is because everything is political that we must do all we can to achieve results in each of the committees. I said a few moments ago that it was in economic matters that we were not encountering difficulties. These matters are of political importance and the solutions which are adopted will have a major influence on future economic cooperation between the states and our Community.

In this connection it is useful to point out that trade must be based on the concept of reciprocity, i.e. of equal range, to ensure that equivalent advantages are exchanged. This is so-called overall reciprocity. It requires that obligations be accepted on both sides. The Eastern bloc countries are not all in the same position, for example, with regard to GATT. This applies to certain countries belonging to Comecon and such a situation implies certain consequences regarding the possibility of granting the benefit of the most-favoured-nation clause to certain countries.

We are getting involved here in another concept, that of equality, which has been emphasized by our opposite numbers from the East. It is not possible to achieve satisfactory results if we do not tackle all the aspects of economic rules as divergent as those applied by the state-trading nations and by nations with a free market economy.

Without going into all the difficulties which need to be overcome, suffice it to say that as far as economic relations are concerned, the basic problems have, at the time of speaking, not yet been solved. To be precise, we have not reached what in politics is generally called an impasse, but the going is heavy and it is necessary to avoid all ambiguity. Economic and commercial matters in general are the business of all the participants, they are not the exclusive business of the Eastern and Western countries. I say this in the interests of achieving a situation and future relations mutually advantageous to all the participants.

The work so far has resulted in a sort of charter of industrial cooperation both within and outside Europe. This is an indisputable achievement, but there are too many unfinished discussions to allow a satisfactory pronouncement at the moment on the subjects which I have just mentioned.

Finally, I come to the last committee, that responsible for cultural and human problems. Ladies and gentlemen, the third committee is the one in which détente encounters its real test. If this détente is not to remain precarious, human contacts must be amplified. The achievement of the Geneva Conference regarding the agreement on family reunification is, for instance, worth noting but it is to be regretted at the same time that the long-awaited final decision on the working conditions of journalists has still not been taken. Some progress has been made, but not enough.

As regards the rest of the business covered by this committee, I would emphasize that there will be great disappointment in the West if more tangible results than those so far achieved are not forthcoming. Real cooperation cannot be based solely on standards or principles which only concern relationships between states. If there is to be a climate of confidence in Europe, people must be allowed to move more freely and the obstacles which continue to impede the dissemination of ideas must be removed.

To achieve results, definite measures must be framed, which we cannot allow to be cancelled out of simple recourse to the concept of the national sovereignty of the conference participants.

Finally, Mr President, I turn to the question of 'follow-up'.

We did not mention this in our resolution because at that time—five months ago—the idea of follow-up had not appeared on the agenda. On this point I shall perhaps depart from the opinion of some of my colleagues when I say, quite bluntly, that I am not in favour of immediate institutional follow-up. I think that in the long run it will be a good thing to have some sort of institutionalization between the countries of western and eastern Europe, because I do not think that once the conference is over we should say goodbye, perhaps we will meet again. I really believe that there must be a follow-up to this conference, and this follow-up could, I think, in certain circumstances be made permanent, in particular by some system of consultation.

My closing words, Mr President, will be the logical conclusion of what I have said. I shall close with a principle, a method and a conviction. The principle is that the alternative facing East and West was as follows: either confrontation, or agreement to disagree on certain questions and cooperation on others. Secondly, the method: continuous negotiation is the method to which I give my preference

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and was the one I mentioned in connection with follow-up.

Finally, my conviction, which is that if we as a Community wish to be respected we must ourselves respect a fundamental law, namely the law of equilibrium in international relations. In order to achieve equilibrium we in western Europe must be united and we shall probably never feel the advantages of this unity more keenly than at this conference.

The Community is an essential element of equilibrium in Europe. I believe that by accepting the Community as such, both our allies and our opposite numbers at the conference table will really come to accept that political union is a good thing in itself.

(Applause)

President. — I call Mr Klepsch to speak on behalf of the Christian-Democratic Group.

Mr Klepsch. — *(D)* Mr President, ladies and gentlemen, we believe that this debate is taking place at an extremely favourable time. We are now apparently in the final stages of the second phase of the conference, and this gives the European Parliament and its political groups an excellent opportunity to present their opinions to our peoples and governments.

The Conference for Security and Cooperation in Europe can obviously not be seen in isolation. It is clear that the negotiations are taking place at a time when the world situation is subjecting détente to very severe strains. Acts of aggression, violations of ceasefires, grenade attacks on women and children and on other civilians, untold suffering in South Vietnam, all raise serious questions about paper guarantees of security. With great concern we observe the activity of the Communists in Portugal, and the support they are receiving from the Soviet Union. Nor can we disregard the growing risk of war in the Middle East.

It is therefore perfectly understandable that in the final phase of this conference our peoples should be paying particular attention to the results.

The conference follows joint endeavours by the two superpowers, who began talks as long ago as 1963, and within the framework of the policy of détente we too are working towards the aim of bringing about the peaceful coexistence of peoples and increased trust and cooperation between states. Our basic objective must be to determine the causes of the problems and the action which needs to be taken to overcome them.

The explanatory statement of the report, which has my full agreement and on which I should like to congratulate the rapporteur, is an extremely thorough piece of work, but it is also a labour of Sisyphus, since it will be in constant need of modification and amplification. Various differences of interpretation and emphasis are possible and some gaps are bound to remain. Nevertheless, we think that it is a good basis on which to judge the motion for a resolution, which we fully approve. At the end of my speech I shall single out one or two details to illustrate our attitude towards this resolution.

One thing that is certain is that the golden dreams which accompanied the opening of the Geneva negotiations began long ago to lose their lustre.

Of course I do not deny that many positive results have been achieved. And we are delighted that this has been largely due to the united front presented by the Nine. The Soviet Union has accepted that representatives of the Commission of the European Community speak on the Community's behalf in matters falling within its competence. The solidarity shown by the Nine deserves recognition and must continue in the future, since fortunately not even the long duration of the conference has undermined the basic principle of such negotiations, which is to negotiate patiently and persistently on a give-and-take basis, while taking into account the interests of all concerned, so that a balanced solution acceptable to both sides may be achieved.

I agree in principle with Mr Radoux that even in matters where the Soviet Union is unwilling to grant concessions we must not abruptly interrupt or postpone the proceedings, as this simply weakens our negotiating position and jeopardizes the results of the negotiations.

Whispered threats of the fall of Brezhnev in the Soviet Union do not, in my opinion, make the slightest difference in this respect. The Eastern bloc has fortunately admitted that it initially underestimated the capacities of its Western negotiating partners, and its hopes for a quick conclusion to the conference with rapidly tiring Western negotiators have not been fulfilled. But it is also true that, as regards our own principal expectations for this conference, we are still confronted with a number of major question marks.

Firstly, we deeply regret that the objective and chronological link we demanded between political and military efforts to achieve détente, i.e. by means of negotiations between the CSCE

Klepsch

and the MBFR, has gradually become more and more tenuous and is threatening to disappear altogether. From the point of view of the major aim of achieving greater security for Europe this development can only be described as unfortunate.

It must also be understood that the recognition, implicit in the CSCE, of Soviet control of Eastern and Central Europe can only be accepted by us on condition that the Eastern bloc makes substantial concessions on the free movement of persons, ideas and information, human rights and the right of peoples to self-determination, military security and the restoration of the balance of power in Europe. People want more security, that is the key point, and we have always been in favour of offering Western know-how and cooperation if we can obtain more security in exchange. But on no account can we accept Soviet hegemony in Europe.

One brief remark regarding the list of principles: this does not represent a new European, regional law of nations. It can only help to strengthen the existing universal law. I would stress that as regards the work carried out so far to formulate these principles, and in particular those points which have yet to be decided—I shall go into this in more detail at the end of my speech—there can be no question of our backing down in the matter of European union. But there have also been certain developments in connection with other principles which we find rather unfortunate. Consider, for example, the theme of the renunciation of force. The Rumanians' demand that the presence of foreign troops should not be allowed without the agreement of the national government was rejected and was replaced by a ban on invasions only. I find it regrettable too that the peaceful arbitration procedure demanded by Switzerland also went by the board.

But ladies and gentlemen, nothing is more conducive to the growth of confidence than the free flow of information and human contacts, and this is why Basket III has the special attention of my Group. We should like to say most emphatically that we should be extremely sorry if, by means of some preamble containing a reservation about sovereignty, the very small concessions so far obtained in the operative agreements on the free movement of persons, ideas and information were further undermined.

One thing however, is quite certain: on this question we do not wish to leave this conference empty-handed. I think it is high time to put a stop to the practice of subjecting those who campaign for the establishment of basic

human rights to severe punishment on the grounds that they constitute a danger to peace. As long as people who demonstrate peacefully in the Soviet Union or in the German Democratic Republic for the establishment of basic human rights are sentenced to long terms of imprisonment, we know that we still have a long way to go before the aims which we set ourselves for this conference item are achieved.

We do, however, at least assume that the complete, unabridged texts of the conference documents will be published in each of the participant countries.

As for Basket II, we are satisfied with the attitude and the work of the Commission and the Nine, and we urge them to continue to be guided by the same principles.

A remark about the so-called follow-up to the conference. This part of the report, as formulated by Mr Radoux, does not meet with quite the same degree of approval from my Group, and I think the answer to this can be found quite clearly in the motion for a resolution. We Christian-Democrats share the view of the Nine that after the end of the conference there should be a follow-up phase during which we will see whether the agreements reached are observed and what effect they will have. We shall then be able to meet again some time later and decide how to continue. One thing is quite certain: any obstacles to European union created by any institution would in our opinion constitute a totally unacceptable situation. We must therefore test the operation of the agreements very carefully.

To sum up, my Group is in full agreement with the motion for a resolution. We shall not, however, be able to regard the forthcoming results of the conference as satisfactory unless the following requirements are met. Firstly, any imbalance in the discussions owing to pressure of time and leading to one-sided results must be avoided.

Secondly, it must be clearly agreed that no direct or indirect obstacles may be laid in the path of European union in the European Community. This will also serve as a touchstone for the future. The right of peoples to self-determination must remain fully intact.

Thirdly we expect substantial progress in Basket III, especially in connection with the free movement of persons and ideas. This initiative by the West must not be allowed to run aground, and the agreement already reached on family unification can on no account be regarded as meeting this demand.

Klepsch

Fourthly, real progress must be made in confidence-building measures such as the reduction of forces and disarmament. The MBFR discussions must be regarded as a factor of prime importance in all security questions. The stagnation at this conference and the reluctance of the Soviet Union to undertake really substantial reductions of their vast forces are barriers to greater trust and security.

Fifthly, the principle of genuine reciprocity in advantages and obligations in Basket II must provide the basis for all corresponding agreements. We want to be sure that the interests of the so-called European developing countries are being safeguarded.

Sixthly, we reject any move to give the conference a permanent organ and thus the character of an institution. We are of the opinion that only after a careful examination of the results in a few years' time can there be any question of continuing the conference work. We want more security and freedom of movement for our peoples.

We want cooperation on an equal footing between states, and we reject any hegemonies in Europe. We are not dreamers, we are realists who want guarantees of lasting peace and who are ready to devote the necessary effort and time to achieving this aim.

(Applause)

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

Mr Corterier. — *(D)* Mr President, ladies and gentlemen, first of all I should like to thank Mr Radoux on behalf of my Group for his excellent report.

The report is so comprehensive and of such quality, especially with the additional comments which Mr Radoux has provided today, that I can confine myself to commenting on a few points which seems to me to be of special importance. I do not intend to go into all the details of the conference and the results achieved so far.

The conference is of course not yet over. But it has reached such an advanced stage that it seems a very good idea to take stock of what has been achieved up to now. Perhaps this is the last opportunity we shall have for doing so before making our final appraisal of the conference and its results.

What is the situation at this interim stage? Quite frankly, a number of questions still require to be settled, especially in the area of confidence-building measures and information. These must be settled before the end of the

conference, and only if they are will we be able to regard the results of the conference as satisfactory.

For the rest, however, the results achieved so far at the Conference on Security and Cooperation in Europe are quite impressive. True, not all the optimistic expectations have been fulfilled. In certain quarters the opinion is even being voiced that the results of the conference are negligible and the years of discussions have been basically a waste of time. This kind of argument is rooted in false assumptions. The conference could not and cannot sweep away overnight the basic contradictions between Eastern and Western Europe. Its aim has never been to remove the differences between the two systems. The conference has, however, already produced results which represent definite progress in relations between the states, and in particular between the peoples of Europe. It has improved the political climate in Europe, and has provided the first move towards the removal of the mistrust built up by years of mutual antagonism.

Of course, even though we regard the CSCE and the results achieved so far as positive, we must also realize how much remains to be done before we can talk about complete détente and before peace in Europe is really assured.

The worst thing we could do, therefore, would be to consider the CSCE as a sort of provisional conclusion to the policy of détente in Europe, and sit back and twiddle our thumbs once it is over. In his speech at the congress of the Hungarian Communist Party Mr Brezhnev was quite right when he said in this connection, and I quote, 'The process of détente, the process of consolidating peace is a continuous process requiring constant forward movement'.

At this point, ladies and gentlemen, I should like to mention two problems which arise if we wish to keep the process of détente in Europe in motion and if we wish the CSCE to be a successful contribution to this policy and a driving force for détente in Europe.

The first problem, which Mr Klepsch also briefly touched upon, is the problem of military security.

All steps taken towards détente in the political sphere will remain incomplete as long as they are not backed up by corresponding steps in the military sphere. It is not enough that the CSCE will probably finish this year, that the principles it lays down will include in particular the renunciation of force and the inviolability of frontiers, if at the same time the greatest concentration of troops and weapons ever to exist

Cortier

in peace time remains intact in the heart of Europe.

On the eastern side, indeed, these forces are being constantly expanded. If this situation were to go on much longer, the CSCE agreements could soon lose credibility. We must therefore insist that two demands be met: Firstly, military aspects of security must be among the results of the conference. The so-called 'confidence-building measures' must thus represent an important part of the results of the conference.

Secondly, the MBFR Conference in Vienna must finally get moving. Its present stagnation is basically due to the fact that the Soviet Union has so far rejected the legitimate demand of the West for military equilibrium between East and West in Europe and has insisted on maintaining its military superiority. The Soviet Union must reconsider this attitude. In his speech at the congress of the Hungarian Communist Party Mr Brezhnev admitted that the question of military security was becoming increasingly important. He said in particular, and I quote, 'It can be assumed for example that among other questions the problem of practical détente, the practical realization of military détente, will come into prominence. By this I mean not only the limitation but the gradual reduction of armed forces and arms by the states, although this is obviously not a question which can be solved overnight. However, as you know, efforts are already being made to achieve this. I have in mind the results of the Soviet-American meeting in Vladivostok and the discussions taking place at the moment in Geneva and Vienna'.

Mr Brezhnev rightly referred to the results of the Soviet-American meeting in Vladivostok, but I would add that the equilibrium which was agreed there for the strategic weapons of the two superpowers must also apply to armament in Eastern and Western Europe and should be the guiding principle of the MBFR Conference in Vienna. In addition to the question of military security there is a second problem which in my opinion may have a considerable influence in the near future on détente in Europe and may therefore also have a positive or negative influence on the success of the Conference on Security and Cooperation in Europe. I am thinking of Portugal. A pre-condition for lasting détente in Europe and for the success of the CSCE is the stabilization of the political and military situation in Europe and the maintenance of the political and military balance between Eastern and Western Europe. To upset this balance would be to undermine the very foundations of détente and the CSCE itself. The balance between Eastern and Western Eu-

rope would, however, undoubtedly be destroyed if the Soviet Union were to attempt to integrate Portugal into its sphere of influence against the will of the great majority of the population. I am not saying that the Soviet Union intends to do this, but there are plenty of indications that action along these lines is at least being considered in Moscow. I would sound a very strong warning against any such development, especially in the interests of détente in Europe and of the successful implementation of the resolutions of the Conference on Security and Cooperation. The Portuguese people must choose its own future freely, and we hope that this future will bring it closer to Western Europe and the European Community.

Ladies and gentlemen, a few final remarks about an issue which in a debate in the European Parliament on the CSCE is naturally of special interest to us. This question is, what has been the impact of the Community on this conference? Some time ago the question was the subject of considerable apprehension. The fear was expressed, even in debates in this House, that by taking part in such a conference the Community would be eviscerated, indeed that this conference could even contribute to its disintegration. Many were of the opinion that the Community would not survive the test of the CSCE. How did things in fact turn out?

The CSCE was indeed the first big test for the Nine in matters of political cooperation, and although this political cooperation has hitherto left much to be desired in other areas, the Community passed the test of the CSCE with flying colours. It proved what an impact the Community can have when it speaks with one voice, and we can but hope that this experience will lead to ever-increasing solidarity in other areas of Community foreign policy.

A leader of a delegation in Geneva, one of the Nine, was undoubtedly right when he said that the daily voting in the CSCE was the best school for concerted action that the Nine ever had.

Another fear which was often voiced was that participation in the CSCE would weaken the position of the Community vis-à-vis Eastern Europe. And there were indeed some difficulties at the beginning. They were, however, overcome relatively quickly and we can say today that the right of the Nine to adopt common positions at the CSCE in both political and economic questions is no longer contested by the Soviet Union or its Comecon partners. This is a major step forward in the Community's relations with Eastern Europe, since the concession made to the Community at the CSCE must now also be made in other international conferences. The

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Community has thus taken a great step forward towards universal international recognition. But for the CSCE this would probably not have been achieved at all, or at least not so quickly.

On the subject of the rôle of the Community in the CSCE I think it can be said that the CSCE has not led to the undermining or disintegration of the institution of Western Europe, on the contrary, the political cooperation of the Community countries has never weathered anything as well as the work of preparing and conducting the conference.

Thus the European Community has initiated and implemented some elements of a common foreign policy at the CSCE. The Community did not act as a Community in commercial policy alone but in all areas of policy covered by the conference. Finally, the Community was not only accepted as such at the conference, but acquired international standing and respect by its participation.

Mr President, as my speaking time is coming to an end, I shall not now consider any individual points in connection with the three Baskets and shall confine myself to the following conclusion.

We must do everything in our power to ensure that the questions still not settled at the CSCE are solved in the near future and that the conference is concluded this year. Of course, the quality of the results must have precedence over the desire for a rapid conclusion of the conference. In any case the successful conclusion of the conference, like its progress up to now, will depend to a very large extent on the contribution of the European Community. We therefore hope and expect that in the final phase, too, the Community will make a constructive contribution.

(Applause)

President. — I call Lord Gladwyn to speak on behalf of the Liberal and Allies Group.

Lord Gladwyn. — Mr President, in the opinion of the Liberal Group, it is high time that the Parliament debated the excellent report of our colleague Lucien Radoux and his draft resolution, and before proceeding further I would like to say straight away that the Liberal Group approves this resolution and trusts that the Ministers will bear it in mind and will not, out of any undue eagerness to achieve some results in these long negotiations, depart from the sound principles which it lays down. All I would add is that the Community would be singularly ill-advised to expect any very suc-

cessful outcome of the present negotiations, in which, as has already been said by various speakers, probably excessive hopes were placed two or three years ago.

Also that even if the conference ends in what is virtually an agreement to differ, no great harm will have been done. *Détente*, in other words, does not depend on what is said or done in Geneva or Helsinki. It depends on a real change of attitude on the part of the Soviet Government, of which, I am afraid, there is not the slightest sign at the present time. And in case this is thought to be too pessimistic a conclusion, Mr President, let us examine for a moment some of the more important points made by Mr Radoux in his excellent report.

Take, for instance, the list of alleged Soviet motives in paragraphs 20 and 21 of his explanatory statement. In spite of the rapporteur's statement that these motives are, as he says, difficult to verify, they must surely seem to an even moderately objective observer to be inherently probable. Nor, with the exception of the last two—namely, an attempt to obtain Western economic and technological aid for the Soviet Union and other Warsaw Pact countries, and a desire to secure greater recognition for the GDR—can they possibly be said to be not contrary to Western interests or European security, as Mr Radoux seems to hint in paragraph 22. Even technological aid by the West is not necessarily to the long-term advantage of the West if the Soviet Union are thereby enabled to finance their gigantic armaments effort, which they might not otherwise be able to do without still further depressing the standard of living of what they habitually refer to as the 'broad masses' in the Soviet Union. The Community, for its part at any rate, would do well to assume that such are indeed the underlying objects of the Soviet Government, to which may well be added a continuing desire to dissolve the two blocs, the inherent danger of which—in the absence, of course, of complete disarmament—is well dealt with by Mr Radoux in paragraph 11 of his explanatory statement.

Against this background let us consider more nearly the work of the three committees—or, should we say, the contents of their famous 'baskets.' The first is concerned, as we all know, with security—namely, the inviolability of frontiers, already apparently a point agreed by the West, the renunciation of the use of force, and so on. Does anybody really think that agreement on all these issues at a conference would in itself advance the cause of *détente*? Everybody is surely aware that frontiers were hardly considered inviolable when the Soviet Union invaded

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Hungary in 1956 and Czechoslovakia in 1968. Nobody can possibly assume that frontiers might not once more be violated in the event of a Left-wing government favourable to the Soviet Union in one of the countries now members of the Atlantic Alliance being turned out of office by constitutional or, indeed, by other means. What is certain is that a great totalitarian power such as the Soviet Union will advance its interests, or what it considers to be its interests, whenever it believes that this is desirable and profitable and can be done without undue risk, and by whatever means may seem to it to be the most appropriate. For the West to base its attitude on any other assumption would be to ignore what might be called the facts of international life and to encourage, I am sure, a very dangerous illusion.

We therefore approach basket 2, in regard to which, so Mr Radoux tells us, there has been greater activity and some progress, even if it is what he calls an illusion of progress. Nevertheless, even here it seems that the Soviet Union has been 'reserved' on the proposal of the Nine for projects of common interest in the field of industrial cooperation. Now if this should imply the negotiation of a common project involving the Nine as a whole it would certainly represent a great step forward. One of the inherent weaknesses of the Community's position surely is that, although it is now supposed to have a common commercial policy, all its members spend a lot of time rushing off to Moscow to arrive at special trade agreements, thus competing madly with each other on, for instance, credit terms to the obvious advantage of the Soviet Union. No doubt it is the desire to avoid any such common front which is responsible for the cool response of the Russians to suggestions of projects of common interest. It looks, at any rate, as if not much of lasting value would emerge, I am afraid, from basket 2.

There remains basket 3, which deals with human contacts, cultural cooperation, encouragement of so-called liberal tendencies in the Soviet Union, and so on. This, we are told frankly by Mr Radoux, is in an *impasse*. Mr President, how could it possibly be otherwise? The Soviet régime rests, and must rest, on a totally illiberal foundation. If the Soviet Government admitted the right of the individual to express his views freely, or the right to strike, or the right to organize national movements in the Baltic States, the Caucasus, the Ukraine and so on, it would inevitably fall. It is obvious, in fact, that the Soviet Union can only hold together on the basis of Russian domination and the total suppression of individual liberties. It is even arguable that the great Russian people—

though clearly not the peoples under Russian domination—actually prefer it that way. What is not permissible is to suppose that the Soviet leopard can ever change its spots, and yet this is apparently the assumption made by our patient negotiators in basket 3.

There remains the possibility of agreeing on some so-called follow-up machinery, after the Heads of State or Government sometime this summer, I understand, may have decided to call it a day and to agree to let the Conference end on a series of fairly innocuous declarations of principle. Here I myself would agree with the rapporteur that we should proceed with caution. The great thing, in any case, is to act on the principle enunciated by Mr Radoux in paragraph 40 of his explanatory statement—namely, that though it is possible 'to take positive steps in improving East-West cooperation such cooperation must take second place, wherever a conflict of interests might possibly arise, to the possibility for the Nine to develop whatever measures of integration they wish.' And it is perhaps significant in this connection to note that at the moment the British Communist Party, which must be deemed to be in close contact with the Soviet Government, is taking the lead in a violent campaign to promote the disintegration of the Community, by the withdrawal from it of the United Kingdom. It is consequently at least possible that the institution of follow-up machinery might, for the reasons so well set forth in paragraphs 30 and 31 of the explanatory statement, in itself result in such a conflict of interests.

It is to be expected therefore that the Heads of State or Government, unless they have implicit faith in the good intentions of the Soviet Government—in other words, unless they believe that the spots on the leopard are actually disappearing—would be reluctant to authorize the establishment of such new machinery, at least for a considerable period of time. So, Mr President, what conclusions must we reach? Apart from those proposed by Mr Radoux in his motion for a resolution, I suggest that the chief one is that *détente* does not depend on these negotiations at all. It depends ultimately on two factors. The first is the possibility of a satisfactory outcome of the negotiations on a mutual and balanced reduction of forces, which is certainly not to be excluded in the long run. Here I agree with Mr Radoux and other speakers that we ought to be comparatively optimistic. The second lies in the establishment not later than 1980 of a genuine European Union, which by its mere formation will prevent the Soviet Government from being tempted to interfere in

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Western Europe and hence, even in the event of a certain diminution of the United States presence, result in an effective and lasting balance of power. So let us hope that this truth will increasingly dawn on the leaders of the Western democracies and that their peoples will not be misled by pictures of Eastern and Western leaders embracing after the end of a rather inconclusive Summit Conference, into thinking that all is well and that peace has finally broken out. Nor, as I think Mr Klepsch said, is the threat that if we don't agree to such a ceremony we may lose Mr Brezhnev to be taken seriously. If Mr Brezhnev does go, the policy of the Soviet Union undoubtedly will not be changed in the slightest degree.

Let us therefore devoutly hope that the Community will overcome its present difficulties, that the United Kingdom will remain a member, and that the formation of a genuinely democratic union of a new type, an example to all other nations, will be accomplished during the next few years. Perhaps—and this is my final word, Mr President—the only really satisfactory thing about the European Security Conference, which I think has also been mentioned by previous speakers, has been the extent to which the Nine have been able to speak with one voice, through their designated representative, and the special and significant rôle attached to the Commission. We can only hope that this will be a portent for all future negotiations, as it may well be if the Community overcomes its present difficulties, if Britain remains a member and if there is no major world economic crisis to blow it off course.

(Applause)

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

Mr Terrenoire. — *(F)* Mr President, ladies and gentlemen, current events make such forcible demands on our attention that our thoughts at present are far removed from the situation in Europe while we observe with great sadness, bitterness and anxiety what is happening in South-East Asia. Some of us, I hope, will be inclined to establish certain hypotheses, if not draw certain conclusions, as to what might one day happen, though of course I do not wish it to happen, in Europe.

As regards the present and the debate in progress, the Group of European Progressive Democrats welcomes Mr Radoux's report, which is very well written and gives an intelligent analysis of the subject. It seems to me to reflect the general, if not the unanimous feeling of

Parliament about this Conference on Security and Cooperation in Europe. The conclusions drawn also, on the whole, reflect our attitude.

The Group of European Progressive Democrats looks very favourably on this Conference on Security and Cooperation, which is of course in line with the philosophy we have always sustained. We are in favour of détente, entente and cooperation with the Eastern European countries, and in particular with the Soviet Union. We cannot therefore look otherwise but approvingly on the work being done by this Conference, even though in our opinion the difficulties and problems to which it gives rise are inevitable and will be difficult to circumvent in the weeks and months to come.

We naturally hope—and we are pleased that this Conference has given evidence of it, as Mr Radoux's report rightly stresses—to see an expansion of the commercial, economic and industrial relations between the two parts of this still divided Europe.

In any case, the reality of this expansion becomes every day more obvious. West Germany itself is the European Community's leading exporter to the Easter bloc countries.

This is not a paradox, even if one considers the position of the Federal Republic of Germany in the centre of Europe and if one does not overlook its continuing division and conflicting currents. In this respect, therefore, progress is already well under way, and the Conference will do no more than reinforce what amounts to a deep-seated philosophy and an already accepted practice.

Moreover, we believe that this economic situation and trading activity will be bound to contribute to another of the objectives of the Conference, namely the furtherance of human contacts and the interchange of ideas. The Group of European Progressive Democrats sets store by this aspect. We realize, of course, that in this respect there are still many difficulties to be overcome.

We do not entirely share the point of view put forward by the Eastern countries. That is obvious. But we feel this should not be an obstacle to holding a summit conference in the coming months, perhaps even by the end of June this year. We know that this is the officially announced hope of the Soviet Union, but we do not see any major objection to making this concession, as long as the Soviet Union makes an effort to appreciate the points to which we attach special importance, in particular this question of the exchange of ideas and human contacts.

Terrenoire

My Group is also pleased that the European Community was able to present a united front on this question. The talks which Mr Wilson and Mr Giscard d'Estaing have had with Mr Brezhnev have proved that the Community is, on the whole, able to put forward harmonious, if not completely unanimous points of view on this matter. I think this is important, because we must realize that this Conference is basically about Europe. It is therefore right and necessary that the Community countries themselves should discuss, negotiate, come to terms with and, if possible, obtain satisfaction from the Eastern European countries. However, we also expect our opposite numbers from Eastern Europe to understand that we need to know a little more about their military position, their military objectives and their projected manoeuvres. We cannot completely disarm, morally and materially, if we are not in possession of sufficient information to allow us to contribute to any favourable trends towards total disarmament, particularly in Europe.

So although recent events, Mr President, ladies and gentlemen, have distracted our attention from this Conference, we still attach great importance to it and we are ready to contribute our support and assist its progress. Nevertheless, we do not want this Conference to be a mere battleground for a confrontation between the Soviet Union and the United States of America and their respective spheres of influence. It is Europe that matters, our territory, our way of life, our society and our future. Consequently, we feel that Europe and European interests must be dominant in the conclusion of the Conference.

The events of the present day show clearly that Europe must stand up for herself. Europe must be self-reliant; we must not expect our future safety to be guaranteed by outsiders. Though I do not wish it, we could find ourselves badly let down. For these reasons my Group attaches great importance to this Conference, and hopes that it will achieve useful results.

(Applause)

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

Mr Bordu. — *(F)* Mr President, the report presented by Mr Radoux calls for a number of remarks from us though, as you will understand, the importance of the subject merits a much more detailed analysis.

We are pleased to note that this report on co-operation and security reflects a new, more realistic approach to the genesis and progress

of the negotiations, and that it bears witness to an ideological approach which does greater justice to the progress achieved.

The resolution itself welcomes any initiative likely to ease tensions and promote cooperation in Europe; it insists that agreement must be reached during the third phase of the negotiations.

We therefore welcome this new approach and this change of tone since they indicate a willingness to engage in debate. We would stress, however, that certain important problems are still far from being solved. The international situation means that a sharp break with the policies of the past is inevitable.

The failure of the policy of aggression of the American armies in Vietnam and Cambodia is an invitation to the countries of Europe to assert their own independence. The breakdown of Kissinger's talks in the Middle East means that we have to fall back on the Geneva Conference. The failure of the Chile-type putsch in Portugal shows that history does not always repeat itself.

These irrefutable facts will inevitably contribute to progress at the conference, especially as it has recently been strongly urged in certain quarters that the CSCE should be brought to a rapid conclusion. I have in mind the letter sent last March by Leonid Brezhnev to the French, Italian, British, German and American Heads of State or Government proposing 30 June as a date for the final phase of the negotiations.

Some time before, during the talks between Mr Brezhnev and first Mr Wilson and then Mr Giscard d'Estaing, it had been agreed that it was necessary to conclude rapidly, and 30 June was proposed.

The Ministers of Foreign Affairs meeting in the Nordic Council also expressed the hope that the Summit meeting would be held at the end of June or the beginning of July in Helsinki.

On 19 February 1975 the International Herald Tribune noted that 'smaller and neutral countries, always more enthusiastic about a conference where they have as much veto right as superpowers, say it has turned out to be... the only way to transform détente from just a matter of states to something for individuals, with human meaning'.

I also have reason to believe that the Soviet Union is not at all hostile to the opinions put forward by the Community during the discussions on the problems raised by the inviolability of frontiers.

Mr President, you are familiar with our insistence on the need for national sovereignty, which

Bordu

has on occasion been jeopardized by certain Community decisions which we regard as harmful. The meetings between the Western Heads of State and Leonid Brezhnev quickly achieved results, but were then practically forgotten at the Dublin Council meeting, which issued a brief declaration aimed at slowing down this process.

Although this Council admitted that substantial progress had been made it failed to assert its willingness to conclude the conference in June or July.

According to the journal 'Les nouvelles atlantiques' of 14 March 1975, some governments have even voiced reservations about the desirability of adopting any declaration at all; Lord Gladwyn put this rather well. These contradictions reflect the absence of a really serious approach and the reluctance to confront public opinion with the facts. We do note, however, that the report goes some way towards recognizing the positive attitude of the Socialist countries and the results which this attitude has made possible and which are, of course, due to the efforts made by all the parties to the negotiations.

We must also express our concern about the persistence with which demands are being made regarding the third basket, since we feel that this is only justified if one takes account of the situation in the various countries and not just in one. The unilateral attitude adopted by certain political groups in Europe towards the Soviet Union seems to us to be a technique for delaying the conclusion of the conference. We must stop short of interference in the affairs of other countries.

I am not trying to defend the Soviet Union—it is quite capable of looking after itself, as you know—but to make a useful contribution to this discussion.

Mr René Maheu, formerly director of Unesco, wrote recently that the technical discussions had reached a point where the success or failure of the conference now only depended on general decisions. Of course, there are hostile forces which oppose détente and cooperation. Certain forces are afraid of this détente and the end of the arms race. They belong to the past and must be combatted for the sake of peace and the social progress which will result from savings on arms expenditure.

At a time when the Soviet initiative in the field of cooperation and security is no longer felt to be malevolent, our thinking must be directed to achieving a fuller understanding of the problem before us. What needs to be done, within the framework of the independence and sovereignty of each state, in Europe such as it is today, with its military alliances and its economic and

financial groupings, is to establish a charter laying down regulations for security and cooperation for all the countries of the continent, whatever their social and political system. The success of the conference will then be the success of political realism at a time when universal cooperation is attracting the interest of all the nations of the world. And there is another thing which we are concerned about. Will the conference be the end of the matter or will there be a logical follow-up? Once the conference is over, will everyone go home feeling that they have done their good deed for the year? We believe that when the agreement has been reached the most important phase will lie ahead, namely the observation of the rules adopted by this conference. This means, in our opinion, that a follow-up should be arranged by creating a competent, possibly advisory, body responsible for checking that the decisions made by the CSCE are implemented. Each country could be represented in this body, or it could include those ready to take part in the immediate future and convinced of the usefulness of such a body.

Those, then, are our views on a subject which will determine whether a peaceful Europe can be built. The follow-up is all the more necessary, in our opinion, as the final phase cannot set out to solve all the problems, whether present or future. We all realize that a positive conclusion would make possible the other progress which is essential if we are to achieve security and peace, especially in the field of military détente. In this connection we regret that certain states, among them some of the most 'responsible' ones, still do not take part in conferences on disarmament.

We have tried to highlight the progress made in the talks and also the inadequacies in what we consider to be the essential issues. We fear that the motion for a resolution, which we approve in many respects, does not go far enough, for it is possible, if not probable, that the conclusion of the conference may surprise Parliament, which is too hesitant in the light of the present realities. For all these reasons then, while paying tribute to the rapporteur, we regret that we can only agree with him in part and will therefore have to abstain when this resolution is voted on.

IN THE CHAIR: MR SPÉNALE

President

President. — I call Mr Giraud.

Mr Giraud, *Chairman of the Political Affairs Committee.* — (1) Mr President, ladies and gentlemen, by a resolution of 15 November 1972,

Girardo

Parliament instructed the Political Affairs Committee to follow closely the progress made by the Geneva Conference and to report on it in due course, and I feel that our committee has today accomplished this task with distinction, even if its mandate cannot be considered completed since the Conference is still far from a conclusion.

I therefore think that the Political Affairs Committee will have occasion to report to Parliament again, either at the end of Phase Two or immediately before the planned Summit.

I should like to congratulate Mr Radoux warmly on his excellent report, and particularly for the additions he made to it today, since it was in fact—as he himself admitted—out of date in several points. He has provided us with information—of which I, at least, was unaware—on developments and results achieved over the last few weeks in problems involved in the first and second baskets.

The spokesmen for the various Groups have engaged in a constructive debate on the Radoux report. We have heard a range of views, some of them leaning towards pessimism—I refer to Lord Gladwyn's speech—and some of them more optimistic. In actual fact, I think the scope of the Conference, the enormous variety of problems facing it, are so vast and so complex as to leave room for hope and anxiety, confidence and doubts simultaneously.

Since we Christian-Democrats accept the practical principle of the Christian faith, which is that men must regulate their affairs in the confidence that everything is in the hands of God, and yet commit themselves as if everything depended on themselves alone—we must indeed hope and have faith in the negotiations, while at the same time ensuring that we obtain every necessary guarantee. We can see one major positive factor—the readiness to negotiate. This conference has made it possible for the two great blocs in Europe to negotiate, even though the negotiations are difficult. I refer, in particular, to the third basket, in which no real results have yet been achieved. The willingness to negotiate is, however, there. What has not been achieved up till now will probably be achieved in the next few weeks.

However, to speak of a Summit—as we heard a few moments ago—or to forecast a third phase and the conclusion of the Conference by June seems to me to be slightly premature as things stand at present. We can only consider a concluding phase if and when there is a possibility of actually reaching agreements which are not merely statements of principle. The world is full of old and new principles, and it is of course

not these alone which determine the actions of States and of men.

If there are to be lasting agreements, we must have at least three guarantees. The first is that, alongside the results of the Geneva Conference, there must be tangible results at the Vienna Conference. We cannot allow the word 'security' to be emptied of meaning, and we must therefore ensure that our security is based on an equilibrium of power achieved through reciprocal and balanced measures. The second guarantee consists of the development of economic and industrial relations between all countries in Europe, but only—as Mr Terrenoire pointed out—on condition that these continuing relations of mutual interest are based on continuing human relations, on a continuing exchange of information. This is the objective of the third basket. We hope that, to achieve this, the countries of Eastern Europe will adopt a more flexible concept of the power of the State over its own citizens. We hope that the presence and freedom of operation of journalists can be guaranteed by all countries.

The third guarantee is the European Union—the priority which Mr Radoux highlighted so well. The process of political integration of the countries of the European Community is not, and must not become, incompatible with the current and future negotiations in Geneva, Vienna and Helsinki. This is an important and decisive factor, and it will become more decisive as the European Union grows in strength.

I too am glad that, at Geneva, the nine Member States displayed a united attitude and resolve. As has been pointed out several times, the Community spoke with one voice. I hope that this will not be the exception, but will become the rule for a Europe speaking in its own name, by reason of its own personality and its own political identity, for a Europe capable of expressing a single policy overriding the current interests of the individual Member States. A single voice which succeeds in speaking and being heard, and in obtaining an answer—a voice which manages to convince, and to achieve results which lead to peace and progress in the world.

(Applause)

President. — I call Mr Guldberg.

Mr Guldberg. — *(F)* Mr President, I should like to make two comments. The first concerns the question of the free movement of persons and ideas, which has for some time been showing both negative and positive features. The positive aspect is that the Eastern bloc countries appear to be displaying a certain amount of under-

Guldborg

standing of some of the wishes expressed by the West in this area. On the other hand, the security of a country and its people is not guaranteed merely by adopting a defensive attitude towards outside dangers. As certain current events illustrate, the security and freedom of a nation must also be protected against aggression from inside.

The western European countries would be very foolish, given their vulnerability, not to take this problem seriously. In countries whose domestic political security is founded on freedom of expression people voluntarily accept the risk of seeing their political system or their freedom attacked and undermined by those who are working towards changes which they regard as fatal to this political freedom. We consider this a possible threat to our security, and we must therefore highlight this problem to determine the limits to which we may go during the final phase of the Conference on Security and Cooperation in Europe. This is essential if we want the West to maintain its confidence in the conference.

Mr President, undoubtedly the best way for all the Member States of the European Community to guarantee and safeguard European security is to maintain close collaboration within the Community and to foster the Community's development in the political sphere. I would also take this opportunity of saying that although the various forms of summit conference have been greatly criticized, these together with the preparatory meetings have led to such frequent and lengthy contacts between the political representatives of the Foreign Affairs departments of the Member States that political cooperation has progressed remarkably. This is the only way to ensure the continued development of international understanding. It would be unrealistic to imagine that the nine Member States, which have such different political views and histories, could reach agreement on all questions of foreign policy without difficulty and other than by a gradual process. For this reason I do not feel it opportune to try to hasten artificially the third phase of the Conference on Security and Cooperation in Europe. This can only be of value if the situation regarding Europe's own internal security is clarified.

It is also obvious that security and defence policies are very closely linked, and it would be unrealistic to imagine that western Europe could carry out its security and defence programmes other than in alliance with the United States.

But this should not encourage us Europeans, given the position which we hope Europe will attain, to neglect to strengthen our political and military cooperation within the framework of

the alliance and in collaboration with the United States. Recently, numerous instances have illustrated that guarantees are not, and cannot be sufficient in themselves. This applies not only to the individual countries of western Europe but also to the European Community as a whole. We have for too long cherished the belief that western Europe's economic potential and its ability to contribute towards positive development in other parts of the world can by themselves provide us with ample security.

We should not forget that at certain times, such as the present, this form of security is very precarious. No further examples are required to demonstrate that the internal security and the economic potential of the countries of western Europe do not correspond to the needs of western Europe's defence policy. An economically prosperous country whose security depends largely on its economic potential cannot be expected to share its economic power with other Member States unless the latter are willing to assume, on an equal basis, the same responsibilities with respect to security and defence. To be quite realistic, European cooperation has no future if the Member States do not recognize the link between economic power and cooperation on security. Complete neglect of either field is impossible: we cannot attain economic prosperity by sacrificing security. We cannot depend entirely on guarantees, nor can we do without them.

(Applause)

IN THE CHAIR: MR BURGBACHER

Vice-President

President. — I call Mr Jahn.

Mr Jahn. — *(D)* Mr President, ladies and gentlemen, I would first like to thank Mr Radoux for his report: we are well aware of the considerable work he has done in the Political Affairs Committee and congratulate him on this.

I should merely like to add a few remarks to those of Mr Klepsch, with which I fully agree, and comment briefly on the last few weeks of negotiations at the CSCE in Geneva and the progress made there. In the Committee on 'Security and confidence-building measures' the major difficulties involved in reaching agreement on the basic principles governing international relations, that is respect for human rights and the principle of non-intervention in internal affairs, appear—I repeat, appear—to have been overcome.

Jahn

With regard to the notification of military manoeuvres, the USSR has finally begun to show some flexibility on the main controversial issues in this latter phase of the negotiations, on condition, however, that notification is given only—I repeat, only—on a voluntary basis. Soviet cooperation is also expected with regard to the areas affected, time-limits and the number of countries to be notified. The West appears willing to reach an agreement on this point, as long as the USSR feels morally and politically bound to declare such manoeuvres in advance. This is not enough, and practical formulas must still be worked out here. On the question of the mutability of frontiers the West has obtained the agreement of the USSR to the following sentence, to be included in the declaration on the sovereign equality of states: 'Participant states act on the understanding that their frontiers may be changed by peaceful means and as a result of agreements in accordance with international law.' Ladies and gentlemen, this formula takes account of our wishes, the wishes of the European Parliament, and also the German wishes for the recognition of the right of self-determination and the elimination of obstacles to the further integration of the European Community.

The Soviet Union and its allies, in particular, have hitherto refused to make any concessions in this field. They then surprisingly dropped their objections and an agreement was reached, the text of which I just read out. At the same time the diplomats of 35 nations—and this seems to me a particularly noteworthy point—decided in Geneva to place the question of the peaceful alteration of frontiers at the head of its list of principles, which is to govern the future relationship between the states of Europe.

In Committee II on cooperation in economic, scientific and technological affairs the question of the *quid pro quo* demanded by the West in the light of its concessions to the East has still to be settled. Furthermore, no agreement has yet been reached on the general granting of most-favoured-nation treatment as requested by the East. This is also a precondition for the conclusion of this conference.

It must be admitted, Mr President, ladies and gentlemen, that in Committee III, which aims at humanitarian progress, the West has considerably lowered its sights, and has not adopted the Franco-American argument that it is pointless to demand from the USSR concessions which are basic elements of western civilization. All that is being asked of the USSR is gestures, mere gestures and minor humanitarian concessions.

It is worth noting that both sub-committees of Committee III which deal with contact

between individuals and the exchange of information, have achieved some minor successes. Agreement has, for instance, been reached in principle that journalists should be given entry visas for several visits, but the USSR has so far not allowed radio and television reporters, such as are with us today, to be accompanied by technicians and film crews.

The East has agreed that the conference should not have a permanent organization, although the views of the small countries of both the East and West differ on this point from those of the USA, the Federal Republic of Germany, France and Great Britain. The present situation is that there is to be no permanent conference, no secretariat-general and no Euro-forum. This will prevent the CSCE from becoming the sort of supra-European body which was apparently the objective for some time.

The East, led by the Soviet Union, is disappointed in the conference, because it has not gone as smoothly for them as Brezhnev expected. The Western negotiators on the other hand, among whom the European Community of Nine has shown remarkable internal cohesion, now find that the other side is willing to offer nothing or very little more. Military matters, most-favoured nation treatment and reciprocity in economic matters, and liberalization in the humanitarian field are the main areas in which very little progress has been achieved over the past few months and weeks.

I should like now to comment briefly on the plans for a summit meeting to conclude the Conference.

Since last summer and particularly since the meeting between Mr Brezhnev and President Ford in December 1974, the USSR has urged that an early summit conference should be held to conclude the work of the CSCE. However, like the representatives of the European Community, President Ford was extremely wary of this proposal. President Giscard d'Estaing took the same line in his reply to Brezhnev's letter of 11 March 1975, in which the Russian leader proposed 30 June 1975 as the date for the summit conference. Following the Dublin Summit of 10 and 11 March, a declaration made within the framework of political cooperation was issued in which the Heads of State and Government expressed their desire for an early end to the conference, provided—I repeat, provided—fair and satisfactory results were reached on all items on the agenda. In conclusion I should like to quote a sentence from the *Neue Zürcher Zeitung* on the progress made so far in the conference. 'The Eastern countries have underestimated the toughness of the Western negotiators, and its hopes of an early end to the CSCE due to the

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flagging efforts of the Western negotiators have not been realized. The Western countries for their part have learnt that the sceptics' belief that no real liberalization can be expected from the Soviet system is justified.' I think this is entirely true. For some time the Soviet Union tried to create the impression that the CSCE would be a substitute of sorts for a European peace conference. They argued that it would solve all the problems remaining from the last war. However, the course and outcome of the conference have shown that it was not and is not a substitute for a peace conference. The very content and nature of the results of the conference make it clear, and this is also the view of the German Federal Government, that the conference cannot be confused with any type of peace settlement.

The CSCE decisions should, and I should like to finish on this point, provide a broad, multilateral basis for increased security and cooperation in Europe, and promote the peaceful co-existence of our peoples by means of agreements on practical measures. If this can be achieved, it will be a most welcome development.

President. — I call Mr Petersen.

Mr Helveg Petersen. — (DK) I shall not go into the details of the Radoux report, which I consider a particularly skilful and praiseworthy piece of work. I would, however, like to make a few remarks which relate naturally to this report when we realize—as we must—that the European debate on security is part of the international debate; the two cannot be separated. The conflicts taking place in the world outside affect the entire situation in Europe.

My remarks thus concern our approach to questions of European and international security, since I feel that this is a problem which has not been discussed sufficiently and to which we have not found a satisfactory solution. There is a great need for information—and, I might well add, for research—in this entire field. I think most of us must admit that we know far too little about the many aspects of security policy. We know too little about what is happening elsewhere in the world. We know too little about the connection between that and what is happening in Europe. We know too little about the areas of conflict. Of course, when a conflict does break out somewhere or other, it attracts our interest and that of the mass media. But areas of conflict which we can well define do not interest us sufficiently until it is too late, for we know how difficult it is to stop a conflict once it has broken out. To take another example, we know too little about the effects of the arms

race and about the connection between the arms race, employment and trade relations. We know too little about the security problems resulting from the population explosion and from the energy and raw materials crises—in fact, all the dangers which are now being revealed by the experts and which introduce completely new aspects to the security debate, thereby transforming it.

Mr President, several speakers in this debate have stressed that it is an advantage that the Community is speaking with one voice at the security conference, and I find this view sensible and correct. However, as a direct extension of this view I would draw attention to the need for the Community to take steps to achieve improvements in this whole field. This could be done by pressing for the creation of an international body which would have the task of providing information on conflicts, areas of conflict, on their causes and the circumstances underlying them.

Mr President, I shall not describe in detail the possible composition of such a body. It should, however, consist of representatives of all parts of the world—geographically, ideologically and racially—and its members should be of high personal integrity and should work independently of national considerations. Its sole task should be to ensure that the parliaments and the peoples of the world are informed about what lies behind conflicts, so that proposals can be made to solve them before they break out. And when we consider what is spent on arms—probably 250 thousand million dollars all over the world—it would surely only be reasonable to spend more than the present pittance on solving the information and documentation problem.

A proposal has been worked out by a group of scientists, and I shall send this proposal to the Political Affairs Committee in the hope that they will study it and consider its details. It may possibly not be approved. It is also possible that, on the basis of what these experts have proposed, we may be able to define some attitudes which could be reflected in an initiative to be taken by the Community, since it is essential for us to have a better and surer basis for taking vital decisions.

President. — I call Mr Blumenfeld.

Mr Blumenfeld. — (D) Mr President, I should like to join those who have congratulated Mr Radoux on his report and on the many valuable comments he has made today. I would also like to make some remarks and observations on the debate and his report. I would remind the House, Mr President, that the decisions reached

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in the first round of talks in Helsinki do not require us to proceed automatically to the third phase. We are now in the second phase of the conference and, as several of the previous speakers have pointed out, it is still not possible, given the stage reached in the Geneva talks, to reach any definitive decision on the date and nature of a final conference.

However, the Soviet General Secretary, Mr Brezhnev, recently surprised those not let in on the secret, by suggesting the end of June of this year as the date for the final conference in Helsinki, that is for the start of Phase Three. In so doing he placed himself under pressure from the point of view of the timing and nature of the final conference. Whether this was occasioned by the declaration made at the Dublin Summit by the nine Heads of State or Government or by the recent remark by the US Secretary of State, Dr Kissinger, that the problems still being debated in Geneva were rather 'esoteric', is an open question. I would merely state—as some of my colleagues have already done—that the present overall political situation makes it even clearer that we should not rush into the final conference, especially since the Soviet Union—and I am pleased that Mr Corterier, the spokesman for the Socialist Group, has already emphasized this point—needs to be reminded that we cannot, nor I hope can our Governments, dissociate the question of *détente* and security in Europe from the events in Portugal.

I wish to stress that I also feel that the concessions by the West in basket I in respect of a *de facto* acceptance of Soviet hegemony in eastern and central Europe are not counter-balanced by the concessions made by the East in basket III. The rapporteur also made this clear in his report.

Mr President, I should like to relate to the House an incident which is still very fresh in my memory. A few months ago, the parliamentary conference on the CSCE took place in Belgrade, and after we had been urging the need for consistency between the political and military efforts towards *détente* from the point of view of their nature and timing, in other words between CSCE and MBFR, between Geneva and Vienna, the chief Soviet delegate stood up and with an irritated unequivocal gesture swept this topic aside with the words 'We, the Soviets, are discussing this with the United States at the SALT talks.' And for him that was the end of the matter.

That, ladies and gentlemen, is the reality of the situation and we would do well to bear these things in mind.

Even if Mr Jahn's comments on the peaceful changes are correct, whereby mergers of states may be achieved in Europe without giving rise to a *casus belli*, at least not to intervention by a partner to a treaty—i.e. the Soviet Union—I would like to stress most strongly that the criticisms made by Mr Radoux in paragraph 48 of his report still carry weight, as I feel that the original proposal of the West to carry out peaceful changes in compliance with the right of self-determination must be maintained.

Mr President, I would like to draw the House's attention to a report in the *Neue Zürcher Zeitung*—it seems that Mr Jahn and I often read the same paper—of Monday, 7 April.

It deals with a European conference on human rights in Lucerne, and reads as follows: 'The world has long been aware of the situation regarding human rights and self-determination within the Kremlin's sphere of influence. Isolated developments in the direction of law and justice and surprise concessions from this mighty colossus cannot delude us.'

Brezhnev in fact recently made an open admission of the Soviet attitude by describing human rights as 'unrealistic minor problems'.

Ladies and gentlemen, I too feel that the formal character of the set of principles is still debatable. Mr Klepsch has already referred to this problem. I want merely to emphasize that Soviet propaganda is now trying to suggest that these are obligations of international law, or a kind of European magna carta. We must oppose these attempts to turn this list of principles into a special form of law affecting the whole of Europe and influenced by socialist international law, and I would be pleased if Mr Radoux would assent to this, as his report contained no critical comments in this respect.

I would say in conclusion that in the second basket, with which the EEC Commission is directly involved, the Soviet Union has recently stepped up its efforts to reach agreements which will make any further talks with the EEC superfluous.

Mr Radoux's report should have contained clearer warnings about these attempts to sidestep and undermine the EEC's authority on matters of foreign economic policy. Anyway, I should like to issue such a warning here in the presence of the Commission in the person of Sir Christopher Soames.

Finally, I would urge that the recently intensified demands from the East and also from some neutral countries for a permanent follow-up body for the CSCE be viewed with extreme caution by the West, and I am thus particularly

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gratified that Mr Radoux's report has firmly underlined the way in which a follow-up conference should be conceived, if at all.

(Applause)

President. — I call Mr Radoux.

Mr Radoux, rapporteur. — (F) Mr President, I can be quite brief. I would like to extend my most hearty thanks to all those who have taken part in this debate and then to make one or two comments.

Firstly, I made no mention of the possible level of the third phase of the conference at Helsinki because, as Mr Blumenfeld has just pointed out, I noted that the communiqué of the European Council in Dublin on 11 March 1975 stated that the European Council has spoken of an early conclusion of the conference at the highest level. I deduced from this, and also from conversations with representatives of the major powers, that the matter was settled, but I may be mistaken, and perhaps someone could clarify this point for me.

Secondly, in my anxiousness to keep to the very short time limit for speaking, I omitted to state earlier that in my opinion—and I say this in the presence of Sir Christopher Soames—the Commission should be represented at Helsinki during the third phase of the conference. Everyone agrees that it has done excellent work during the second phase. As this fact has been implicitly recognized, the Commission should be present at Helsinki. Moreover, we should try to work out how the Commission can fulfil certain obligations undertaken by the Member States during the second phase of the talks. Thirdly, I would like to repeat what I have already said about permanent negotiations. I said that throughout the conference and its prolongations we should adopt a 'functional' approach, but that I believed in the usefulness of a permanent body.

Since my colleague and friend, Mr Giraud, referred just now to God, you will permit me, a Socialist, to mention a mere cardinal. In his political testament Richelieu wrote the following: 'It would be impossible to credit the benefits reaped by States from continuous and carefully conducted negotiations if this fact were not borne out by experience.' With the words of this great master to support me I would state my belief that we should back the idea of permanent negotiations at this conference.

(Applause)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — May I join with many honourable Members in congratulating the honourable gentleman, Mr Radoux, on the very useful work that he and his colleagues have done.

I would say straight away that I agree wholeheartedly with the conclusions of the report and with the terms of the draft resolution. This debate, a considerable debate of over two hours, has, I think, shown the extent to which Parliament attaches importance to this subject and the Commission, of course, does too. I last had occasion to touch upon this subject in my reply to the debate on Mr Klepsch's report on relations with Eastern Europe on 18 February last; and I said then that the Commission was pleased with the success achieved in coordinating the positions of the Member States at the Security Conference. Now this coordination—and this is something which has been referred to by a number of honourable Members in their speeches—has enabled the Community both to explain and to defend its ideas in those areas where the Community as such has powers, notably in the work of Committee II of the Conference, which deals with economic matters, and it has also set out to foster a greater degree of coherence between Member States in those fields that are not covered by the Treaties. Now I am glad to see from Mr Radoux's report that he agrees with us that the rôle played by the Community as such at the conference has been—and he was kind enough to say he hoped it would continue to be—an important, active and constructive one. This relative success so far, in the Commission's view, merely underlines the paramount importance of maintaining and indeed strengthening our joint Community coordinating procedures in the delicate phase ahead when the Conference moves towards its conclusion.

A point made by Mr Corterier was that he was kind enough to say he was pleased at the efforts made by the Commission at this Conference, and the Nine in fact made it clear right at the very beginning of the conference that when Commission representatives spoke they would be doing so on behalf of the Community. This was not contested at the Conference, and so indeed it has happened. I am sure that most of us in our political experience have come to feel that seldom in politics do things ever turn out to be either as good or as bad as one expects them to be. Very often one derives from certain political facts some unexpected advantage. And the point I should like to put to the House—and I think from the speeches that have been made that there is some agreement on this—is that whatever we may think as individuals

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about the success or otherwise of this conference one thing is clear, and that is that it has been a valuable experience for the Community. Of course, often the Community as such has been present at international conferences like GATT and the like, but this, I believe, is the first major international conference of this character where the Community has been talking both on matters which are Community responsibility and on matters that fall within the scope of what is called political cooperation as a generic term, and has managed—successfully, I believe, and successfully in the eyes of the world—to coordinate its efforts on both counts. We have drawn strength from that, and it is nice these difficult days to be able to draw strength from some things.

The Security Conference has been going on for a long time now. In the debates held in January 1974, Mr Radoux pointed out that there had been hopes that the Conference would be concluded by December of 1974. Well, 1974 has gone by and the Conference is still with us. But more and more now the participants in the Conference are considering what follow-up arrangements will be necessary to ensure that the decisions of the Conference are put into effect.

What form these arrangements will take is still an open question. But there is one important point which I am glad to see is made in the draft resolution as well as in the conclusions to the report itself: It is essential that where the follow-up arrangements concern matters of Community competence, the Community as such participates. If there are to be specific agreements on such matters, the provisions of the EEC Treaty must be applied. It is as well to remember that Community interests could be involved not only in arrangements for implementing the decisions of the Conference, but also in determining what procedures are to be adopted to assess the effectiveness of these arrangements.

Now I would like to turn to the references in the report to the Community's relations with Eastern Europe in general and with COMECON in particular. A good deal has happened since the passage on this subject was drafted and I do not wish to repeat now what I said in the debate on 18 February, except for one point. We are very conscious of the fact, which the report points out, that there are fundamental differences of structure between COMECON and the Community. We are not trying to force a particular approach on the Eastern European countries. We consider simply that a normal situation in East-West economic relations would be one in which the Community develop contacts both with COMECON itself and with its component countries individually, depending on

where the competences lie in the particular matter to be discussed.

Finally, Mr President, I would like to pay tribute to the clear and logical way the report is set out and to turn to its conclusions. Apart from the follow-up arrangements, the other main conclusion lays emphasis on the need for an overall balance to be achieved on all topics which have been dealt with in this Conference, and this indeed was a matter that was approached by many honourable Members in their speeches. Progress has been made in certain areas of the Conference's work, but do not let us delude ourselves that a number of important questions do not still remain unresolved. Of course the Community is in favour of as rapid a conclusion as possible of the Conference's work, but more important than a quick end to the Conference is that it should be able to achieve some satisfactory results. We think that a successful Conference can, if the spirit as well as the letter of its decisions are given effect, have a helpful influence on the political climate in Europe. This can only be done by strengthening mutual understanding and mutual confidence among the peoples of our continent, and an important factor in achieving this aim is the normalization of all aspects of relations between Eastern and Western Europe. So the Community will continue to work, together with all other participants in the Conference, towards a successful outcome.

With this in mind I welcome the resolution which is before the House, the terms of which will be helpful to us in continuing our efforts. But I think that the main theme which was taken up by one speaker after another—Mr Klepsch, Mr Corterier, Lord Gladwyn, Mr Jahn, Mr Giraud and Mr Terrenoire—was that we are in favour of increased cooperation between East and West, and therefore we are in favour of this Conference. I would suggest that that should lead one to say that one is in favour of the Conference proving successful. When the idea of this Conference was first mooted, there were some who feared that it might turn into nothing more than a propaganda exercise. There were others who hoped that it could make a very real contribution to *détente*. Certainly the Community hoped that it would be the latter. Well, let us hope that it will be able to make at least some contribution, but do not let us forget that what is going to matter to us in the future, and to the peoples of our countries, is not just the words that are spoken, not just the resolutions that are passed, but the actions of the countries concerned towards each other. These we shall see as time goes on. And only time will show. Certainly there is plenty of room for improvement at present.

Soames

There has been talk of this Conference being brought to an end by a conference of Heads of State or Government. Certainly the Commission, and I think the whole Community, hopes that the progress made in the Conference will be sufficient to warrant such an ending to this Conference. But whether it ends with a Conference of Heads of State or Government or not, I think we should all be very careful not to delude ourselves and not to try to delude our people into thinking that, using Lord Gladwyn's expression, peace had broken out. We must not try to delude our people that things are other than they are. But certainly, Sir, from our point of view, from the Community's point of view, we will continue to work in the hope that something at least of satisfaction, some contribution to a better understanding between East and West, may come from this Conference, realizing of course that it is through actions in the future that the people of Europe will gain.

(Applause)

President. — I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — Mr President, I would like to endorse, naturally, everything which Commissioner Soames has said and to add a few other words of my own speaking from the point of view of the Council. The report is a very valuable one indeed. Its analysis of the background since 1954 to this whole matter is extremely useful and, if I may say so, I myself, who became involved in these matters at a date somewhat posterior to 1954, found it a very useful summing-up and I learnt much from it.

There have of course been developments since the report was prepared, and to some degree the report may sound a slightly more pessimistic note about the possibility of progress than perhaps is justified by some of the things that have happened since then. In the first 'basket', eight of the principles have been provisionally registered, the ninth is near completion and an initial discussion has started on the tenth. In Basket 3, to whose importance the report rightly directs attention, as it does to the absence of progress until recently, there are now texts on family unification, facilitation of marriage and access to printed information. And texts are now being drafted on working conditions for journalists, and on travel.

That is not to say that there does not remain a good deal to be done, or that we can at this stage be satisfied with the progress, or that the progress achieved to date is now sufficient for us to decide that the Conference can be successfully concluded. But certainly the progress

made in the last few months has been significantly more rapid than previously and gives us the hope that if this progress is maintained and if it is extended to one or two other areas where there is still an inadequate basis for agreement, it may be possible to bring the Conference to a successful conclusion before too long.

Well, like Commissioner Soames, I would at this point and on this issue, choose my words with care. One should not, I think, overstate what the beneficial results of this conference can be even if it is brought to a conclusion with which we can be satisfied as an adequate basis for agreement. Obviously the results that can come from this Conference are going to be limited, but I think nonetheless they are likely, if present progress is maintained, to be sufficiently positive to make the Conference worthwhile, so long as—as Commissioner Soames has rightly remarked—it does not engender any illusions that what it involves, what it achieves, is more than what really is involved.

There is one point I would like to make here. The end of paragraph 31 states: 'It is fears of this order [referred to immediately above] which have led the Western participants to insist, successfully, that the question of the establishment of a standing body, should not be considered until its utility, or otherwise, can be judged in the light of the progress made at Geneva by the expert committee.' Now I think that our reservations go a little further than that. The reservations we have about the question of institutional follow-up really relate to being satisfied, not merely that we can reach agreement on language and words and on a document as something to sign, but to being satisfied after a certain period of time that what has been agreed is being implemented. The reservations that we have perhaps go somewhat further in this respect than paragraph 31 might suggest.

There is one other point which struck me, in a way perhaps in which it might not have struck a President from another country, and that is the extent to which reference is made in the report at various points to the position of NATO, even to the extent in one paragraph of seeming to imply (although this is clarified somewhat later) that all the members of the Community are also members of NATO. You will appreciate why I as an Irish Foreign Minister make this point. The end of paragraph 38 states that 'the Political Committee of the Nine is fully informed of the national viewpoints of other NATO allies'. This point is clarified subsequently, and I must say that the report does pay tribute to the fact that it is in fact the Nine rather than NATO which has been the main driving force, that the credit does come to the Nine and, as Commissioner Soames has said, to the way in which the

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Nine have worked together both as Nine and in cooperation with other Western countries, and to the way they have worked together under their two different hats, the Community side and the political cooperation side. It has been in that respect a successful exercise and indeed, when we come to consider how worthwhile this exercise has been, this aspect I think will loom large in our minds.

The points made in the concluding paragraph of the report are ones which certainly the Council will have very much in mind: that the Community competences must be respected in any follow-up to the Conference, and I think we agree 100 per cent on that; that the development of Western European integration must have priority over East-West cooperation—that too, of course, all Members will be fully in accord with. I also think the point made in the report, that in dealing with major problems of East-West economic cooperation, the Nine have been recognized as their *interlocuteur valable* by the USSR and its Warsaw Pact allies, is an important step forward, as the report properly states. I just felt, Mr President, that I might take this opportunity to make these few brief comments on the point of view of the Council, giving the warmest endorsement to Commissioner Soames and the report itself. Thank you very much.

(Applause)

President. — I put the motion for a resolution to the vote.

The resolution is adopted.¹

Thank you, Mr FitzGerald and Sir Christopher Soames.

6. *Oral questions with debate :
Prospects for the Euro-Arab dialogue*

President. — The next item is the joint debate on the three identical oral questions with debate put by the Political Affairs Committee to the Commission, the Council and the Conference of Foreign Ministers of the Member States of the European Communities (Docs. 11/75, 12/75 and 13/75).

They are worded as follows:

‘Subject: Prospects for the Euro-Arab dialogue. Can the Commission (Council, Conference of Foreign Ministers of the Member States) of the European Communities give the European Parliament its views on the prospects for the Euro-Arab dialogue, which was decided in

principle a year ago but has not yet taken place?’

I call Mr Blumenfeld to speak to the question.

Mr Blumenfeld. — (D) Mr President, on behalf of the Political Affairs Committee I would like to make the following comments in support of the question.

By putting the same question on the ‘prospects for the Euro-Arab dialogue’ to the Commission, the Council and the Conference of Foreign Ministers, the Political Affairs Committee has introduced to the plenary session of the Parliament an innovation for which provision was made at the Paris Summit of December 1974. We are putting questions to the Council and the Conference of Foreign Ministers simultaneously and will subsequently be discussing their replies.

During the confidential meeting between the President of the Council and the President of the Conference of Foreign Ministers in February, the Political Affairs Committee held a preliminary discussion, which unfortunately proved fruitless due to lack of time. Even then the members of the Political Affairs Committee made it clear that they wished to continue discussions at a plenary session in public with Mr FitzGerald, who once again deserves our sincere gratitude for his openness and willingness to take part in an important political discussions with the members of this Parliament. We are thus looking forward to a good debate and detailed replies to ensure that this new procedure yields useful results.

With your permission, Mr President, I shall now briefly outline the background to the question.

The Euro-Arab dialogue began on 31 July 1974 and has been held formally only once; it has not been resumed since. It resulted from a visit made by an Arab countries delegation during the Copenhagen Summit of December 1973.

The Arabs wanted to begin discussions on general cooperation with the Community. The communiqué dealt with this question as follows: ‘The Heads of State or Government confirmed the importance of entering into negotiations with oil-producing countries on comprehensive arrangements comprising cooperation on a wide scale for the economic and industrial development of these countries, industrial investments and stable energy supplies to the member countries at reasonable prices.’ I would ask you to note the terms ‘negotiations’, ‘cooperation on a wide scale’ and ‘stable energy supplies’. Of course, the Heads of Government at that time were most concerned about the last point.

¹ OJ No C 95 of 28. 4. 1975.

Blumenfeld

In March 1974 the President of the Council was authorized to open the dialogue with about twenty countries of the Arab League. In mid-June a Community delegation went to Cairo to discuss with the Arab League the scope of possibilities and the ground to be covered by the dialogue. The Community planned to deal not only with industry, economic cooperation, and problems connected with oil and energy, but also science and technology, cultural exchanges, vocational training and financial cooperation. Only political matters were absent. The Arabs admittedly had similar intentions. They stated their aims at the opening conference in Paris on 31 July 1974 by declaring that the planned dialogue was the expression of political willingness to achieve cooperation in *all* sectors. This wish was opposed by the Community, largely in view of the political negotiations the USA had in progress in the Middle East, as these had to take precedence.

It was decided to set up a body called the 'General Committee', which planned to hold its first meeting in Paris at the end of November 1974. However, the participation of a PLO delegation became a highly controversial problem. No agreement could be reached on this, and so the Arabs decided not to send any delegation to the proposed meeting. This is to the best of our knowledge the situation as it stands today, although ways and means of overcoming the PLO problem are being discussed behind the scenes.

In view of this situation, which has persisted for over six months, the European Parliament has declared its immediate interest in the aims and prospects of a Euro-Arab dialogue, and we look forward to hearing the replies of the Commission, the Council and the Conference of Foreign Ministers.

President. — I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — Mr President, first of all may I thank Mr Blumenfeld for his kind words and also mention my pleasure in the fact that this is the first occasion on which the question is being replied to formally in relation to political cooperation matters—although, in this instance, to political cooperation and Community matters jointly.

I shall be replying formally, Sir, to your question, and therefore will not at this stage comment on your remarks; I will only say that the procedure is a slightly awkward one in which the debate is introduced by a speech to which the President does not reply immediately: he gives his formal pre-prepared answer, in which

he ignores the things that have been said, and replies at the end of the debate. I just wonder, Mr President, whether some revision of the procedure might not make it a little less awkward—a little less frustrating for the President of the Council and a little more useful, perhaps, to the Assembly. But I leave that thought with you.

The formal reply I have to give to the question that is put down is the following. The Euro-Arab dialogue is a concerted action in which the Community and the Member States, in the framework of their political cooperation, are working closely together with the aim of setting Euro-Arab cooperation within a general policy framework. To this end, the Council last year empowered its President, in collaboration with the Commission, to initiate talks with the Arab countries on matters falling within the competence of the Community. It is thus in my dual rôle as President of the Council and President of the Conference of Foreign Ministers that I have pleasure in replying to the Oral Question put by your Political Affairs Committee.

I am glad to have the occasion of this debate to reaffirm, on behalf of the governments of the Nine Member States, the importance which they attach to the Euro-Arab dialogue and their resolve to further its development. This resolve was confirmed at the meeting of the Foreign Ministers held in the political cooperation framework on 13 February last in Dublin. On that occasion, my colleagues and I examined the state of the preparatory work which had been undertaken at the level of the Community and agreed on the practical aspects which should be pursued in the special coordination group of the Nine dealing with the dialogue. The purpose of this preparatory work is to define the fields of economic, technical and cultural cooperation to be covered by the dialogue. We also discussed arrangements which could enable further contacts to take place on economic and technical matters between the European and Arab sides. We hope that the dialogue can move into its operational phase at an early stage.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, this is the third opportunity which the Commission has had of giving its opinion on the Euro-Arab dialogue, since as early as 25 September, on the initiative of Mr Durieux and of the Liberal and Allies Group, and on 10 December, following a question by Mr Jahn and other members of the Christian-Democratic Group, the Commission was able to state everything it expected

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from a Euro-Arab dialogue. It was able to do so with a freedom compatible with its less heavy responsibilities than those of the Council and which I find a pleasant contrast to the 'frustrations' to which the President of the Council and of the Conference of Foreign Ministers referred a few moments ago.

Mr President, I shall not restate, on behalf of the Commission, what has already been said on two occasions, that is that we attach considerable importance to dialogue between the Community countries and the southern Mediterranean and Middle East countries. We feel that the Euro-Arab dialogue is more than a formal meeting between groups from the Arab League and the Community. It is the expression of a common will to cooperate in matters of mutual interest, that is the upholding of our independence and our desire to achieve progress, which may be expressed in many similar ways.

There can be no doubt whatever that this Euro-Arab dialogue, and also the Israel-Europe dialogue, were inspired by political considerations. The House has repeatedly owned that these should be reflected in positive action; the Council of Ministers, the Conference of Foreign Ministers and the Commission are also convinced of this need.

But our common interests are many and their significance is apparent in all the southern Mediterranean countries and is confirmed every time Members of Parliament, and also myself, travel to these countries. The southern Mediterranean countries agree that their common interests will be served by creating a system of interdependence to provide the most favourable conditions for their own development. All this obviously has to be organized under trying conditions owing to the tense political situation and to the widely divergent conditions prevailing in the southern Mediterranean countries: some are rich, others poor, and some are amply populated and have the means and the need to develop, while others are almost deserted; and some are borrowers, while others are lenders. But they all undoubtedly have the will to develop and the conviction that the countries and industry in Europe have a great deal to offer them. I would like to refer to a remark by your former colleague, Mr Dodds-Parker, who said with reference to these countries that their needs were great, but so were their resources and potential, a fact which was of interest to us Europeans, but that our needs, like our intellectual and technological resources, were also great, which was of interest to them.

This is the background to the dialogue with the southern Mediterranean countries.

The Commission has repeatedly had occasion to emphasize that the institutional aspect of the Euro-Arab dialogue between the Twenty and the Nine, between the Arab League and the Community, between the countries on either side of the Mediterranean, should not be isolated from the general development of relations between the north and south of the Mediterranean. The pattern of these relations is bilateral and, as you know, progress is being made—I think the French President is leaving for Algeria today or tomorrow—and many exchange visits have taken place between European states and the southern Mediterranean countries. Relations are developing between the Community and all of these countries; I would point out that three of the Arab League countries, the Sudan, Mauritania and Somalia, are also ACP states and are thus linked with us under the Lomé Convention. We are of course negotiating with the three Maghreb countries and our negotiations with Israel have concluded with an agreement which has been initialled and which will soon be signed. Progress is therefore continuing between the Community and these countries.

There remain the question of the formal organization of the meetings and the way in which the positive results achieved overall by the Arab League countries and the Nine may be developed.

As the President of the Conference of Foreign Ministers and of the Council said in his reply, we have not yet reached the operational phase in these respects, a fact which we greatly deplore. However, our preparatory work for this phase is well advanced; we are examining systematically the various fields in which it is hoped to obtain the positive results I just mentioned in the field of industrial cooperation, agricultural cooperation—can the current competition in this area be turned into complementarity?—in the field of investment policies and guarantees, tripartite operations, and finally in the cultural, scientific and technical fields.

The preparatory work involves close cooperation with the Commission. I am sure the President of the Council and of the Conference of Foreign Ministers will permit me to say that the Commission has frequently played a useful part during this preparatory work by offering suggestions. With that I will conclude by repeating something which I have stated several times before Parliament, namely that the Commission has its place in this structure as a Community institution; it may express its views and has its part to play, while you, the Parliament have the right of direct intervention through your function of scrutiny, and are also able—as this debate shows—to hold the necessary discussions

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with two other institutions, the Council and the Commission, as well as with the Conference of Foreign Ministers.

(Applause)

President. — I call Mr Blumenfeld to speak on behalf of the Christian-Democratic Group.

Mr Blumenfeld. — *(D)* Mr President, I wish to thank the President of the Council and agree with him that this new procedure needs to be modified slightly if we are not to get bogged down in formalities. We find it rather difficult to engage in discussions which are based on replies from the President of the Council, which—if he will forgive my saying so—have to be kept very formal, just as my introduction has had to be kept rather formal. I am therefore particularly pleased that Mr Cheysson has made some remarks which give me the opportunity, if not to contradict him, then to present the case somewhat differently. It is my view that precious little remains of the Commission's and Council's original mandate, namely cultural exchanges, financial cooperation—important as this is—and vocational training, which was given a year ago and handed over to the Arabs, because as Mr Cheysson and Mr FitzGerald have just pointed out, economic and trade policies have long been carried out within the framework of the EEC policy towards the Mediterranean countries. The oil and energy policy is meanwhile being discussed at the conference of producer and consumer countries.

The EEC member countries have been providing the Arab states with scientific and technical know-how on a continuous basis and have cooperated with them in economic and technological fields with surprising success, as we have all observed.

If we are honest with ourselves, we are left simply with this question: what do we intend to discuss in this Euro-Arab dialogue? I am convinced that the Arab countries, aware of the economic interests of the EEC Member States, are trying consciously to give this dialogue an even greater political emphasis, i.e. they are trying to create a political forum in which—with the participation of the PLO—the Middle East conflict may be discussed and if possible—this is obviously the wish of the Arabs—the EEC won over to the Arab cause and the strategy of isolating Israel.

I feel it would be pointless to try to deny this state of affairs especially since the unfortunate and decisive failure of Dr Kissinger's 'shuttle diplomacy', that is the policy aimed at achieving peace by stages between Israel and its Arab neighbours. Even though bilateral discussions

are still being held to try to salvage the considerable number of peace moves and partial successes achieved by Dr Kissinger with his Egyptian, Israeli and other partners, what is really at stake is whether a sound negotiating position can be secured for the Geneva Conference. In such circumstances, however, Europe cannot afford to play the rôle of a political bystander.

The EEC has hitherto had very little political freedom of movement. But now the European Community has realized that it may participate in the Geneva talks to find a peace formula for the Middle East. The willingness of the EEC finally to become actively involved in the politics of the Mediterranean area does not mean that a military element will be added to those already there, nor that a common foreign policy will be adopted, as we are all aware of the divergent interests or views on this matter. Europe has an overwhelming and vital interest in peace in this part of the world, in the development of the Middle East as an economic bloc in which everyone can live in safety and contentment, and Europe can exert a moderating influence at these talks. Our history and our cultural and traditional trade relations with this part of the world demand that Europe should not seek to provide a substitute for American peace moves, but should complement these by assuming its rightful place with regard to the Middle East.

This, Mr FitzGerald, would in my view form the basis for a constructive Euro-Arab dialogue, although we must make it quite clear that Europe—quite apart from considerations of national or international law—can and will only agree to the participation of the PLO, and this is a problem which needs to be discussed here, if this organization completely renounces its 1968 Charter, which has since been reaffirmed at all the Palestinian national assemblies, and ceases to use terrorism as a political weapon against innocent civilians, children, women and old people.

Mr President, I think that Europe must now have the courage of its convictions. Only the European Community can now speak on behalf of Europe. The Council, the Conference of Foreign Ministers and the Commission will soon be put to the test.

(Applause)

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

Mr Behrendt. — *(D)* I am now the victim of my own decisions, as I have to state my Group's

Behrendt

position in five minutes. If I don't manage it, my colleague, Mr Peter Corterier will carry on for me.

I would like to say, like Mr Blumenfeld, that although this new debating procedure is a welcome step, we will definitely have to find another solution, as the reply was too formal. As you will be aware, Mr FitzGerald, you said much less than we already know. Indeed, we know from newspaper reports considerably more than what you were able to tell us today. Your smile indeed confirms this.

I shall try to deal briefly with the following three topics: the Euro-Arab dialogue, the Geneva Conference and our attitude towards the PLO.

As far as cooperation between Europe and the Arab countries is concerned, I feel that this dialogue is more involved than is apparent from what has been said here. We know the fields covered, and we know that Europe has proposed to our Arab friends that we should discuss questions of economics, finance, cultural cooperation, infrastructures and agriculture. I cannot now list the projects which could be discussed and in which we are cooperating. But Mr Cheysson has been kind enough to mention a whole series of projects and give examples of the topics to be discussed as part of this dialogue.

Before I come to the question of the Geneva Conference, I would just like to say that while we have to pursue this Euro-Arab dialogue we still have the Council decision of 1974, according to which similar contacts should be established with Israel.

This decision refers not to a dialogue but to 'contacts', and I would like to know, Mr FitzGerald, what the Council means by this. For the Commission in Brussels is already dealing with the present programme for Israel, which includes agreements on trade and cooperation. So it would be very interesting to know what else is meant by 'contacts'.

As far as Geneva is concerned, the Egyptian Foreign Minister, Mr Fahmi, recently announced that in addition to the USA and the USSR, Great Britain and France would also be invited to the talks, and it was not yet certain—this is roughly what he said—whether other Community countries could also participate. These states, he said, represented western Europe. I should like to ask the President of the Council the following question: who could object to the participation of Great Britain and France at the summit conference?

But this is not a European solution—it is more a UN solution.

The Middle East problem concerns us all, and it especially concerns the Community, and I would ask the President of the Council whether the Community should not speak with a single voice at the Geneva Conference. On behalf of the Socialist Group I would emphasize that this should not involve a military commitment. The Community's contribution would be purely political, with a view to bringing about a peace settlement acceptable to all concerned.

I would emphasize once again that the Euro-Arab dialogue and the Geneva Conference are two different things. The Euro-Arab dialogue aims at long-term stability, while the purpose of the Geneva Conference is to come to terms with an explosive situation and to reach a peace settlement for the peoples in this part of the world. Of course, I will not deny that the two are interrelated and that attempts are being made to give the Euro-Arab dialogue a political slant. But that is a question which concerns both parties, not just one. The participation of the PLO is also a factor to be considered in connection with the Geneva Conference and also the Euro-Arab dialogue. And I would like, Mr President, to conclude by saying something about that organization.

As we all know, recognition of the PLO according to the accepted criteria of international law presupposes the existence of a state, a nation and effective governmental power. But these do not exist. No one, however, has officially recognized this organization in a special, political sense. And I would like to say on behalf of the Socialist Group that the PLO's own actions determine how far we can engage in detailed, intensive discussions with them. We must be clear on two points: firstly, is the PLO willing to recognize Israel as a state, and secondly, can it state unequivocally its position with regard to terrorism?

We would also like to draw attention once again to the declaration of the foreign ministers of the Community of 6 November 1973, and to two points in particular. This declaration stresses first of all Israel's right to survival and secondly the recognition of the legitimate rights of the Palestinians, including the right of self-determination. A peace settlement in the Middle East should not only resolve the problem of the Palestinians but also provide a guarantee for Israel. These two requirements go hand in hand, and neither of them should be neglected in a peace settlement.

There is no time left to discuss the problem of the banks and companies which are the subject of discrimination, so they will have to be dealt with at a later sitting. I should therefore like to

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conclude by saying on behalf of the Socialist Group that we call upon the Council, the Conference of Foreign Ministers and the Commission—especially the latter—to continue the work already begun on the Euro-Arab dialogue, and also to see to it that the Community contributes in Geneva towards the efforts being made to achieve a peace settlement which is satisfactory to all concerned.

(Applause)

President. — I call Mr Guldberg to speak on behalf of the Liberal and Allies Group.

Mr Guldberg. — *(F)* Mr President, I shall merely discuss our rôle in this affair and will begin by saying that we must be realistic. The Middle East crisis and the oil crisis have shown that the basis of western Europe's economic power was very weak, that political cooperation in the Community was unable to bear such a heavy burden and that western Europe, itself in a critical situation, was becoming increasingly dependent on the outside world instead of being able to contribute independently to efforts, especially those of the United States, to reach a solution and create confidence in the future.

This situation was deplored not only in western Europe. Both in the Arab countries and in Israel, the presence of western Europe was sorely missed. These countries undoubtedly thought it unfortunate that western Europe lacked the co-ordination and political strength to make a substantial and independent contribution. The existence of an independent state of Israel within safe frontiers and the settlement of the situation of the Palestinians with guarantees of territory and independence are obvious prerequisites for a political solution. Yet it is a geographical fact that Israel is a small country compared with its Arab neighbours. There is nothing new in this.

What is new, however, is that a political solution should also make it possible for the Middle East countries to live in an economic community. The purpose of the Euro-Arab dialogue was to lay the foundation for long-term cooperation after the oil and monetary crises had receded and a political solution for Israel and its neighbours was found. This idea should be viewed within the overall context of the common Mediterranean policy, as this relates to all the countries of the Mediterranean basin, including Israel.

In order to ensure that a lasting peace is achieved between Israel and its neighbours and that the solution reached is not merely territorial, the countries concerned must have the means to exist. Today, this means that the Arab countries and Israel need to cooperate widely in the

economic, technical and cultural fields, and only the European Community is able, because of geographical, political and historical considerations, to help them do this. It is all the more unfortunate that the member countries of the Community, when faced with the oil and monetary crises, were incapable of dealing with other problems, and that a situation which could have yielded constructive and promising results has so far produced only minimal advantages for individual interests.

We must really get to the roots of this problem. It would be far too dangerous not to do so. If western Europe cannot solve its own problems, or find a way to cooperate with the United States to safeguard peace, we will be running a security risk ourselves. Economic recession and unemployment could also threaten our security.

We could quickly become embroiled in difficulties which could undermine our political security.

Mr President, I shall conclude by saying that the Middle East crisis has revealed the weaknesses which have been borne out by the results so far achieved by the Community. These must be eliminated and remedied. This is essential, whether or not the outside world advises us to do so.

We should only do what we are able. Economic and commercial cooperation should be based on monetary cooperation, which would give the European Community the economic stability to enable it to contribute towards peace and development and avoid the need for aid. In order to contribute towards stability we must sort out our own affairs after a political solution has been found to the problems in the Middle East.

President. — I call Lord St. Oswald to speak on behalf of the European Conservative Group.

Lord St. Oswald. — Mr President, to make an anodyne speech on the Middle East at this period in history is by no means easy, but with the possibility—some observers said probability—of another Arab-Israeli war within months, if not weeks, a vehemently partisan speech would be crassly irresponsible. If such a war breaks out, we can be certain that its international reverberations will be grave, perhaps graver than ever before, and memories of October 1973 with its aftermath are still fresh in our memories. Hope is held out by the apparent and almost certain fact that both Israel and Egypt have come to the conclusion that neither will gain from another war and that the cost to both would be grievous. Theoretically this should preclude war, but we all

Lord St. Oswald

know that wars have taken place in less volcanic situations when this realization was present in the judgements of statesmen in two or more antagonistic nations. The responsibility for avoidance must be shared more widely to include other civilized and far-sighted nations, their leaders and statesmen. In this hope we have seen two recent but certainly not conclusive setbacks. The assassination of King Faisal of Saudi Arabia caused an inevitable shock, but this was relieved by the immediate declaration of his successor, King Khalad, that he would carry on the generally moderating policies sustained by the murdered monarch. Peace-loving people must desire him success in this determination and a waxing prestige which can recreate the influence of his brother in the Middle East. The other setback which I think we cannot sensibly ignore is the breaking-off of Dr Henry Kissinger's talks in the Middle East and the recent diminution of his prestige in his own country—perhaps only temporary, but significant and unfortunate at this moment. Although, as I measure them, these two factors cannot be seen as other than diplomatic and geo-political setbacks, this should not create a mood of wringing the hands or resignation to ineluctably tragic events. It requires us rather to turn to other arenas of discussion and negotiation, other fora for listening and, if invited, advising. That is why I consider this question today before us to be of real importance.

Europe has a part to play and cannot stand aside among the spectators, for reasons some of which are more obvious than others. We heard Herr Willy Brandt, speaking to our Parliament on an earlier occasion as Chancellor of the German Federal Republic, describe the sense of responsibility of his own compatriots towards the Jewish State of Israel flowing from deeds in our own lifetime. On exactly the same theme, though from a different angle, some weeks ago an Egyptian diplomat of brilliance and earnestness said to me in so many words: 'All right, you in Europe persecuted the Jews on a huge and inhuman scale four decades ago. Why should we in the Arab world be paying for it now?' That expresses a simplified point of view; it is not a question beyond the wit of an honest mind to answer, but it cannot be neglected as part of the attitude which we might conceivably take in comparable circumstances. At least two of the nations represented in this Community can claim historic ties with the Arab peoples—ties which may still be remembered with little love as conquest and occupation by those peoples, but, as the years of occupation are left further and further behind, resentment fades and appreciation, sometimes reluctant appreciation, is revived. Those ties can be of value today.

The greatest obstruction that I see to peace is the new apparent dignity given to Yasha Arafat and to the PLO, which has been mentioned frequently today. The PLO repudiate the existence of Israel.

They deny that Israel has any borders at all—any existence. They aim at the total extinction of Israel as a state. They back up this destructive aim with pure terrorism in hideous and boastful forms. They attack and kill indiscriminately. Their death-toll among the unprotected and totally innocent eclipses any losses they have inflicted upon their armed opponents. They seek to exert in this way a stranglehold upon the peaceful world, including the peaceful elements of the Arab world. I see in this a great obstacle to the assistance that Europe could give through goodwill and by reviving old friendships and understandings. I believe that in this I am echoing some of the words of Mr Behrendt a moment or two ago. I cannot see how the European Community could bow to such menaces. We should belittle and humiliate ourselves if we did so. And one reasoned, friendly, constructive aim that we might set ourselves as a means to an end is to persuade President Sadat to sever his unnatural connections with these terrorist and inhuman gangsters. It is my esteem for President Sadat, which I have tried in the past to express, the importance I believe he has in the field of world peace which obliges me to state with total conviction that Arafat and his assassins are unworthy accomplices for such a man and such a nation. When they have been disavowed by men of reason and intellect, who are not scarce in the Arab world, the goodwill and the love of peace which all such men share, in whatever quarter of the globe, will conquer and give new life to the races at the other end of the Mediterranean who deserve it as well as we.

(Applause)

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

Mr Lenihan. — Mr President, in my view this important question is one that should be debated in a less emotional manner than that adopted by my immediate predecessor, because there is no point in getting what we want to get going, which is a Euro-Arab dialogue, unless we recognize that we of the European Community are involved in the problems of the whole Mediterranean area. I agree with Mr Behrendt that the state of Israel is involved in this; indeed, the Magreb and other North African areas and even the Western Mediterranean area are involved very much as well, so that this is a

Lenihan

problem that must not be looked at in isolation but one that includes a part of the world that ranges from Portugal to Pakistan. That brings many problems into focus. I should like to reiterate what Commissioner Cheysson said, namely, that the Euro-Arab dialogue represents a desire to deal with problems that are of real common interest to us in particular here in this Community. We are the peoples who are most concerned with the solution of problems that affect the whole Mediterranean and Middle Eastern area. Euro-Arab dialogue, dialogue in the real meaning of the word, without any pre-conceived value judgements as to the participants or people involved, dialogue in the real meaning of the word must be the start. Because of our proximity and the special relations that have always existed between the countries of the Community and those of the regions I am talking about, we can make a real contribution in this whole area.

And of course the Arab-Israeli problem is one of the most serious problems in the whole of this area between Portugal and Pakistan. I don't think that the two super-powers that are involved are in a position to deal with this problem effectively; I think the countries of the European Community are those who can deal with this problem effectively—they are the peoples most immediately and most historically involved. This is where Europe's voice can be heard in both the practical and the political sense.

We must act as a Community from now on, and abandon the unfortunate situation that recently obtained, in which particular Member States took divergent approaches. This must not happen again, and this is the challenge facing the Council of Ministers and indeed all the institutions of the Community.

There is no doubt that the energy crisis has not only created serious economic problems for all our countries but has brought to our immediate attention problems that had existed but had been neglected for many years. The countries of this Community must not forget that for years the prices paid for raw materials from the developing countries were inadequate. For decades the industrially developed world of North America, Western and Eastern Europe and the USSR have been profiting from the immense resources of a few underdeveloped countries and that without reinvesting any—or at any rate without investing very much—of the substantial profits made possible for so long by the particularly low prices of petroleum and indeed other basic commodities on the world market. This is why the establishment of fresh relations between the highly-industrialized countries—and this is where we can take a civilized lead within our

Community—and the countries producing primary commodities, especially petroleum, and the non-industrialized countries who do not have the good fortune to possess any rich mineral resources is without a shadow of doubt one of the great human tasks of our time. It is up to this Community to take a lead in this direction: it is imperative that we organize a true form of cooperation between our Community and the Arab countries based on partnership and that we recognize that this cooperation must take into account development on all sides of the Mediterranean and must respect Community preferences.

In conclusion I should like to say that I agree here again with Mr Behrendt that it is unrealistic to have a Euro-Arab dialogue without consultation with the state of Israel: this is essential. Further we must, without any emotionalism, organize a practical means of recycling finances between the Arab world and Europe, and Europe is in a particular position to do this.

(Applause)

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

Mr D'Angelosante. — *(I)* Mr President, ladies and gentlemen, we are of the opinion that for this debate to be useful it must take account of some very interesting facts from our recent history which indicate the path that the Community should follow and the mistakes we think have so far been made.

I should like to say, Mr President, that at the end of 1973, around the time of the Copenhagen Summit, the conference of ministers of Member States meeting, if I remember correctly, in Brussels on 6 November 1973, upheld some interesting political principles concerning the situation which existed then and unfortunately still exists to-day in the Middle East. It especially upheld the principle which had already been laid down in certain United Nations resolutions, in particular Resolution No 242, concerning the restitution by Israel of Arab territories conquered during the 1967 war.

Over a year has gone by since that time and Europe has witnessed a complete change in the situation. We have seen the United States intervening to modify the Middle East situation by means of negotiations which, far from leading to the recognition of Israel's duty to restore those territories, transformed this very duty into a subject for negotiation, removing from it all its binding legal and moral character and culminating in the recent escalation of tension of which we are all aware.

To my mind, it is extremely unfortunate that throughout this period the Community over-

D'Angelosante

looked the fact that Kissinger's stage-by-stage policy, although in some respects favourable to peace, was nevertheless in conflict with the decisions of the United Nations and with the Community's own evaluation. Let us hope that the Geneva Conference will resolve the problems better than the recent abortive negotiations. We believe that the Community should reaffirm as its opinion what was stated a short while ago by Mr Behrendt, i.e. that in any case the territorial integrity and existence of the state of Israel must be safeguarded, but that once this has been achieved the Middle East situation must be restored to what it was before.

I do not agree that the problem of the liberation of Palestine can be described in the terms used a few minutes ago, that is, by maintaining that the territory, and consequently the state, does not exist. In actual fact, the Palestinian people is not a people without a territory, at least from the legal point of view, but a people whose territory is under military occupation by another state.

Another relevant factor is that immediately following the Copenhagen Summit the Community stated the need to negotiate directly with the Arab states on oil supplies and other economic problems. Shortly afterwards, however, the situation changed again owing to the intervention of the United States so that, instead of the multi-lateral negotiation between the Community and the oil-producing countries which we had hoped for, nearly all the Member States adopted a different solution. They followed the United States in setting up the International Energy Agency within which—a regrettable situation in our opinion, Mr President—eight Member States of the Community accepted a supranational rôle that they are not prepared to accept inside the Community. These are truths which needed saying—they reveal the real obstacles which prevented us from following the path we would earlier have chosen spontaneously.

Now we will have the conference between the three major groupings, viz the industrialized consumer countries, the producing countries, and the countries of the poor third world. But I maintain, Mr President, that if anyone ever had the idea that the poor third world countries might be able to stand up against the oil-producing countries, Dakar helped remove this hope and illusion just a few weeks ago.

Europe's path has already been clearly marked out and I fail to understand why we have waited for more than a year and abandoned our previous decisions. A year, Mr President, during which the Community has nevertheless found time to draw up an agreement with Israel which is extremely favourable to that country, while doing nothing for the Arab countries, with

whom, however, some useful bilateral agreements have been concluded.

We find these facts very significant, and we hope that those who will answer us at the end of this debate will take due note of them.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, carefully avoiding those areas for which the Commission most manifestly carries no responsibility I should like to say a few words on the geo-political economic analysis undertaken by some Members of this Parliament. I may say that the Commission is in complete agreement with the context in which Mr Lenihan has placed this debate. The subject is our relations with the Mediterranean countries. These relations—and here I take the opportunity of replying to another honourable Member—are not relations based on aid. We need these countries. The economic zone of each and every one of the European countries, even the economically strongest, is far too limited. So they depend on their imports and exports; they depend on their external economic relations as regards supplies, markets and, occasionally, financing. These are the facts of the situation.

Throughout history, all the countries of Europe have tried to deal with this situation by various means, military, colonial or other. These times have passed. Ours is an age in which the colonies have become independent, in which we must make up for the insufficiency of our economic zones in other ways. And what better way is there than to turn our dependence for raw materials on these countries, which are rapidly developing and consequently have expanding markets, into a state of interdependence? All these countries, Egypt and Morocco, Israel and Algeria, have a justified ambition to develop. They need partners and I wholeheartedly agree with Mr Guldberg that as partners the Europeans cannot be rivalled.

This is not because our technology is better than that of America, Japan or Russia, but precisely because we are dependent and, as such, no doubt ready to accept the structural changes and internal sacrifices necessary to consolidate our economic, and therefore political, relations with the developing countries near us. That is why we are unrivalled as partners.

An Arab Head of State recently told me that he wanted to sign long-term agricultural product supply agreements with the Community and the European countries. He went on to say that he could sign similar agreements with other

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countries of the temperate zone, such as Russia or the United States, but that he preferred to deal with the Community countries because our dependence made us a safer partner. We are safer partners for these countries by virtue of our geographical proximity, of our geo-political pressures and also, I hope, by virtue of our past, our cultural inspiration and our desire to help these countries develop. That is what I mean when I say we are unrivalled partners.

You will say, Mr President, that this is the foundation of our entire policy as regards the third world, or at least a large part of the third world. That is true. But it is particularly so as regards the countries nearest to us, whose independence, progress and peace have a direct bearing on our future, as well as that of our children and grandchildren.

That is why it is with these countries first and foremost that we must establish very solid, close, continuous, permanent and, in many cases, binding links which will associate our economies and our future. Let there be no illusions, it will not be easy. A programme of aid would indeed be simpler. But the important thing is to integrate fundamental elements of economic growth. As the memorandum the Egyptian Arab Republic sent to the Community states, we have to integrate a part of their economic growth in our own economic zone.

So we must see how this task will fit into the general pattern of our other policies, without developing ourselves, and amid the understandable fears of our populations, workers and commercial enterprises.

Such is our ambition, and the venture upon which we are embarking is a great one. Mr Lenihan is right in saying that it is not just this country or that which is involved, but all these neighbouring countries, which are sometimes grouped together and sometimes isolated. Their peace will be our peace in the same way as for five years our war was their war. Our future is linked with theirs, they will prosper only if we help them, but it is on this prosperity that our own growth largely depends.

Such, then, is the great venture of which the Euro-Arab dialogue is one manifestation. It must correspond to a general desire and this is why, Mr President, the Commission is so pleased that this debate is taking place in Parliament today.

(Applause)

President. — I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — Mr President,

what Mr Cheysson has just said covers so ably and fully the ground relating to the Euro-Arab dialogue that it does not leave me much to say on that particular front other than to endorse strongly what he has said. The concept of this dialogue is founded on a real mutuality of interests, which is very strong because of our mutual interdependence. It is a mutuality of interests which perhaps is more strikingly evident to us in the post-October '73 period than before, but which nonetheless existed before and which has been strengthened by those events.

These countries need our goods and services, our technology, our help, to develop their economies. We need their purchasing power in respect of these goods and services in order to maintain our economic development. It is on that firm foundation that the Euro-Arab concept is based, and that is why whatever hesitations or delays or difficulties there may be at this point, and whatever technical problems there may be to overcome—and they will be considerable, as Mr Cheysson has said—it is certain in my view that this dialogue will prove fruitful and beneficial to us and to them.

Several broader points, going beyond the question of the Euro-Arab dialogue itself, were raised in the debate. I seem to detect in what a number of speakers have said the feeling that, with regard to the political problem of the Middle East, Europe has perhaps a greater rôle to play than it has hitherto felt able or felt it appropriate to play, a feeling that at this particular stage in the development of the situation there, and following the breakdown of the efforts being made by the American Secretary of State, Europe could perhaps at this point seek a more active rôle and do something useful on this political front. I note these views which echoed from several quarters of this Assembly and will communicate them to my colleagues.

I note also the view expressed by Mr Behrendt in particular, and I think also by other speakers, that at the Geneva conference which is to take place, there would be merit in the Community being present and speaking with one voice, rather than merely some members of the Community being there speaking on their own account. This view also I shall communicate to my colleagues and I will ask them to bear it in mind, coming as it did from this thoughtful debate in this House.

These were the points which seemed to emerge in the broader, political sphere, and which I will take into account, as I have said. I think the debate has been a useful one. It has been a debate with necessary limitations which I myself was forced to impose, because, as was

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pointed out, the reply I had to give on behalf of my colleagues was not a very communicative one. I think Mr Behrendt said that I nodded when he said that my reply gave less information than was in the papers. I didn't nod, Mr President, I smiled. I should have been going beyond my function as President to nod at that point, but I think I am entitled to smile. The debate was necessarily somewhat limited, because of the stage at which it has taken place. Nonetheless it is a useful debate at this stage, and one the echoes from which will, I think, influence the subsequent development of the situation.

(Applause)

President. — I have no motion for a resolution on this debate.

The debate is closed.

Thank you, Mr FitzGerald and Mr Cheysson.

7. Oral question with debate :

Tripartite conference with participation of the economic and finance ministers

President. — The next item is the oral question with debate, put by Mrs Goutmann and Mr Marras on behalf of the Communist and Allies Group to the Council of the European Communities, on the tripartite conference with participation of the economic and finance ministers (Doc. 14/75).

It is worded as follows:

'At the tripartite conference held in Brussels on 16 December 1974, the representatives of employees' trade union organizations suggested that a second social conference be convened, during the first half of 1975, on which occasion the economic and finance ministers of the Community member countries should also take part. The trade union organizations made this request because they believe they should be consulted not only on matters of employment management but also on the economic and financial policies that actually determine employment levels. This proposal and the grounds on which it was based were supported by the Italian and Irish minister.

The communiqué issued by the last meeting of the Council of Ministers for social affairs makes no reference to this trade union proposal.

Could the Council inform Parliament of its position as regards this proposal and whether any action has been taken to implement it?

I call Mr Marras to speak to the question.

Mr Marras. — (I) Mr President, together with other Members of the Committee on Social Affairs and Employment, I had the honour last December of attending the tripartite conference

organized in Brussels by the Council of Ministers and chaired by the French Minister of Labour, who was at that time President-in-Office of the Council of Ministers. The trade union organizations had been pressing for this conference for a long time; our Group, too, urged in this House that it should be convened, but procedural difficulties led to its being postponed until December.

Although the conference was somewhat improved it did achieve some positive results, since it decided finally to convene the Standing Committee on Employment which had never met since it was set up some years ago. The essence of these discussions—which were also followed closely by a delegation from Parliament which was present as observer—was, in our opinion, contained in a statement made to the Council of Ministers, which was in charge of the conference, by the trade union representatives, particularly those of the CES—the European trade union organization representing 37 million workers: 'You invited us, gentlemen, and we agreed to come and discuss unemployment problems. We cannot, however, restrict ourselves to this; there are direct and indirect causes of unemployment, and in our analysis we must go further back and study not only the level of unemployment and methods of combatting it, but also the economic policies which lead to it.' They then proposed that the Council of Ministers—not the Commission—should convene, in the first half of 1975, a new and more thoroughly prepared tripartite conference to be attended not only by the two sides of industry and the ministers of labour, but also by the economic and finance ministers.

The Council adopted a position on this request, and at a personal level the Italian Minister of Labour, Mr Toros, and the Irish Minister of Labour supported the trade unions' proposals. The Irish Minister, Mr O'Leary, is now President-in-Office of the Council of Ministers for Social Affairs, and we should be interested to learn whether he later maintained the opinion he expressed at the conference at the meetings of the Council of Ministers for Social Affairs over the last few months.

The first tripartite conference has thus had its positive effects, and we have heard an interesting report from Commissioner Hillery on the subject—a report which presented the problems in a highly concrete manner. But the major result of the conference was the meeting on 17 February of the Standing Committee on Employment. I believe that there, too, there was talk of convening an economic conference to be attended not only by the ministers of labour of the nine Member States, but also by the eco-

Marras

conomic and finance ministers. It is, however, not known whether the trade unions would be invited to this meeting, and the purpose of the question we have tabled is therefore to ask whether the Council of Ministers has studied the proposal made by the CES and whether it intends to meet this request to any extent.

May we also ask whether or when this meeting of the ministers of labour with the economic and finance ministers will take place? We all know—and I cannot of course deal with this in my brief speech—the extent to which unemployment within the Community has risen. The latest statistics for March show that there are well over 4 million unemployed, and we are rapidly approaching the 5 million mark. The Commission's report on trends in the social situation rightly stresses that this is today the most serious problem facing the Community, and Mr O'Leary, the Irish Minister of Labour and President of the Council of Ministers for Social Affairs, has stated that the Community's fate, its standing with our peoples, will be judged more than anything else by the extent to which it is able to tackle this enormous problem of the millions of unemployed—and the figure is still rising.

We feel that an open and direct discussion between the Community authorities—the Council and the Commission—and the two sides of industry will contribute effectively towards finding solutions to this urgent problem. We know that the Commission has its own ideas and that it has been working on translating them into practical proposals during the last few weeks. We are waiting to hear these proposals, which will undoubtedly be positive in some respects. We shall be giving our opinion in due course, but a more direct contribution, a wider participation of the two sides of industry—particularly of representatives of those groups of workers which are most affected—will undoubtedly increase the originality and lead to greater imagination and courage in the search for solutions and ways of tackling the problem. We warmly support a conference of the kind asked for by the trade unions, and we feel that, in the light of the experience gained in Brussels in December, it would turn out to be a good move and would enable us to tackle this problem adequately and, to some extent, to solve it.

President. — I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — Mr President, the answer to the question put to me is that the Council has taken note of the suggestion put forward to the Conference on 16 December 1974

regarding the organization of a conference to be attended by employment ministers, economic and finance ministers and representatives of the Commission and of management and labour. The Council notes that within the Standing Committee on Employment, which resumed its activities on 17 February 1975, the Council, the Commission and representatives of management and labour have already started discussing the principal problems connected with employment policy. It is possible that the Council will also hold a meeting of employment ministers and economic and finance ministers in order to examine the various aspects of the employment situation in the Community. At this meeting the Council could also examine the question of organizing the suggested conference.

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

Mr Glinne. — (F) Mr President, ladies and gentlemen, the Socialist Group considers the proposal made by the Confédération Européenne des Syndicats with a view to widening European government representation at a new tripartite conference on employment to be fully justified, and we approve the Oral Question which is the subject of this debate.

Limiting the Council's presence to the ministers for social affairs—whether they are known as such or whether they are called ministers of labour or ministers of employment and labour—in fact reduces—perhaps deliberately—both the importance of the meeting and the 'quality' of the decisions it will have to take. Mr President, may I recall briefly my own personal experience and say that very often—particularly so in times of crisis—the ministers of labour are the ministers of the unemployed, the sacked and the rejects, while other ministers are responsible for the creation of new jobs resulting from the combined impact of public pressure and private initiative.

We therefore sincerely hope that the current discussions in the Standing Committee on Employment will lead to this tripartite conference with the additional participation of the economic and finance ministers. The meeting must be held very soon at the level desired by the Confédération Européenne des Syndicats if, in this particularly difficult period, the Community's economic and social policy is to be formulated in a way that can be appreciated by the vast masses of workers.

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

Mr Nyborg. — (DK) Mr President, ladies and gentlemen, the Italian Minister of Labour, Mr Toros, and the Irish President of the Council and Minister of Labour, Mr O'Leary, are both in favour of convening a tripartite meeting of the two sides of industry and the economic and finance ministers, in order to improve coordination between employment and the economy. At the recent Summit in Dublin, the Belgian Prime Minister, Mr Tindemans, tried to initiate a discussion on the economic and social situation within the Community. He presented a document on unemployment and a more flexible utilization of the Social Fund. This document proposed enlarged meetings of the Council, with the participation of the finance, economic, social affairs and labour ministers, and a discussion on each sector of industry between management and labour and the public authorities. Since there was not enough time at the Dublin Summit to discuss this document, it was sent for discussion in the Council of Finance Ministers. Even if the finance ministers agree to hold a joint meeting with the ministers of labour, they are clearly not in favour of such a meeting with representatives of the two sides of industry.

I support the request for a joint meeting between the finance and labour ministers, with the full participation of labour, management and the Commission. It is only right that the employees should hear us when decisions on measures in this field are being taken. In conclusion, however, I should like to express a certain doubt about the practical results of this conference, and I must warn strongly against disregarding the danger that this conference may lead to other moves being held up in expectation of the result of the proposed tripartite conference. This would achieve precisely the opposite of what was intended, by delaying the implementation of effective measures to reduce unemployment in the Community.

The situation is so serious that I feel that no avenue to improvement must be left unexplored.

President. — I call Mr Girardin.

Mr Girardin. — (I) Ladies and gentlemen, I must express my support for the proposal made by the trade unions at the tripartite conference on December 16 in Brussels. I too attended this conference, and I must say that the spirit behind the request seemed to me to be completely justified. The trade unions are in fact asking for talks not only with those responsible, at national and European levels, for the individual sectors, but also those who are responsible for a more closely coordinated policy at both these levels. We, for our part, have always insisted that the social

policy should not be considered an end in itself, but should be coordinated with the regional, financial and industrial policies in particular. It is clear that this coordination must be achieved not only at organizational, but at policy level. In this context I should remind you that, at the meetings of the Standing Committee on Employment, we have asked—and this is also the subject of a question of which I am one of the signatories—for some Members of this Parliament, or at least for some members of the Committee on Social Affairs and Employment, to be included in this standing committee, so that there can also be coordination on the subjects which are being discussed there. I feel that this, too, is worth stressing in support of the request made by the trade union organizations at the conference on 16 December last.

President. — I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — Mr President, I cannot add very much to what I said in my former reply. I have listened to the debate with interest. I note the concern expressed both for a joint meeting of finance and social or labour ministers, and also for this wider conference. I understand that the finance ministers who will be meeting on 21 April will consider this matter and I would personally hope that on that occasion agreement can be reached on a joint meeting of the finance and labour or social ministers to consider the matters which have been raised here.

On the question of the conference of the social partners, this matter has been raised but it is not one on which a decision has yet been taken. Of course if this joint meeting takes place, it would be a very appropriate forum in which to consider that suggestion. In the meantime, excellent work is being undertaken in the Standing Committee on Employment, the results of which would be available both to the joint meeting of finance and labour or social ministers, if it takes place in the reasonably near future, and to any conference of the wider kind which has been mentioned here, if such a conference were called. But I cannot prejudge the decisions on these matters. They will be taken by the Council of Ministers, the finance and labour ministers in the—I hope—near future.

President. — I call Mr Marras.

Mr Marras. — (I) Mr President, I should just like to say that the statement made by the President-in-Office of the Council of Ministers appears to me to be somewhat evasive, even though it is completely negative with regard to our question.

Marras

He stated that the ministers of finance and labour will be meeting on 21 April, and that the possibility of convening a tripartite conference with the two sides of industry would be discussed again then. I would point out that not only our Group—although it represents a large proportion of the workers in the Europe of the Nine—but also prominent spokesmen of the two largest Groups in this Parliament, the Socialist and the Christian-Democratic Groups, have also shown that they appreciate the need for this conference. The assessment of its usefulness, largely shared by this Parliament, should therefore be borne in mind by the Council of Ministers when it is discussing the question.

President. — The debate on this item is closed.

Thank you, Mr FitzGerald.

8. *Oral questions with debate :
Cooperation agreements*

President. — The next item is the joint debate on the two oral questions with debate put by Mr Jahn and others to the Council and the Commission of the European Communities (Docs. 9/75 and 10/75).

The question to the Council is worded as follows:

'Subject: Cooperation agreements

The Council is requested to answer the following questions:

1. Which Member States have concluded cooperation agreements with third countries during 1973 and 1974?
2. What is the substance of these agreements?
3. How many cooperation agreements were concluded during the same period between private undertakings in the Member States and undertakings in third countries?
4. What opportunities does the Council see for exerting a coordinating influence, at Community level, on the form of these agreements?

The question to the Commission is worded as follows:

'Subject: Cooperation agreements

The Commission is requested to answer the following questions:

1. Which Member States concluded cooperation agreements with third countries during 1973 and 1974?
2. What is the substance of these agreements?
3. How many cooperation agreements were concluded during the same period between private undertakings in the Member States and undertakings in third countries?

4. What information can the Commission give on the substance of these private cooperation agreements?

5. What steps has the Commission taken to exert a coordinating influence on the form of these agreements?'

I call Mr Jahn.

Mr Jahn. — (D) Mr President, ladies and gentlemen, the question of cooperation agreements is once again under discussion in this House. Many of you may rightly ask whether, after the debate in February on the report drawn up by Mr Klepsch and myself on the problem of trade relations between East and West, there can be any justification for again debating this nevertheless very important aspect of the Community's foreign trade relations.

May I begin by saying briefly why my colleague and I have submitted these questions to the Council and the Commission. As you know, the term cooperation agreements embraces two different features which have developed particularly in trade between East and West, but also increasingly in trade with the countries of the Near and Middle East. The first type of cooperation agreement is the agreement directly between states, designed to promote bilateral economic cooperation.

Nearly all the Member States have concluded such agreements with the state trading countries in Eastern Europe and I do not believe we can be very happy about this state of affairs.

On many occasions my colleagues and I, as well as Members of other Groups, have emphasized the dangers which these agreements present to the development of a common commercial policy. I should like to refer you to the statement on this subject made by Mr Klepsch and, in particular, to the report by Mr Klepsch which I have just mentioned.

Today, Mr President, we must direct our attention to the second kind of cooperation agreement i.e. deals at the level of private undertakings between East and West, and even the Near East. Experts consider cooperation agreements of this kind to be a means of strengthening economic relations which augurs well for the future because joint production of components, exchange of programmes and product innovation may help to compensate for the structural deficiencies in trade between Western and Eastern Europe. In principle, I do not believe—and I am sure that a large number of Members share this view—that there can be any objections to these developments, which are proof of the flexibility and inventiveness of private undertakings in the West.

Jahn

Cooperation between undertakings is, however, in no way a product of bilateral cooperation agreements between states. It is rather that the states give their blessing to these agreements after the event. I should like to quote the relevant passage from the German-Soviet Agreement of October 1974. I could equally well have quoted the corresponding French agreement. The text is the same: 'The High Contracting Parties shall, as far as possible, support initiatives designed to develop industrial cooperation, including joint production, between their various organizations and undertakings'. I stress the phrase: 'including joint production, between their various organizations and undertakings'. 'For this purpose they shall take measures within their competence to facilitate the conditions in which such cooperation can be realized'.

It is thus quite clear, ladies and gentlemen, that even cooperation between undertakings no longer stems from open competition among bidders in the Community. Instead, the individual states intervene with aid to encourage such cooperation, i.e. from the Community viewpoint, they falsify the conditions of competition.

In the short term this may be advantageous for individual states. But by granting interest subsidies and other preferential treatment on a national and uncoordinated basis the states can only damage themselves in the long run. According to information supplied by the Federal German Government there are already 160 to 180 such cooperation agreements between undertakings in the Federal Republic and state-trading countries, and 500 to 600 between undertakings in the Community and state-trading countries.

Let me make it quite clear: national promotion of international cooperation between undertakings can only be damaging if it is not coordinated, and damages not only the states themselves but, Sir Christopher Soames, above all destroys the basis of a common commercial policy.

What can be done about it?

As you know, since 24 July 1974 we have had an instrument with the help of which the Commission should be able to produce coordinated action in this field. In the Council decision of that date Member States were put under an obligation to inform the Commission of measures which could have an effect on trade. I stress the word 'could'. I hope, therefore, that the Commission will not reply today that it is not sure whether agreements between undertakings, in specific cases, have any effect on trade. I believe that, on the basis of the Council decision of 24 July 1974, the Commission must

make sure that it is informed of these agreements.

The Commission must not, of course, be satisfied with the simple collection of information. We expect it to make proposals to promote cooperation between undertakings at Community level under coordinated conditions.

To sum up, we welcome cooperation between undertakings in the Community and undertakings in third countries. I repeat 'undertakings in the Community and undertakings in third countries'. We are opposed, however, to uncontrolled and uncoordinated measures at national level to promote cooperation. We therefore demand bold measures from the Commission to guarantee that such cooperation is encouraged in the true interests of the Community.

IN THE CHAIR: MR MARTENS

Vice-President

President. — I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — Most of the Member States have concluded one or more cooperation agreements with third countries during 1973 and 1974. Owing to their varied nature, it is very difficult to define the substance of these agreements. However, it can be said that these agreements, generally described as economic, industrial and scientific cooperation agreements, usually establish a legal framework enabling the parties to determine by common accord the fields where cooperation seems desirable.

These agreements are aimed less at creating specific means of action than at defining and stimulating initiatives which, in the last resort, must generally be taken by private undertakings. The extent to which these agreements provide detailed arrangements varies considerably according to the circumstances. Some of them are no more than a general statement of the willingness of the parties to encourage cooperation. Others contain a list of the operations likely to be carried out, with a reference in certain cases to the undertakings involved in the cooperation projects. Pursuant to Community regulations, the Member States inform each other only of commitments entered into and measures taken or envisaged by their authorities. Therefore the Council has no information concerning the specific operations of private undertakings.

By its decision of 22 July 1974 setting up a consultation procedure for cooperation agree-

FitzGerald

ments, on which the European Parliament was consulted, the Council provided the Community with the means of forming, through exchanges of information which may be followed by consultation, an accurate idea of the content and operation of the agreements envisaged or signed by the Member States. So far there have been several meetings of the select committee set up by this decision. After a running-in period, devoted primarily to examining whether the agreements, commitments and measures were compatible with the common policies, and in particular with the common commercial policy, work should be directed increasingly towards the objectives mentioned in paragraph (b) of Article 3 of the aforementioned decision, that is, towards the identification of problems of common concern and the coordination of the action of the Member States in respect of the third countries in question.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — Mr President, I thank Mr Jahn for this question and for giving me the opportunity of speaking to Parliament today on this important subject. I agree with him very much on the importance of this whole question of cooperation agreements, of the benefit that could be derived by the Community as a whole and by individual member countries concluding these, and also of the dangers involved.

Mr Jahn's question contains five points, the first relating to the Member States which have concluded cooperation agreements in 1973-1974. This the President-in-Office of the Council has answered.

Most of these agreements have been concluded with East European countries, a smaller number with oil-producing countries; and the Commission is, of course, prepared to provide the appropriate parliamentary committee with a list of the agreements concluded over the period. This list would be based on information which the Commission has received since the Council took its decision last July on the proposal of the Commission, to which the honourable Member referred, concerning any cooperation agreements that Member States might be concluding with third countries.

On the second point—Mr Jahn's question relating to the content of these agreements—I would like to say a little more than what the President of the Council has just said. It is true that important elements in the texts of these agreements, usually in the preamble, are essentially

political in character. Now these declarations of good will, references to the principle of good-neighbourliness and so on are generally limited merely to a restatement of the traditional friendly links between the countries concerned. As the President said, the agreements sometimes include lists of cooperation projects or lists of sectors which might be the subject of further cooperative action. The agreements may also contain some indication of the forms which the partners foresee that industrial cooperation could take, for example joint ventures, long-term production and research agreements, cooperation in marketing, and that kind of thing. Meanwhile, in cases where specific undertakings are envisaged under the agreements they have been included in special protocols. These, like other governmental undertakings which are not actual agreements, are also submitted to the normal Community consultational procedures. I agree with the honourable gentleman that it is essential that they be so submitted. These agreements contain general formulae on the financing of cooperation projects, and as my colleague Mr Gundelach pointed out in the debate on this subject in December of last year, these formulae stipulate merely that both partners will provide the most favourable conditions for financing within the framework of their respective regulations. They enter into no precise commitments on the terms of financing. There have also, however, been cases in which additional protocols have gone into greater detail concerning the provision of export credits, and these have passed through the Community's consultational procedure. In this connection, as Parliaments knows, an international discipline is at present under discussion between the leading credit-giving nations—that is, the Community, the United States and Japan — and we hope that we shall soon be able to establish a kind of gentleman's agreement for such an international discipline agreed by all in order that the Western industrialized world does not indulge in cut-throat competition in trying to give credit and get seduced into giving credit on ever better terms, particularly to countries seeking it.

The President mentioned the legal framework which the agreements usually create for the purpose of carrying on a dialogue concerning the possibilities of further economic cooperation. This framework often takes a form of a joint commission, which meets once or twice a year; representatives of private industry on the Western side and of state enterprises on the Eastern side often take part in these meetings or in the preparation of them.

As to the length of these agreements, usually they provide for a duration of ten years; in a

Soames

number of cases supplementary five-year agreements have also been concluded within the framework of the ten-year agreement.

Of course, it sometimes happens that formulae are put forward in draft agreements which come very near to touching upon what are in effect strictly commercial matters. It is very difficult always to draw the line—it isn't just a matter of black and white, as between a cooperation agreement on the one hand and a trade agreement on the other. In the interests of the Community, we have to be very watchful that these do not run the one into the other. Normally these dangers are eliminated in the course of the consultation procedure, and I must say experience has shown us that this has been possible. I think the Community has benefited from what has already been done through the consultation procedure in these past few months. In a few cases, the examination of these formulae or written statements is still going on with Member States, and on this it is vital that the Commission and the Member States engage together in a serious effort to sustain Community solidarity and resist the efforts of third countries (who sometimes offer very considerable temptations to Member States) to obtain undertakings which could in any way erode Community confidence in respect of our common commercial policy. And I would say to any country that thinks it can do this that, as experience has shown of the intimate relationship between the Commission on the one hand and the Member States on the other through this consultational procedure, we will not have it. We have shown that we will not have it.

I would like to take the third, fourth and fifth points in Mr Jahn's question together since they all relate to private agreements, but I will not go into great detail because the President has already said something of them. As far as agreements or contracts undertaken by private firms are concerned, rather like the President-in-Office I fear that I can say little or nothing about them because Member States are under no obligation in this respect to provide the Commission with information about them any more than they are about any other private contract. It is, of course, true that there exist some hundreds of private agreements or contracts which might be regarded as coming under the generic term of industrial and technical cooperation agreements. But the Member States' governments themselves are not always aware of all these private contracts.

Another difficulty is that of definition. The UN Economic Commission for Europe did a study recently on this and pointed out that a number of agreements which are really no more than

sales contracts are given the name of cooperation agreement, because it is a sort of 'in'-phrase, it's a fashionable expression to use. And it sounds more sexy perhaps if you call it a cooperation agreement as opposed to a straight sales contract. A pity perhaps, but that is the world in which we live. Thus, a contract for the sale of a factory, which would previously have been nothing more than an ordinary sales contract, is called a cooperation agreement!

So I am afraid that we in the Commission could not even try to estimate the total sums involved in what are in effect straight sales contracts. But it is important not to exaggerate the importance of these private cooperation agreements. I do not underestimate their importance, but I do not think either that we ought to exaggerate it. There are certainly a lot of them, but although it is difficult to give precise figures, the estimates of experts concerning the proportion of the total trade between Western and Eastern Europe which results from private industrial cooperation puts the figure at no more than about 5 per cent for 1975.

Some information about private cooperation is available to the Commission as a consequence of the implementation programmes which certain Member States have negotiated with some of the East European countries, especially with the Soviet Union and with Poland. The Commission has received information about the contents for some of these programmes. But in other cases Member States have been slightly unwilling, we have found, to communicate them because firms are often mentioned by name in these contracts and the principle of commercial confidentiality is involved. On this point we in the Commission believe that Member States and the Commission should study together the various economic sectors covered by cooperation agreements, and that in this exercise, and as part of it, the general tendencies and significance of the multiplicity of private deals should not be neglected.

To sum up, Mr President, despite its teething troubles, the procedure of consultation, to which the honourable Member referred has certainly succeeded in helping to define a Community line in the field which it covers. And the Committee on Cooperation Agreements is now engaged in a systematic examination of the agreements which have been made with various third countries. The key to successful Community action in this field is information, more information, earlier information, more continuous information at all stages of a negotiation, and information about governmental measures which are intended to give effect to cooperation agreements. And as the honourable gentleman so wisely said, what might perhaps seem at first blush

Soames

to be of some short-term advantage to a particular Member State often in the end does not prove so if it militates against the interests of the Community as a whole.

Sir, the Commission is satisfied that generally speaking the procedure that we have established is the right one and that it has begun to do its work; and now we must see to it that we all get from it the advantages which it was created to secure. I am most grateful to the honourable Member for having given me this opportunity of reporting on it to Parliament at this stage.

(Applause)

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

Mr Lange. — *(D)* Mr President, ladies and gentlemen, Sir Christopher's reply seems to imply a certain amount of hope, but it also contains a number of reservations. Parliament has always attached great importance to the principle that external economic relations—I stress external economic relations i.e. not only trade relations in the classical sense—should be conducted according to the Community system. However, if some Member States are still reluctant to give information on certain types of cooperation agreements, it is natural to suspect that something is happening which is not completely in line with the principles of Community policy.

Therefore, following the replies made by the President-in-Office of the Council, Mr Fitzgerald, and by Sir Christopher Soames, we once again implore the Commission and the Council to raise with all the Member States the application of the Community system to all questions of external economic relations. I mean that any cooperation going beyond the borders of the Community must be subject to the Community system, even if it involves private firms. Of course private firms should conclude agreements and cooperate with other firms, but they should not receive from their national governments any special benefits which create inequalities of competition for the Community and for undertakings in the Community as a result of cooperation beyond the Community's borders. This type of agreement, too, should thus be brought within the Community system, although I freely admit that this is extremely difficult.

We would therefore be grateful, Sir Christopher, if the Commission would work along these lines. I believe that you yourself certainly intend to do so—that was evident from your speech—but

even greater efforts are necessary and I hope that the comments made on this subject by Members of this Parliament will help you to make some headway vis-à-vis those Member States which are rather reluctant to cooperate with the Commission in this field.

We would thus be grateful if, despite the fact that ten-year agreements with extensions—state cooperation agreements—are generally concluded on a bilateral basis, all these agreements could in the foreseeable future be made subject to the Community system, as trade agreements have been.

(Applause)

President. — I call Mr De Clercq to speak on behalf of the Liberal and Allies Group.

Mr De Clercq. — *(NL)* Mr President, ladies and gentlemen, having heard the answers given by the President-in-Office of the Council and the Vice-President of the Commission to Mr Jahn's question I should like to make a few remarks.

Since 1 January 1973 the EEC has been conducting a common commercial policy on the basis of Article 113 of the EEC Treaty. It is therefore the Community as such which negotiates on commercial agreements involving tariffs and quotas. It was probably felt that this would increase the international prestige of the EEC. The Nine as a whole do, after all, form the most important trading partner in the world. The Community's reputation has not, however, grown as much as was hoped since tariff concessions have become commonplace throughout the world following the GATT negotiations in 1966 and the general application of the most favoured nation clause. The problem is, therefore, no longer the same as it was and 1 January 1973 can thus not be regarded as a red-letter day in the history of the EEC.

Trade agreements continue to play a secondary rôle in our new economic relations with countries of the third world. The Eastern European countries and the third world, who are our most important trade partners, since they supply us with great quantities of raw materials vital to our economy, are no longer striving exclusively for trade agreements and the abolition of quota restrictions.

These countries are nowadays primarily concerned with acquiring the equipment necessary to get industrialization under way, and ensuring that optimal use is made of their natural resources. The best example of this is Iran, which by 1985 will be one of the ten most highly industrialized countries in the world, and which with this in mind has acquired a major holding in Eurodif.

Knud Thomsen

'trade agreement' is being carefully avoided, and it is preferred to call them industrial agreements or industrial cooperation agreements, etc. One thing, however, is certain: whether concluded on a national or a private basis, all the agreements are regarded as a means of influencing trade between the various countries. All forms of cooperation agreements are intended to affect trade, so that they also come within our ambit.

I was pleased to hear the answers given by the President-in-Office of the Council and Sir Christopher Soames. I recognize that the information and consultation procedure set up is the only possible course of action at the present stage. When faced with a problem one must first of all take stock of the situation, estimate how many cards the players could have up their sleeves and then proceed to tackle the problem. But we have already heard from Sir Christopher Soames and others that the consultation and information procedure does not cover certain matters, i.e. questions of the granting of credit, financing etc., which are, of course, particularly important in cooperation agreements of this kind, whether concluded on a national or private basis.

I therefore feel that if we take a longer-term view of the matter we shall find that the consultation and information procedure introduced, a step moreover which must be taken at this stage, will prove inadequate and that we shall have to work out a real Community policy covering the contents of the national or private cooperation agreements actually made, so that we will be in a position to implement agreements of this kind to the advantage of all Member States. This should not, however, be taken as a proposal that we should set up a vast bureaucratic machinery. What I am proposing is that we should evolve a common view of a matter which is relevant to the Community and should therefore be decided by the Commission and other Community institutions, and also come to a common agreement on fields in which the individual countries and companies in the individual countries may operate freely.

Trade is a living thing which develops rapidly. It must therefore have freedom of movement. But we must also observe the rules within the Common Market to which we have committed ourselves, and I can only welcome the Commission's efforts to date and urge it to continue in its attempts to evolve a real common policy regarding cooperation which is, after all, a part of the greater whole which we call trade relations. Lastly, I should just like to ask Sir Christopher Soames to explain a linguistic pro-

blem, namely, the difference between 'commercial policy' and 'trade policy'?

(The speaker continued in English)

I never understood it. You speak about a trade balance, not a commercial balance. You speak about a trade deficit or about a trade agreement, but you speak also about commercial policy and trade policy. I would appreciate being enlightened on that subject.

President. — I call Mr Jahn.

Mr Jahn. — *(D)* Mr President, I should like to thank the President of the Council, Mr Fitzgerald, and the Vice-President of the Commission, Sir Christopher Soames. But I must also thank all the Members in other Groups who have spoken on this question. I see that we are all concerned and agreed that there should be consultation even on cooperation between undertakings. This will be very difficult, as Sir Christopher Soames has shown so clearly, but if even today large firms are concerned at national level that their market positions in third countries may be endangered by cooperation agreements concluded by their competitors, it is evident that the problems at national level will soon be followed by immense problems at Community level. For this reason—and I was particularly pleased with what you said, Sir Christopher—we should try to extend the consultations which have begun so well to include certain areas of agreement between large firms entailing vast sums of money and which sometimes widely sidestep governmental foreign trade agreements. We know what has been happening recently in this respect. I should like to urge that we examine future possibilities, once we have gained some experience with the procedure set up on 24 July for interstate cooperation agreements, of working together with the Commission to develop gradually a procedure to cover cooperation agreements between undertakings.

President. — I have no motion for a resolution on this debate.

The debate is closed.

Thank you, Sir Christopher Soames.

9. *Decision on a programme on radioactive waste management and storage*

President. — The next item is the debate on the report, drawn up by Mr Noè on behalf of the Committee on Public Health and the Environment, on the proposal from the Commission of the European Communities to the Council

De Clercq

The cooperation agreement with France is mainly concerned with the construction of nuclear power plants, which may perhaps appear a little odd for one of the greatest oil-producing countries in the world.

Article 113 is clearly limited. It takes no account of the fact that the world is constantly changing. The principle is good, but its application is defective. A static approach to this problem could be dangerous, since our sense of unity would soon suffer and a bitter competitive struggle could arise with each of the nine Member States trying to win the orders for itself. And we know very well what this would mean for our prestige. It would ruin the image of the Common Market. And this competition is all the more likely in that what is principally at stake is the supply of raw materials at a time when the economic situation is extremely delicate. We only need to think back to the competitive bidding for these products that went on in 1973. The authors of the Treaties included this Article 113 because they clearly regarded international competition as a possible source of discord in the Common Market.

This was in fact confirmed at the end of the 60's when there was a sudden surge of enthusiasm in the EEC for participation in the motor industry of the Soviet Union. The way this was done can be described as virtually involving unfair competition.

To return, however, to Mr Jahn's question. A new chapter in international trade is beginning which the authors of the EEC Treaty 20 years ago could not have foreseen. There is also the danger that certain countries or undertakings will use the cooperation agreements as a way of avoiding their obligations under Article 113. We consequently feel that the procedures provided for in the Treaty should be adapted or perhaps even revised so that we will be in a position to cope with the new situation. The Commission lost no time in submitting extremely precise proposals in October 1973. In July 1974 the Council took a decision, which for once was perfectly unambiguous, establishing a procedure for the exchange of information between the Member States in the event of cooperation agreements, in order to avoid situations which could disrupt the Common policy. Before they are finally signed, the initialled texts have to be submitted to the Commission and the Member States who, if they feel they conflict with the approved principles, may request that they be discussed in the Council.

This is an important decision, but we think, nevertheless, that we must continue rapidly along the road we have taken, since the fear of

a possible disintegration of the EEC in this and in many other fields, is at present very real. The best thing would be to revise the Treaty, but this is probably utopian at the moment. More promising in my view, would be to invoke Article 235 of the Treaty. Since the 1972 Paris Summit every convinced European associates progress in the construction of the Community with the application of this Article, which permits the exercise of a power not provided for in the Treaty if this is necessary to attain one of the objectives of the Treaty.

This is clearly relevant in the case we are considering today. The common commercial policy is explicitly mentioned as an objective in the Treaty of Rome. The objective therefore exists, but unfortunately there is no specific means of preventing Member States from concluding cooperation agreements in a disorderly and random fashion. This gap can be filled on the basis of Article 235 which allows the adoption of a regulation designed to solve this problem in general terms, thereby representing a useful addition to the common commercial policy. We would therefore regard this as a significant contribution both to this important sector and to this facet of the construction of Europe.

President. — I call Mr Knud Thomsen to speak on behalf of the European Conservative Group.

Mr Knud Thomsen. — (DK) Mr President, the subject brought up by Mr Jahn and his colleagues is one which not only interests me personally, inasmuch as I am dealing with a similar matter on behalf of the Committee on External Economic Relations, but also the European Conservative Group on behalf of which I am speaking.

I see the question put by Mr Jahn and his colleagues as a sign of a certain uneasiness, a feeling that we in the Community do not quite know where we stand with the many cooperation agreements which have been concluded, on the one hand because many of them have been made with the state trading countries and on the other because the oil crisis has caused a sharp increase in the number of cooperation agreements concluded.

The ground has already been so well covered that I can now be very brief in explaining my Group's attitude. Our view of Article 113 and the influence of the Community is, I believe, the same as that put forward by Mr Lange on behalf of his Group, namely as an article dealing with something quite different from usual, run-of-the-mill trade agreements. In our discussions of cooperation agreements here today the term

President

for a decision on a programme on radioactive waste management and storage (Doc. 23/75).

I call Mr Noè.

Mr Noè, rapporteur. — (I) Mr President, Mr Commissioner, ladies and gentlemen, at the end of the day we come back to some of the subjects which were rapidly dealt with during Question Time. My report ties up with two other reports in progress, one by Mr Müller on the safety of nuclear power stations and another by Mrs Walz on the choice of sites for nuclear power stations. As you all know, the problems dealt with by these three reports are of great topical interest. At the end of my speech I shall ask for all this preparatory work—now better dealt with sector by sector—to be covered by a later summary report.

To pass on to the problem of the handling and storage of radioactive waste. The problem is not insoluble. First of all, let us see where this radioactive waste is produced. It is produced not so much in the nuclear power stations, where radioactive waste is relatively small, as in the fuel processing plants. Waste in nuclear power stations comes either from the cooling water or from the gases formed in the coolant circuits. As the water circulates in tubes which pass near places exposed to radiation it becomes partially irradiated and must therefore be purified to eliminate its radioactive content, after which part of the water may be recycled to rivers. I say 'part' because this water usually circulates in closed circuits. The gases formed in the coolant circuits like air bubbles in heating radiators are also partially irradiated and so before being vented to the air are passed through filters which retain a percentage of this harmful part, which is set aside. So only a small part of the dangerous waste to be processed is produced in nuclear power stations.

Most of the waste, as I said earlier, comes from the fuel re-processing plants. What are these plants? This is where the spent fuel is brought from the various nuclear power stations after about three years, this being the utilization time of the fuel in a power station.

There are not many of these plants. In Europe we have one in Brittany, one already in operation, near Karlsruhe, one in the United Kingdom, a small experimental one—Eurex—in Italy, and one—Eurochemie—in Belgium which at the moment is closed. So there are only three plants operational in Europe. I say this in order to show that this is a Community problem; it is not necessary for each country to have its own processing plant. I also feel obliged to

explode the myth which arose last year about the creation of atomic centres by concentrating a large number of nuclear power stations at one spot and adding a processing plant. This is not possible because it would not be easy for a single processing plant to serve a large number of power stations in one atomic centre. The used fuel has to be transported from the power stations to the processing plants: there is unfortunately no way round this. I spoke of a period of about three years, but the more modern techniques tend to supply a nuclear power station with a third of its total fuel requirements, so that every year a third is removed after use. This means one journey per year from the power station producing electrical energy to the processing plant, where this fuel is placed in a nitric bath which gives off radioactive vapours and gases. At this point, I strongly condemn the fact that at the present time the three existing plants, which have so far operated in a limited way, discharge these gases to the atmosphere. This practice can certainly not be allowed in future. Filters must also be used in this case.

The big problem, however, is that these fuel waste baths result in very dangerous radioactive products—such as discharge water, which is more or less like that of the power stations, or the boots of the staff working in these plants and we are examining this question. Of these irradiated products a very small percentage, from 0.5 to 1%, consist of actinides, that is, of plutonium or of transplutonium materials whose radioactive life is very long, say about 500 000 years.

It is this small percentage that gives us so much concern. The rest, 99 or 99.5%, has a shorter life of about 500 years.

The Commissions's proposals aim—and they are for this reason praiseworthy in my opinion—at giving us more information enabling us to deal with hazardous materials. Until today there were only a few power stations and the problem could be solved by placing this waste in thick doublejacketed stainless steel containers and leaving them on the spot. But as the time is coming when the growing number of nuclear power stations will considerably increase the volume of this waste, we have to find other solutions. As a main solution, the Commission has brought to our attention the possibility of placing all the waste, or only that portion of the 0.5% constituting the greatest hazard, into geological formations capable of keeping and storing them for centuries.

What characteristics must these geological formations possess? They must not be able to wash away these materials and so must be

Noè

impervious geological masses. Attention has been concentrated around salt mines (which are impervious to water) in the north of Germany or to very extensive granite formations such as those to be found in Brittany.

One of these formations is near The Hague where a processing plant is in operation. This would have the big advantage of doing away with the journeys needed to deposit spent fuel. Finally, in my own country, we have clay. Clay is impervious and in large concentrations prevents eluviation.

Out of 20 million u.a. the Commission has allocated twelve million, in other words, the greater part, to the study of these geological formations and has provided for three programmes, one on salt mines, one on granite and a third on clay. I know a little about the programme on clay at present being carried out in Italy near Rotondella, where the mineralogical nature of clay is under study. They have begun carrying out comprehensive tests on imperviousness, sinking wells into which water is introduced by means of pressure so as to establish the overall degree of perviousness not of a small piece of clay but of a complete formation. Tests have also been carried out on heat transmission because—this is one thing I have not yet mentioned— one problem is that stored radioactive waste develops heat. I imagine that the same studies on the transmissibility of heat are being carried out in France on granite concentrations so as to establish how far away the storage sites must be placed from each other to prevent the heat generated from exerting a cumulative effect. These studies will be continued to a depth of 200 metres in order to observe the same processes on a more macroscopic level.

In the past weeks I have learned that more detailed studies than I had imagined have also been carried out in a field which may still seem speculative. Plans are being made to launch radioactive waste, especially the long-lived kind, into space by means of rockets. In fact, the short-lived kind can be subjected to neutron bombardment in order to reduce its radioactive life, but this treatment cannot effectively be applied to the long-lived variety. For this reason, the United States and Germany are examining the possibility of eliminating plutonic and transplutonic materials, the ones that create the worst problems, by launching them into an extra-terrestrial orbit. The problem has obviously not yet been completely solved, because there is no guarantee of a successful launching. In this connection, some people suggest enclosing the waste silicone carbide cases in order to eliminate any risk should they fall back to earth. But, alongside the safety factor, there is also the cost

factor to be considered. A system of this kind is rather expensive these days. With the technologies already at our disposal the total expenditure would come to around 20% of the energy produced by the fuel, which is still somewhat prohibitive, at least for the time being.

Nevertheless these studies, among which there is the German one being carried out by Dornier, seem to be very thorough. Capsuled beforehand these wastes could be launched into space to orbit outside the solar system, or they can be directed towards the sun, which is the destination most frequently quoted. Another possibility is to send them into orbit around the earth but at a great distance from it. But this solution is the least advisable. The cost, of course, varies considerably according to the destination chosen, because it is related to the boost needed by the capsule on leaving the space ship. The moon has not been taken into account because it is by now considered an appendix of the earth now that Man has set foot on it and the general feeling is that it would be wiser not to contaminate it.

Before concluding I would like to recall that, in addition to hazardous materials, useful products such as unburnt uranium which is recycled by means of transformation into a fuel element and, if necessary, conversion into uranium hexafluoride when it has to be enriched, come from the reprocessing plants. Secondly, from the processing plants comes plutonium which, as we mentioned when we discussed the problem of its recycling, can be used in two ways; it can either be placed into the fuel to work reactors or it can be stored until the fast-breeder reactors start operating.

In conclusion, Mr President, I propose that on the basis of the report I have just presented and of those of Mr Müller and Mrs Walz, a summary report be drawn up dealing with all the problems involved. This could assist the Commission which, as I said this morning, could be doing a very useful job in helping to solve the problems arising in Member States; this would in turn help us overcome difficulties that might otherwise lead us to dangerous crisis.
(Loud applause)

President. — I call Mrs Walz to speak on behalf of the Christian-Democratic Group.

Mrs Walz. — (D) Mr President, ladies and gentlemen, speaking on behalf of the Christian-Democratic Group on the Commission's proposal to the Council for a decision on a programme on radioactive waste management and storage, on which Mr Noè has drawn up an excellent

Walz

report which we unanimously approved, I should like to begin by presenting a few figures to illustrate the importance and urgency of this draft Council decision.

In 1974 there were 162 nuclear power stations producing a total of 63 352 MW in operation throughout the world. A further 322 stations, i.e. twice as many again, were on order or under construction. By adding these figures we obtain a total of 485 stations with a capacity of 364 114 MW. In 1974 alone 60 stations were ordered, to be operational between 1978 and 1988, with the American reactor manufacturers taking by far the lion's share. Atomic power at present accounts for approximately 3% of world energy capacity, and the plans of nearly all the industrialized countries indicate that there will be a tremendous increase in this figure. This will, of course, also leave us—and this leads me to the topic under discussion—with a tremendous amount of nuclear waste.

What are the facts? During the last few weeks a wave of protests and demonstrations against the construction of new nuclear power stations has swept across Europe. The protests in Wyhl, Kaiseraugst and Fessenheim will certainly be followed by many more. It is understandable that persons whose sources of information are quite inadequate and often comprise little more than sensational and inaccurate reports, which are never subsequently withdrawn, should be moved to protest, but we should not forget that these protests are against the law virtually everywhere. However, in the majority of cases people do not object to nuclear energy as such, but only to its being in the vicinity; they are afraid of the risks it involves.

Nuclear energy burst, as it were, into the public consciousness with the bomb which fell on Hiroshima 30 years ago. The effects of this are still felt today, although the peaceful use of nuclear energy has been subjected from the start to safety regulations stricter than those for any other technical or technological development in the world. The protests are thus not directed against damage which has already been caused, but against the possible, although highly improbable damage which might be caused. According to the Rassmussen report it is 150 times more likely that you or I will be struck by lightning as we sit here than involved in a MCA.

We feel that the real dangers do not lie in the operation of a nuclear power station, but in the way in which radioactive waste is transported, stored and controlled, and we must use as much ingenuity and devote as much technological research and effort to this problem as we did

to the development of nuclear energy itself. At every stage the population must be kept supplied with relevant information.

It is therefore to be welcomed that, after ten years of exhortation by the committees of this Parliament, the Commission has finally submitted to the Council its proposal for a decision to deal with this subject, which entails so many legal, technological and even chemical problems. Even with the presently available techniques it should be possible to reduce considerably the decay time of plutonium, and research should be directed towards separating strontium 90 and caesium 130 and transforming them into isotopes with a shorter half-life. In this way we shall all obtain a clearer picture of the time dimensions involved, without exposing future generations to extreme risks.

It is quite obvious that this will have to be a Community venture, with the additional participation of third countries and organizations. One need only think of the Upper Rhine with Switzerland, France and Germany. We must find the most favourable common storage places in order to ensure that the transport routes are as safe and as inexpensive as possible. These storage places must be in geologically suitable formations and kept under strict control, for in an age of catastrophes strict control is of prime importance. There can be no doubt that, given the importance of energy today for every economy and for the employment situation therein, this is a public task, like the safeguarding of energy supplies in general. This public task can best be performed by a joint undertaking in accordance with the provisions of the Euratom Treaty. However, the legal form must not be allowed to hinder the effective performance of their task.

The task itself, i.e. the establishment of guidelines for transport, management, storage and control must be realized with all haste, and be supported by research in the form of a long-term programme, of which we have only the beginning of a first stage here. Our peoples expect us to be frank with them about the risks inherent in every large technological undertaking, but at the same time to do everything in our power to protect them from these risks.

(Applause)

President. -- I call Mr Della Briotta to speak on behalf of the Socialist Group.

Mr Della Briotta. — *(I)* Mr President, ladies and gentlemen, the problem of the management and disposal of radioactive waste, especially high-activity and long-lived material, has been a constant concern of this Parliament, which

Della Briotta

has always held that a Community network of storage sites was necessary to resolve it.

Already important some time ago in view of the energy crisis, this problem is today even more topical and pressing. The volume of waste may at the moment be limited, but the spread of nuclear energy will inevitably result in substantial increases. It was forecast in 1965 that by the end of a decade the increase would be between 50-100%. Present indications are that this percentage has been largely exceeded, and even bigger increases are forecast for the coming decades. A 700% increase in high-activity waste and an increase of between 500-1 000% in medium and low-activity waste are estimated for this period.

These negative aspects resulting from large-scale use of nuclear energy were also taken into account in the December 1973 programme of action of the European Communities on the environment, as regards both the safety of the population and the protection of the natural environment. This programme in fact laid down a number of projects for the disposal and management of radioactive waste that were to be carried out by the end of 1974. The delays that have already occurred in the implementation of this work are becoming more and more serious since they concern a field which has a direct bearing not only on the environment in which man lives and works, but also on his physical well-being. It may well be that these problems are really no cause for public alarm, but they do upset public opinion, at least insofar as the public authorities take no action. So the Committee on Public Health and the Environment welcomes this proposal, as it is an attempt to find a Community solution to the problems arising from this increase. Hence our natural wish to see the solution to these problems speeded up, along with all the actions already approved for this purpose, unless other relevant considerations emerge from this debate.

Mr Noè, with his customary skill, has explained the programme on which Parliament's opinion is being asked, and I need not repeat any of it now. For the fulfilment of this programme, spread over five years and to be reviewed if necessary at the end of the first two-year period, a maximum allocation of roughly 20 million u.a. and a limited staff are envisaged. The entire programme considers the action related to the management and handling of radioactive waste as a Community public service. The Commission's proposal further provides for the technical management, coordinated at Community level, of a number of experimental sites for waste storage, with possible participation by third countries.

This solution seems to correspond to the need to set up a Community network of storage sites for radioactive waste and to reach the maximum possible degree of health protection, at the same time reducing the expenditure a public service like this would involve.

Mr Noè, in point 10 of this report, mentions the problem of solid radioactive waste with particular reference to collaboration with international organizations. While it is true that a rational choice of storage sites, in which all radioactive waste can be concentrated with a view to reducing the installation and supervision costs is only possible on a Community basis, I believe nonetheless that the Community should also remain prepared to collaborate with outsiders and, if necessary with the International Energy Agency. This body, however, must in turn—and I would call Mr Spinelli's attention to this point—realize that it must deal with the Community and not the individual Member States.

Moreover, many problems related to radioactive waste have industrial, economic and social implications, and so exist at the level of great regional groupings such as the Community. This, of course, means that an instrument of control and organization within the Community is essential.

The aforementioned considerations demand a Community solution to the problem of radioactive waste. This solution must be found quickly, and it must also enable us to avoid duplication of efforts by other organizations and put people's minds at rest, and finally perhaps to acquire a more thorough knowledge of the problem.

I would add with some reticence that a number of Members have expressed misgivings that the Parliament should be shouldering a huge responsibility with respect to a problem of apparently little consequence.

I bring these reservations to your attention so that if necessary they can be discussed in this House, and also in order to ask Commissioner Spinelli to dispel these doubts and tell us whether there are other reasons preventing us from moving ahead.

(Applause)

President. — I call Mr Hougardy to speak on behalf of the Liberal and Allies Group.

Mr Hougardy. — *(F)* Mr President, I too, should like to congratulate the Commission on requesting the European Parliament to express its opinion on the problem of the storage and

Hougardy

handling of radioactive waste. It will certainly have been brought home to the Commission's representative that all those who have spoken in this debate have deplored the failure to supply the public with adequate information.

Mr Commissioner, I believe there is no more time to be lost in launching an information campaign with competent people in charge. I am sure you realize, in view of the events taking place in Europe, that the whole of the 1975-85 programme is in danger of collapsing owing to sheer lack of information. You know, of course, that referendums are held at village level and that certain people make up their minds according to the number of jobs the nuclear power stations can provide, and nothing else.

Knowing the influence you have, Mr Commissioner, I am convinced that you will manage to make your colleagues and the Council understand that a serious campaign of information by specialists is imperative in order to ensure that the public is kept informed.

I would like to add a figure to those given by Mrs Walz. There are about 165 or 170 nuclear power stations in the world representing an aggregate of a thousand years of operation. There has not been one fatal accident. I have never seen these figures in the campaigns carried on by certain newspapers, which organize referendums to keep their readers informed of the 'facts'.

There are some curious aspects to all this. We have all witnessed demonstrations in the streets of our cities against nuclear weapons. The whole world was against the atomic bomb. But as soon as Russia and China got the atomic bomb, the demonstrators disappeared from the streets. It makes you wonder whether somewhere some malignant spirit is masterminding a campaign to prevent the 1975-85 plan, as drawn up by the Commission and approved by Parliament, from materializing. It is worth putting the question. It is also worth asking the public to think about it.

I have been asked on behalf of the Committee on Energy, Research and Technology, to give an opinion on the report presented by Mr Noè, whom I wish to congratulate. We must realize that the core of the nuclear energy problem is precisely this matter of handling and storing waste, which has hitherto been considered a more or less conventional industrial activity. Admittedly, we have made little progress in this field. But that is not a sufficient reason for holding up a whole programme of construction of nuclear power stations.

I should like to add, without claiming anything like Mr Noè's expertise, that we have at our

disposal temporary storage techniques valid for 20, 30 or 40 years, and that experiments have been carried out in France, Britain and the United States. Even if there have been accidents, such as that in an American town where radioactive waste was stored, ground contamination has been immediately neutralized thanks to *ad-hoc* devices. To my mind, this is a far cry from the disasters forecast by those who unconditionally reject the nuclear solution.

As we were told short a while ago, important research work is in progress. I believe it is indispensable to tackle this problem bearing in mind its international scope and long-term implications. It is logical to entrust the study and implementation of this project to a joint undertaking as provided for in the Euratom Treaty since it is vitally important to pool our resources and find solutions acceptable to everyone.

The nature of this near-permanent problem means that it must first be tackled at Community level, because it falls within our competence, and then at international level, by the concentration in one joint undertaking of all of the activities of the Community countries. This is the objective of the proposal contained in the opinion it has been my privilege to present on behalf of the Committee on Energy, Research and Technology.

It must be understood that contamination knows no boundaries. So it is highly desirable for there to be close cooperation with the United States, who also have great experience in this field. In conclusion, I should like to draw your attention to the fact that the German Government very recently reached an agreement on an exchange of information with the Energy, Research and Development Agency. Why should this agreement not be extended to the entire Community? Or even fitted into the framework of cooperation between Euratom and the United States? The possible commercial interests of any techniques developed must be subordinated to the vital importance of the problem in hand. This principle must be rigorously observed and, if need be, rules can be laid down to see that it is.

(Applause)

President. — I call Lord Bessborough to speak on behalf of the European Conservative Group.

Lord Bessborough. — Mr President, I hadn't thought of speaking in this debate, but having listened to Mr Noè, I should like to rise to pay a tribute to his great knowledge in these matters and above all to the great charm of his delivery: even if he extended perhaps a little beyond his time, I for one was very glad that you didn't ask him to sit down.

Lord Bessborough

I support him in his resolution, broadly. I support him strongly. I think that he has made a good case for the resolution which is before this Chamber.

I would first of all like to draw attention to paragraph 4 in the motion, in which he 'deplores the attitude of the Commission'—I would like to ask Mr Spinelli whether it is not perhaps the Council—in asking for the European Parliament's opinion at such short notice'. Usually it is the Council that I am attacking for the very short notice which this Parliament is given in order to deliver an opinion, and I should like to know from Mr Spinelli whether this is the case or not in this particular matter. It is certainly alarming to consider that this has been before the European Parliament for almost ten years and nothing very much seems to have been done.

The other point I should like to support—and this was made by Mr Della Briotta—is that we must avoid duplication with, for example, the International Atomic Energy Agency in Vienna. I see that over two years ago I made my maiden speech on Mr Balardini's report on this matter and I said then that I thought that the International Agency in Vienna agreed that present techniques for conditioning and storing this waste were satisfactory. I am therefore not a prophet of doom, but certainly it is a question which we must watch very carefully.

My main point, Mr President, is this. We have in Britain—and I hope the Commission has fully consulted those concerned in Britain—a firm called British Nuclear Fuels Limited, which has quite unrivalled experience in safety measures. I think personally, having looked into these matters, that this firm is second to none. As the Commissioner probably knows, we store all this radioactive material at one site—in Winscale, in Cumberland; and I can assure Mr Noè that this is just as good as the moon—or better—by virtue of the technique by which this material is stored. It is there that all the long-term storage takes place. British Nuclear Fuels is a company which I hope all members of the Community have fully consulted, because—I'll try to be modest, but I do think I should mention them—they export nuclear fuel, they re-process fuel, they convert uranium concentrates, they provide fuel elements. Not only in Britain, but also in Italy, the Netherlands, Germany, Belgium and Denmark and, outside the Community, in Japan there is a large market for their work. And in the United States and in Sweden and in Spain and in Switzerland, in Canada, Australia and in Greece and Israel. I therefore hope that the Commission have con-

sulted—as I trust they have—that remarkable firm when preparing their proposals.

Whether this 20 million u.a. over 5 years is right, I do not know. As I pointed out in my speech on research into alternative sources of energy, I think it is very important to get the balance of expenditure right. I am glad that these are practical proposals—I welcome practical proposals—but whether 5.8 million u.a. is exactly the right amount for the processing of solid radioactive waste, with a view to storage, I do not know. I never quite know how these costs over 5 years are worked out, and if the Commissioner could enlighten me a little on this, I should be most grateful.

Whether the present Labour Government in the United Kingdom will support these proposals when they go to the Energy Council, I, of course, am not in a position to know; I would not claim to know what is in the minds of our present Energy Ministers; but I hope they look at these problems sympathetically. I know that the former Conservative Government did, and I wish Mr Spinelli good luck when he meets and puts his proposals before the Council.

(Applause)

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

Mr Nolan. — Mr President, on behalf of the European Progressive Democrats I also would like to congratulate Mr Noè on his excellent report and also to compliment him on the contribution he made here a few moments ago. I sincerely hope that his solution is to capsule all this radioactive waste and bash it off into outer space and let it circle the sun or somewhere like that. That would be a solution. But I am not a technician, so I won't go very deeply into that. This is a matter we shall probably have to leave to somebody more qualified to deal with it.

Since the atomic bombs were dropped on Hiroshima and Nagasaki towards the end of the last world war, this problem of nuclear fallout or radioactive fallout, and nuclear energy in general, has been a source of discussion. But in this debate we are really dealing with the question of radioactive waste as a result of the peaceful use of nuclear energy. I think this a very important problem, because no one to my knowledge at the present time knows exactly how to dispose safely of radioactive waste. As Mr Noè said, at the moment you can put this radioactive waste into a stainless steel cylinder, you can have another one to go around that

Nolan

in a vacuum, you can put concrete around that, and it can be buried in some ocean. But some experts have said that this is not a solution to getting rid of radioactive waste, and indeed it has been written that in 20 or 30 years there may be a leak from this concrete cylinder. We can compare this perhaps with the pollution of our rivers. Many years ago some industry was perhaps set up on the banks of a river and a slight amount of waste went into the river but did not affect the fish life, did not pollute that river. But with the growth of industry and the accumulation of all the waste going into the river, then we have pollution. In the very same way, Mr President, if we have the growth we know we shall have in power-stations and in nuclear energy in every country of the Community, and indeed in every country in the world, as was said by our socialist colleague—I think he mentioned 700% in the next few years—then if we bury all those capsules in concrete in the ocean and in 20 or 30 years' time have a leak in each of them, what is going to happen to the oceans then? We shall have the problem of pollution of our oceans by a far more serious type of waste than even we have in our rivers today, that is, pollution from radioactive waste. I am not going to delay this House at this late time by dealing at any length with this problem, and I will be even shorter than my predecessor, but I would suggest—and indeed it is the opinion of the European Progressive Democrats—that we should not embark on this major expansion in nuclear energy until we have examined in detail and urgently—I think it is a very urgent problem—the disposal and the management of radioactive waste.

I can assure you on behalf of my group that we support the resolution and we also welcome the proposal of the committee. If you want more money, you can be assured that we will support giving it to you to do something about this major problem that we have in our Community at the present time.

(Applause)

President. — I call Mr Spinelli.

Mr Spinelli, Member of the Commission of the European Communities. — (I) Mr President, I should also like to begin by congratulating Mr Noè. Before commenting on those points in his report which contain criticisms of the Commission's draft, I have a few general remarks to make on the programme proposed by the Commission.

I will not go into the basic reasons which prompted us to present this programme. They are quite clear, not only from the text of the

proposal and Mr Noè's report, but also from all the eloquent and careful speeches which have been made during this debate. Instead, I would like to draw Parliament's attention to the importance of the programme, not only as regards its content but also from the financial point of view. The Community's contribution in fact represents 50% of the overall funding. The 20 million u.a. were decided upon after due consultation with all the leading authorities in this field. I should like to set Lord Bessborough's mind at rest on this point. To the 20 million u.a. over five years a similar figure in direct national allocations must be added. So the total for the programme will be in the region of 40 million u.a.

Most of it will be used to solve the problems created by high-activity and long-lived radioactive wastes, in other words the most dangerous materials which, more than any others, require a Community effort. Around two thirds of the Community's overall financial commitment will be taken up in this way.

If it is approved by the Council it will enable the Community to play the rôle of leader, both in this field and as regards the composition of other programmes to follow.

I would like to emphasize—and I shall be coming back to this point later—that the proposed programme is merely the first important phase of work, which will go on for at least ten years.

This does not mean that at the moment we have no suitable ways of making the wastes so far produced harmless, and this has been stressed by a number of speakers. Besides, the present volume of these wastes, especially the high-activity variety, is limited. But it will increase as the use of nuclear energy spreads. So today's solutions must be developed on an industrial scale and perfected accordingly, with full account being taken of public safety and the protection of the natural environment. This is the essential aim of our programme.

In this connection, you should note that one of the programme's main features is that it places the emphasis not so much on research and development but rather on actual experimentation. It aims at integrated technical management at Community level of a number of experimental sites for the final storage of wastes.

The programme's two other main features are the inventory of those problems of management of radioactive wastes for which it may not be possible to find solutions within the framework of the legal and administrative regulations at

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present in force, and the study of the guidelines to be applied to the management of these wastes.

These two features derive from an awareness of the immediate necessity to begin studies which will enable us to assess the value of the different policies that can be devised to deal with handling and storage, bearing in mind public safety and the protection of the environment on the one hand, and the cost factor on the other. I would remind Members that the programme before you is a part of the larger programme of action on the environment, of which it represents one of the most important long-term items. Moreover, the resolution on energy and the environment recently approved by the Council invites the Community and Member States to take into account when deciding upon their energy policies the need to protect people and the natural environment against the possible harmful effects of new technologies and of the further development of sources of energy already in use.

Before moving on to examine some specific points in Mr Noè's report, let me say a word on the Commission's collaboration with international organizations. This matter has been raised by a number of speakers. I would strongly emphasize that the Community, as always, is fully in favour of cooperation with outside bodies, and is convinced of the need for it. Nevertheless, this collaboration must be based on a solid negotiating platform agreed beforehand within the Community. In this particular case, this platform consists and must consist of the Commission's programme. So the Council's rapid approval is more necessary than ever here. Otherwise relations with other international organizations, especially with the International Energy Agency instead of being on a clear basis of partnership, will be characterized by uncertainty and confusion, leading perhaps to the very proliferation and duplication of effort we wish to avoid.

A recent International Energy Agency initiative suggests that should the Council fail to approve the proposed programme within the month, some Member States may begin autonomous extra-Community initiatives on the same matters as are set out in the Commission's programme, thus making later approval of the programme practically impossible.

This is why, in reply to Mr Della Briotta's remark on the possibility of a further postponement of the debate before making any decisions, I would like to warn you that the Agency could move ahead with a programme which has practically adopted many of our proposals, without the Community's having drawn up a common policy.

I shall devote the last part of my speech to paragraphs 3, 4 and 9 of the motion for a resolution.

In paragraph 3, Parliament regrets that in the draft Council decision an extension of the programme beyond the five years at present envisaged is not explicitly provided for, and tables an amendment to that effect to the proposal.

The text adopted by the Commission is not due to lack of resolve but to exclusively legal considerations. Article 7 (2) of the Euratom Treaty states: 'This programme shall be drawn up for a period of not more than five years'. So a specific reference to a compulsory extension in the text of the proposal for a decision would simply make the examination of the proposal unnecessarily laborious and would be rejected by the Council.

However, I want to emphasize that in the text of its proposal the Commission explicitly points out that the present programme is merely the first stage of a long-term programme.

Today, in this plenary sitting, I confirm that the Commission firmly intends to put forward new proposals one year before the present programme expires.

As for paragraph 4, I would first of all like to say to Lord Bessborough that the reproach should really be addressed to the Council rather than the Commission. But I would also point out that the proposal was forwarded by the Council to Parliament in mid-February, so that you have had some time to examine it. Parliament, however, deplores the fact that it was consulted after the programme's official starting date which was retroactively fixed at 1 January 1975, and which is meaningless as far as the work itself is concerned. It therefore proposes that this date be changed in the text of the draft Council decision to 1 May 1975.

During the debate on other research programmes in the energy field at the sitting of 13 March, Mr Brunner gave a thorough explanation of the reasons which prompted the Commission to choose 1 January 1975 as the programme's starting date. They relate exclusively to the presentation of the budgets. As you all know, the financial year begins on 1 January.

The Commission believes a different date might provoke a request to put the starting date back to 1 January 1976, exactly the opposite of what Parliament wants.

Finally, in paragraph 9 of the motion for a resolution, Parliament wants the draft Council decision to include a provision obliging the

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Commission to submit a proposal four years from now for the setting-up of a joint undertaking. Mr Hougardy has already mentioned this. Well, ladies and gentlemen, may I urge you once again to realize how urgent the approval of this Commission proposal is, since it forms the basis for a European reply within the International Energy Agency, that is, within the framework of the international cooperation we have so much at heart.

If we include an explicit reference to a joint undertaking in the text of the proposal for a decision this will clearly make the legal basis adopted, i.e. Article 7 of the Euratom Treaty, insufficient. This would call for a revision of the whole text, with as an inevitable result the failure to meet deadlines which are now imposed upon us by imperatives beyond our control.

The Commission understands and shares Parliament's concern to reinforce the Community structure of the programme as much as possible in future. This is in fact the ultimate aim of the proposal submitted for your examination, and the Commission intends to put forward a more advanced programme in the light of the experience acquired during its implementation.

As I draw towards the end of my speech I would like to express my sincere thanks to all those who helped draw up this report, in particular the rapporteur, Mr Noè, who spared no efforts to master an extremely difficult dossier which has acquired great political importance with respect to the safeguarding and development of the Community's capacity owing to recent developments in the international energy field.

Finally, if I may touch on a subject we discussed this morning, I would like to assure Mr Hougardy that the Commission understands the need for this information campaign. Without it, we may face mounting criticism and not know its actual weight and significance. As I said this morning, we shall examine how best to accomplish this political task, which is the duty of both Commission and Parliament.

(Applause)

President. — Does anyone else wish to speak? I call Mr Lange for an explanation of vote.

Mr Lange. — *(D)* Mr President, ladies and gentlemen, I apologize for rising again but on behalf of some of my colleagues as well I should like to say that, helpful as Mr Noè's report was, I find myself unable to approve it owing to a number of questions which to my mind have not been clarified. This standpoint is shared by several members of my Group.

Mr Noè himself suggested it would have been useful to discuss the Noè, Walz and Müller reports together at an appropriate time. It is only on account of some rather undelineated need felt by the Commission and the Council that we are being forced to decide here and now. I am not sure, for example, whether the tests and experiments proposed for the disposal and processing of nuclear waste are desirable. I am not sure whether all the phases of transportation from the nuclear power stations to the processing sites have been properly explained. A speaker who supports this resolution has already mentioned the question of transportation, and on the question of transportation to underground storage sites and elsewhere one may well ask to what extent the necessary safeguards can be given to prevent nuclear waste from falling into the hands of the wrong people. We cannot ignore the fact that, at present, terrorism is increasing and that terrorists seem willing to try anything to spread fear and alarm.

Furthermore, I am not quite sure whether the financing of these experiments and tests—the purpose of which is not quite clear to me—is likely to be sufficient for today's actual and tomorrow's possible technological processes.

These are the reasons why some of my colleagues and I cannot vote for the proposal. We shall therefore abstain, but should like our abstention to be considered as a request that the basic elements of this problem may one day be discussed, i.e. the supply of information to the people, and guarantees that no more difficulties will be caused by the further development and peaceful use of nuclear energy.

President. — I put the motion for a resolution to the vote.

The resolution is adopted.¹

Thank you, Mr Spinelli.

I call Mr Noè for a procedural motion.

Mr Noè, rapporteur. — *(I)* Mr President, Mr Spinelli's arguments have convinced me and I would therefore like to alter slightly the text of some paragraphs of the motion for a resolution.

Referring to paragraph 3, Mr Spinelli correctly pointed out that the Commission could not draw up a programme lasting more than five years. I therefore suggest that this paragraph be worded differently and I think members would have no trouble in approving the modification.

¹ OJ No C 95 of 28. 4. 1975.

Noè

I would also like to suggest that the Commission propose the setting-up of a joint undertaking before the current programme expires.

President. — I note your statement, Mr Noè. However, I am afraid I must point out to you that, since the vote has already been taken, it is no longer possible to amend the text of your motion for a resolution.

10. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Thursday, 10 April 1975 at 10 a. m. and at 3 p.m., with the following agenda:

— General debate on the situation in the wine sector;

— Oral question to the Commission on egg producers in the Community;

— Report by Mr Giraud on a Community nuclear fuel supply policy;

— Joint debate on

— report by Mr Cointat on measures to be taken in the event of oil supply difficulties, and

— report by Mr Normanton on common projects for hydrocarbon exploration;

— Report by Mr Dondelinger on the programme to combat poverty;

— Motion for a resolution on the situation of refugees in Indochina.

The sitting is closed.

(The sitting was closed at 9 p.m.)

ANNEX

Oral Questions which could not be answered during Question Time, with written answers

Question by Mr Premoli

Subject: National aid for agricultural producers' associations. Can the Commission state whether the legislative texts forwarded, pursuant to Article 93(3) first sentence, of the EEC Treaty, by the Italian Government in respect of associations of agricultural producers in the livestock sector and the fixing of milk prices for producers affect the organization of the market in the milk sector and whether their lack of precision is likely to distort conditions of competition between producers?

Answer

The Commission has not yet been notified of the draft national law on associations of agricultural producers in the livestock sector or of the fixing of milk prices for producers pursuant to Article 93(3) of the EEC Treaty.

Since 1972, the Italian Government has given notice of several draft regional laws on aid to associations. In most cases, this aid is intended to improve the cooperative structures in harvesting, processing and selling agricultural produce and in livestock rearing.

As a general rule, the Commission is in favour of aid granted for the improvement of production and marketing structures at producer level.

As far as the above-mentioned national legislative text is concerned, the Commission cannot express an opinion as it does not have sufficient information.

Question by Mr Normanton

Subject: Control over North Sea oil

To what extent will the energy policy of the EEC affect Britain's control over North Sea oil?

Answer

The Commission is glad to have the opportunity of answering this question and, in doing so, to bring together various elements which have already appeared in answers to written questions, notably those of Lord O'Hagan (489/73) and Mr Glinne (301/74).

The Community's energy policy will not, in legal terms, affect Britain's control of North Sea Oil at all, because the British Government enjoys complete sovereignty over these resources.

On control of *ownership*, I can only repeat what the answer to Lord O'Hagan said, that the Commission considers

- that the provisions of the Treaty and the acts of the Community pursuant to the Treaty clearly specify the sovereign rights enjoyed by Member States over economic activities and in particular over the exploitation and exploration of oil resources;
- that these provisions apply as much to the Continental Shelf as to the mainland of Member States;

- that these natural resources belong entirely to the Member States concerned which may therefore derive the full economic benefit from them (for example, dues, taxation and balance of payments benefits).
- that the Treaty does not exclude the possible nationalization by a Member State of any sector of economic activity although nationalized industries are of course also subject to the Treaties.

Regarding the rate of *exploitation* of natural resources, the Community energy policy in no way diminishes the control exercised by a Member State. Certainly it is very important in the context of the energy policy to know the rate at which the British Government intends to develop oil and gas in the UK sector of the North Sea since this production will contribute significantly to the energy security of the Community as a whole. Discussions will take place from time to time on the rates of exploitation and it is for the British Government to say what the desirable rate is. In this connection I can say that for the period up to 1985, for which firm objectives were unanimously fixed by the Council's Resolution of 17 December 1974, the UK's contribution to the total indigenous oil and gas production for the Community was based on the estimates given in the Brown Book of May 1974, 'Production and Resources of Oil and Gas in the UK'

Exploitation is subject only to the fundamental rules of the Treaty and in particular those affecting the freedom of movement of goods and the right of establishment. At present the Commission has received no indication of the application of, nor the intention to apply, barriers to trade on a national basis nor of discriminatory measures on grounds of nationality which are contrary to those rules.

Question by Mr Früh

Subject : Agricultural structures

Is there any truth in newspaper reports that the incorporation of the Community directives of 17 April 1972 on the reform of agricultural structures in the land tax legislation of the Federal Republic of Germany has led to an irresponsible and costly 'paper war' which is obstructing the necessary structural changes planned with the result that refunds by the EAGGF of part of the annual land tax are very seldom made?

Answer

Precise details on the application of the structural directive will only be available to the Commission in the second half of this year. Applications for refunds by the EAGGF for 1974 must be submitted to the Commission before 1 July of this year.

The Commission cannot understand the report to the effect that the directive concerning the cessation of farming has led to an irresponsible and costly paper war since the Commission has so far not received a single complaint to this effect.

Compensation on the cessation of farming has been an extremely effective instrument for structural improvements, particularly in recent years. This is apparent from, inter alia, a study carried out for the German Minister, Mr Ertl. The Commission therefore also regards the statement to the effect that this regulation is obstructing the structural changes planned as unfounded.

Finally, there is no reason to assume that the cessation compensation is only eligible for a refund from the EAGGF in very special cases.

Question by Mr Scott-Hopkins

Subject: Food aid programme

What level of stocks does the Commission envisage holding for the purposes of the Community's Food Aid Programme?

Answer

First of all, the Commission would like to point out that the Community's food aid programmes, as regards both cereals and dairy products, represent only a small fraction of total stocks available on the Community's agricultural markets.

The commitments entered into by the Community and the Member States in respect of cereals under the Food Aid Convention, i.e. 1 287 000 tons, represent for the 1974/75 marketing year, 2.25% of the Community's production of wheat, maize and rice, which are the three cereals usually supplied. The 1974 programmes for milk powder and butter oil, involving 55 000 and 45 000 tons respectively, represent smaller quantities than those held available as intervention stocks throughout the same year.

It can therefore be seen that there is no serious problem, nor has there been in recent years, in providing the products intended for food aid. Consequently, the need to build up stocks specifically for food aid has never been felt so far. When, in particular situations, certain adjustments proved necessary they were effected through Commission measures relating to the management of agricultural markets, and, in extreme cases, by buying on the world market.

It is true that the Commission, like Parliament, has very often stressed that the Community's food aid programmes were insufficient in relation to the real needs of the developing countries; it is at present endeavouring to obtain from the Council an increase in aid of cereals and milk powder, thus returning to the *quantities* originally proposed by the Commission and twice recommended by Parliament, viz. 1 000 000 tons of cereals and 72 000 tons of milk powder, which would represent an addition to the budget of some 50 million u.a. It should, however, be pointed out that, even if these proposals were accepted in their entirety, the consequent level of aid would not affect the terms of the analysis made earlier, and there would be no problem of stocks.

Question by Mr Corrie

Subject: VAT on grain based spirits imported into Italy

Does the recent decision by the Italian Government to raise from 12% to 30% the VAT on imported grain based spirits constitute a breach of Article 95 of the Treaty of Rome and if so, what action has the Commission taken?

Answer

By raising the VAT on gin and potable spirits to 30%, while leaving the same tax on spirits obtained from wine, grape marc or fruit unchanged, at 12%, the Italian Government appears to have introduced a discriminatory measure affecting grain and cane-sugar based spirits.

It is clear that, by changing the rate of VAT in this way, consumption of gin, whisky and rum—beverages which are normally imported — is particularly likely to be affected.

On 17 September 1974, the Commission asked the Italian Government to explain these measures. The latter replied on 13 November 1974 and provided certain

information which made it necessary for my departments to make a detailed study of the matter.

This study has now been completed, and the Commission will very soon be deciding on the legal steps to be taken in this matter.

Question by Mr Kavanagh

Subject: Itinerant or Travelling Peoples⁽¹⁾ within the Community

Within the framework of the Community Social Policy, has the Commission any proposals in mind, to cater with the problems of travelling or itinerant peoples⁽¹⁾ without interfering unnecessarily with their way of life, and to ensure that they enjoy the same legal, educational and social welfare rights and treatment as settled citizens?

Answer

The provisions of the Treaties and of Community legislation apply without distinction to all citizens of Member States regardless of their way of life.

The Commission is conscious of the fact that travelling people can suffer from particular social problems. It has not, so far, however, considered that these problems are most appropriately solved at Community level.

¹ Commonly known as gypsies.

SITTING OF THURSDAY, 10 APRIL 1975

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IN THE CHAIR: MR BEHRENDT

Vice-President

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

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Situation in the wine sector*

President. — The next item on the agenda is a general debate on the situation in the wine sector.

I remind the House that on 7 April 1975, when fixing the order of business, we decided pursuant to Rule 14 of the Rules of Procedure to consider this item by urgent procedure.

This general debate is based on the following documents:

- Oral Question No H-38/75, by Mr Della Briotta to the Commission of the European Communities (Doc. 29/75), which was not answered in yesterday's Question Time. This question is worded as follows:

'Subject: French ban on imports of Italian wine
What measures does the Commission intend to take against the French ban on imports of Italian wine?'

- Oral Question with debate No 0-7/75, put by Mr Vetrone, Mr Ligios, Mr Andreotti, Mr Rosati, Mr Boano, Mr Girardin and Mr Pisoni to the Commission of the European Communities (Doc. 33/75) and worded as follows:

'Subject: Wine crisis

1. What steps has the Commission taken to prevent an aggravation of the wine crisis, which has led to the unfortunate incidents in France and an effective freeze on imports of Italian wine?
2. What measures does the Commission intend to take to restore compliance with Community regulations on Community preferences and the free movement of goods within the Community?
3. What proposals does the Commission intend to make to safeguard wine-growers' incomes so that they no longer feel discriminated against in relation to farmers in other sectors which enjoy more effective protection and support?'

- Request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, submitted by Mr Cointat, Mr Cousté, Mr Duval, Mr Gibbons, Mr Herbert, Mr Hunault, Mr Kaspereit, Mr Laudrin, Mr Liogier, Mr de la Malène, Mr Nolan, Mr Nyborg, Mr Rivierez, Mr Terrenoire and Mr Yeats on behalf of the Group of European Progressive Democrats in view of the gravity of the situation on the wine market (Doc. 34/75) and worded as follows:

'The Group of European Progressive Democrats requests the Commission to explain what immediate measures it intends to take to improve the equilibrium on the wine market.'

- Request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, submitted by Mr Amendola, Mr Ansart, Mr Bordu, Mr Cipolla, Mr D'Angelosante, Mr

President

Fabbrini, Mrs Goutmann, Mrs Iotti, Mr Le-moine, Mr Leonardi, Mr Marras and Mr Sandri on the situation in the wine sector (Doc. 35/75) and worded as follows:

'The signatories

request that a debate be held during the European Parliament's part-session of 7 to 11 April on the situation and prospects in the wine sector in the Community.'

I call Mr Lardinois to make a statement on behalf of the Commission.

Mr Lardinois, *Member of the Commission of the European Communities*. — (NL) Mr President, I thank you very much for this opportunity to make a general statement about the difficulties in the wine sector before the debate on this subject begins.

We were in fact confronted with great difficulties in the wine sector before the present year began—great difficulties as far as sales are concerned and great difficulties in guaranteeing a reasonable income for the producers. What were the causes of this situation? In the first place, our harvests in 1973 and 1974 were much larger than the potential consumption in those years. But these harvests were also far greater than we had ever had before. To give you an example: in 1971 and 1972, taken together, Community production totalled 260 million hectolitres, whilst that for 1973 and 1974 was 328 million hectolitres. The result of this was that in 1972 and 1973 wine prices were exceptionally high because of the small harvest in 1971 and 1972, whereas, because of the high production in the last two years, prices have come under severe pressure.

But that, Mr President, is the classic pattern, in agriculture, of a situation fraught with difficulties. Whenever high prices and small harvests alternate with low prices and large harvests we get difficulties in any sector.

Well now, what has the Commission tried to do about it? This I will go into, but before doing so I should perhaps tell you that, in addition to the difficulties we had with the last harvest, consumption, instead of going up last year because of the lower prices, tended rather to fall because of the general economic situation. This applies particularly to the large production areas which are also large areas of consumption, such as those in Italy and France—not least because the harvest in one of the most specialized areas in the wine sector—namely, the four southernmost departments in France—was not only quantitatively in surplus but also very bad in quality, mainly because of the abominable weather we had in the autumn of

1974. In short, there was a combination of circumstances that we hope will never occur again this century.

What have we tried to do in order to overcome these difficulties? In the first place, we have, not unsuccessfully, extended our capacities for storing the wine that is paid for by the Community. In the second place, we took specific measures, as early as November last year, for what are called in France the *départements sinistrés*—in this case the largest production area hit by the bad weather. The result of this was that about 2 million hectolitres of wine were withdrawn from the market, originally paid for by the Community, but later taken over in part by the French Government with the agreement of the Community after the necessary amendments had been made.

In the third place, we decided that there should be an extra distillation of about 4.6 million hectolitres at a price which, in retrospect, may have been too high, but was in any case intended to strengthen the Italian and French markets. We also decided, when the price decisions were taken in early March, to do away with compensatory monetary amounts within the Community and elsewhere for the whole of the wine sector.

We realized last year that, in view of the two very large wine harvests in 1973 and 1974, we were in danger of finding ourselves with a structural surplus. As a result, about six months ago we proposed some radical changes to you in the wine regulations. These proposals are still under discussion in the Council and in this Parliament, and I hope and ask that this Parliament will give its view upon them as quickly as possible.

In spite of these measures, however, we were confronted towards the end of March with increasing difficulties in the South of France which led to the most serious disorders and then to a decision by the import trade in France to suspend all imports for a certain period. Thereupon we immediately decided, at the end of March, to institute an enquiry because of the charge that this was an inadmissible distortion of competition. Later it appeared that the French Government had given its support, after Easter, to this action by the trade; this, in our eyes, was a different matter and we immediately let it be known that we could not accept a situation of this kind.

The Commission then also decided to initiate a special urgent procedure against the French Government under Article 169 of the EEC Treaty, which can very quickly lead to the delivery of an opinion by the Commission, and,

Lardinois

if that does no good, to a case for summary judgment at the Court of Justice here in Luxembourg. At all events, we initiated this urgent procedure the day before yesterday. We take the view that this matter should be cleared up as quickly as possible, because in our view it is a question of an offence against the Rome Treaty of a gravity that we have rarely experienced in the history of our Common Market.

That, I should say, Mr President, is the political and legal side of this matter. In our view there is also an economic side, and there I should like to deal with its short-term effects and the measures that are necessary in the medium and long term. It is clear to us that we should do everything possible to bring the present economic difficulties in our wine areas to an end as quickly as possible. This is why the Commission has decided, firstly, to submit to the meeting of the Council of Ministers that is to be held this Thursday—a meeting of the Ministers of Agriculture especially called for the purpose—a new and broadly-based proposal for a distillation regulation designed to re-stabilize the market as quickly as possible and, secondly, to propose a resolution by the Council in which the Council would undertake to amend the wine regulation in a number of its essential features prior to the summer recess so that we may never again find ourselves in a similar situation.

These amendments to the wine regulation all tend towards the same object as those in the proposals that we put before you six months ago, but they have been sharpened up in a number of points—namely, strict control of new and extended plantings and of the grants that have hitherto been made for this purpose, and the withdrawal of any surplus immediately after the harvest, should a harvest like last year's or that of the year before seem likely. This withdrawal can take the form of distillation at a price such that the distilling market can largely meet the cost itself.

The experience we have had with the wine regulation in its first five years—it came into force in 1970—and with certain compromises such as that which was struck between the French and Italian approaches to the whole problem has taught us that it is necessary to build in more guarantees so that the market cannot degenerate into a market of surplus, as was anticipated by some people as early as 1969. If we take no extra measures in the short term, all we can expect is that the difficulties, in the longer term, will become so great that corrective action will no longer be possible.

Mr President, I intended to draw your attention to the political, legal and economic sides of

this question, but, to conclude, I should like to say this to the Parliament. I am convinced that the proposals which the Commission will be submitting this Thursday will win the agreement of the entire Council—though perhaps after a difficult debate—so that by Thursday evening a decision can be taken by the Council whereby, from this standpoint as well—in addition, therefore, to the legal side—normal market dealings can be resumed in the course of the following week. The Parliament would render us a very great service if, during this debate, it could approve the important proposals for the reorganization of the market and production that I have put forward. In this way, it would help considerably to restore the situation to normal so that this very serious difficulty in our Common Market, which might in itself represent a threat to the whole structure, may—we hope—be reduced to an incident that we can then quickly forget.

Thank you, Mr President.

President. — I call Mr Vetrone to speak on behalf of the Christian-Democratic Group.

Mr Vetrone. — (I) Mr President, ladies and gentlemen, I should first of all like to offer my sincere thanks on behalf of the Christian-Democratic Group to Commissioner Lardinois for his accurate account, from the political, legal and economic standpoints, of this absurd wine war.

Right from the early months of last autumn it was clear that the situation of the wine market would be difficult for the current season. This could be easily forecast because of the vast quantity of unsold stocks from the preceding season. The fact was that new production and unsold stocks together provided availabilities at the beginning of the season amounting to about 244 million hectolitres—14 million higher than in the previous year.

In the presence of such a serious and exceptional situation, there would not appear, to be truthful, to have been sufficient promptness in taking measures. It was only last January that the Commission submitted its proposal to the Council for the distillation of 4 600 000 hectolitres of wine—a quantity, incidentally, that was obviously inadequate from the start when it is remembered that similar quantities used to go for distillation in periods of normal market behaviour. Moreover, this measure did not come into practical effect until the end of March because of the time it took to go through all of the relevant bureaucratic procedure.

Vetrone

The lack of promptness in taking action, and the inadequacy of that action, must therefore be held partly responsible for the worsening of the crisis and, with it, the exasperation and the outbreak of deplorable acts of violence against Italian wines. And these incidents evoked a deep-sounding echo from the French Government, which, with its decision to ban imports of Italian wines, unquestionably committed an act fraught with potentially detrimental consequences for the future of this Community.

The Commission was therefore right to initiate the procedure of infringement in France's case, even though the decision was not taken until a few hours ago after the abortive attempt at a settlement the day before yesterday in Brussels. But we still have a state of tense unrest in Italy, where the people in the industry, weary of the effort to keep calm, may at any moment explode in very understandable anger and thus set off a process of retaliation on so large a scale that the Italian Government would have great difficulty in bringing it to a halt.

No one can really want this to happen, particularly the French wine-growers, who have common interests to protect with Italian wine-growers. Meanwhile, there is no doubt that immediate measures are necessary to restore calm and bring trade back to normal. And the most effective of such measures would certainly be to ensure an appropriate increase in the volume of wine going for distillation—taking care, however, Mr Lardinois, not to yield to pressure for a further increase in minimum selling-prices, since their present high level has undoubtedly had adverse effects in relation to the quota arrangements for distilling operations decided by the Commission.

What is needed, therefore, is a set of measures designed to provide a more stable basis for equilibrium in the Community wine market. After five years of application the wine regulation shows a number of shortcomings that are now going to be made good. Wine-growers must be rapidly placed on an equal footing with other producers whose sectors are better covered by the Common Agricultural Policy. It is inconceivable that wine-growers should be discriminated against, either through the weaker guarantees offered to them by internal intervention measures or by the ineffectiveness of protective mechanisms at the Community's external frontiers. The scale of this discrimination is immediately clear from a comparison of the guarantees offered to wine-growers and to other agricultural sectors. As regards external trade, this is another occasion for reiterating the critical comments on the Community's Mediterranean policy, the cost of which falls solely on our

Mediterranean production, though this is the least protected—even inside the Community—as in the case of wine.

In this connection, and though I have no wish to be contentious, it is as well to remember that while about 4 million hectolitres of Italian wine enter France each year, for the well-known purpose of blending with local production, it is also true that a similar quantity of wine from Algeria and other Mediterranean countries reaches the same market and, because Community regulations do not allow it to be used for blending, it is naturally marketed for consumption as it is. Consumption, incidentally, is tending to go down for various reasons—not least because of high taxation, not only in the non-producer countries but also in France itself, where the rate of value added tax on wine is 17.8 per cent, unlike other agricultural products, which pay only 6 per cent.

The troubles on the French market, therefore, cannot be traced back to unfair practices of competition on the part of the Italian producers, who adhere to the principles of supply and demand without being obliged to observe minimum prices. These, as we know, apply to a limited number of different products and, what is more, purely in relation to third countries.

In order then, Mr Lardinois, to establish whether the crisis is structural, as is maintained in certain quarters, or simply cyclical, a thorough investigation would undoubtedly be necessary. And for that purpose a debate might be held, if this were necessary, on the problem, to which you have referred, of controlling production and restricting plantings. On the assumption, however, that the existence of excess production is confirmed, this investigation should begin with the assessment of a strict policy of quality, include an examination of vocational choices and conclude with taxation problems.

The fact is that, with a stricter quality policy, it would be easier to achieve the object of controlling the volume of production. But in this case it is obvious that the practice of sweetening would come up again and, except for certain traditional Moselle and Rhine areas, it might be necessary to agree on its abolition. But instead of this practice, which apart from anything else uses sugar of which we are short, use could be made of concentrated grape-juice—of which, on the contrary, we have a surplus—and there is no reason, either, to rule out the possibility of a decision to raise the natural minimum alcoholic strength for the bottled product by one or even only half a point. Control of plantings, however, would raise the problem of crop-selection and also, perhaps,

Vetrone

that of the desirability of giving greater support to certain typically Mediterranean products such as corn and olive oil, of which we have a deficit, as an incentive to producers to grow these crops rather than grapes.

Another suggestion would be to increase incentives in the field of processing and marketing. With the present structure, it is difficult for the general consumer to buy wines of VQPRD quality, the price of which is so high today that it may be thought difficult to win new consumer markets with them. Why not, then, do more to promote ordinary table-wines, particularly with regard to their presentation? To do this, there would obviously have to be encouragement from the Community in the form of aid in setting up a wider network of cooperative processing and bottling plants. Instead, the Commission appears to want to restrict current aid in the case of private projects for new plants of this type.

Lastly, a debate on taxation would reveal how heavy it is precisely in those countries that would naturally be the new markets for the Community, such as the United Kingdom, Benelux and Denmark. Mr Lardinois has announced other changes, in addition to those proposed, to the basic Community regulations for this sector while this regulation is actually being considered by the European Parliament. If this is the case, I would ask that the European Parliament be consulted again on this matter.

This, ladies and gentlemen, is a brief summary of the present problems needing to be solved. Leaving out of account the pointless and emotional polemics, which merely succeed in envenoming relations, these are the real problems that wine-growers should look at more closely. They are problems to be solved in the common interests of growers and consumers, but they are also complex problems that, for this very reason, often require thorough knowledge and a spirit of solidarity on the part of the authorities responsible for the Common Agricultural Policy, who must realize that in the regrettable acts of violence that have taken place there are recognizable and understandable signs of anxiety. It will also be useful to give wine-growers the psychological preparation which they lack and without which it will be impossible to obtain from them the common effort that is essential, abandoning every form of mistrust and giving wine-growers new strength through mutual sincerity. This will restore in them that peace of mind that has been so badly shaken in the last few, dramatic weeks, of which it may be hoped that no trace will be left in the history of Community wine-growing.

(Applause)

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

Mr Laban. — (NL) Mr President, I should like first to thank Mr Lardinois for giving that explanatory statement so quickly after the Commission had taken certain decisions.

In the view of our group, it is a good thing that this Parliament can discuss the difficulties on the wine-market before the Council meets next week. Mr Lardinois has said that the wine-market has had to struggle with both structural and cyclical problems. My group takes the view that solutions need to be found for both types of problems at Community level. From this it follows that we condemn the action of the French Government as violating the Rome Treaty and the Community wine regulation. That does not, however, mean to say that we have no sympathy for the difficulties of French wine-growers, but Italian wine-producers have difficulties too.

With unilateral announcements of quantitative restrictions on trade between Member States we are on the wrong road, and we had better get off it. If this becomes the usual way of dealing with things, then we can very soon write the European Community off. For this reason my group will publicly condemn any state that in future takes measures contravening the Treaty or the Regulations.

Structural measures are by far the most important for restoring market equilibrium. We shall presumably be able to consider this subject in detail at the part-session in May, when the report that the Committee on Agriculture is now preparing on the Commission's proposals comes up for discussion in this Parliament. Nevertheless, it is necessary to refer to it—though briefly, because my friend Mr Della Briotta will also be saying something on behalf of our group. I myself would like to discuss the emergency measures that the Commission has proposed in order to do something to prevent the wine-flood from breaking its banks, but a strict differentiation between cyclical and structural problems is out of the question.

Mr President, I do not think we have to beat about the bush. Definitely, too much wine is being produced in the European Community, and in particular too much wine of poor quality. In our view this has been facilitated by the regulation now in force, which makes it attractive to produce less good wine and gives little incentive to cultivate quality wines. Also, it cannot be denied that certain producers and also certain Member States have shown too little discipline and so have contributed to the

Laban

present difficulties. Mr Lardinois has, however, said—and this is generally acknowledged—that the problem has become urgent because of the abundant wine harvests of recent years which occurred at a time when consumption in the biggest wine countries was beginning to level off or even to decline, possibly because of changes in the drinking-habits of the younger generation.

This cannot be offset by exports to Member States who produce no wine and whose consumption may climb. Indeed, even in those countries the increase in consumption is to some extent impeded by higher energy costs, so that people have to be rather more careful about how they spend their money.

I also have an idea that fraudulent practices, including the adulteration of quality wines, may have contributed to the fact that consumers are less enthusiastic. That must certainly have had some negative influence on the export of quality wines.

So we have a wine-ocean, and Mr Lardinois should make clear to us how big this ocean is. If I have correctly understood, the Commission takes the view that the distillation of 4.6 plus 5 million hectolitres will be enough to put part of the market right again. There may also be certain export possibilities. As a result, about 12 million hectolitres will be taken off the market. Press reports, however, suggest that producers have applied for the distillation of a total of 23 million hectolitres. If these reports are correct, how is the difference to be explained? How great is the surplus? Or is the reason for the difference to be found in the fact that the distillation grant of 1.58 units of account per degree of alcohol per hectolitre of wine is roughly equal to the market price? Is Mr Lardinois not of the opinion that benefits of this kind can have only a negative influence on marketing? And if he takes this view, is he then ready to see that next year some adjustment is made so that the producers themselves are made to bear more of the responsibility?

In this situation my group has hardly any choice. Indeed, this applies to many of us here. Besides, we do not wish to evade our partial responsibility for the favourable opinions delivered by this Parliament on the wine regulation now in force and on certain price proposals. We therefore accept the additional distillation possibilities that are now to be created.

On the other hand, I think it is also right to point out that our group gave the alert with regard to the difficulties on the wine market at the time that the Memorandum on the adjustment of agricultural policy was being discussed.

I would also point out that after the initiation of the procedure regarding the latest price proposals we tried, by means of an amendment, to bring about a lower price increase than has in the meantime come into force.

Our agreement, however, is subject to certain reservations. We expect Commission and Parliament, including the representatives of the wine-producing countries, to make joint efforts to institute a reliable quantitative and qualitative control in wine production. We know very well that this will only be possible on a gradual basis; we must give wine-producers time to adjust to socially responsible behaviour. But if this joint effort is not made, then too much, in my opinion, will be demanded of all those countries which produce no wine but which have to contribute to the costs of distillation.

The extra 50 million units of account have to come out of the Guarantee section of the agricultural fund. This, if I have understood correctly, can take place without an increase in the budget. Perhaps Mr Lardinois will explain to us how this is possible. If I remember correctly, an extra 200 million units of account was necessary in connection with the price proposals we discussed a few months ago. On the basis of a Council decision, a number of large extra expenditures have been added on account of various regulations in the animal sector. Now there is another 25 per cent, I think, to be added—that makes 50 million extra. Am I right? Where will that amount be saved, from expenditure in the milk sector? And how can that be decided so early in the season? Moreover, I pointed out earlier that the cost of importing from third countries sugar bought on the world market is much higher than we then anticipated. In answer to my oral question at that time, Mr Scarascia Mugnozza, in the absence of Mr Lardinois, informed me that a supplementary budget would be necessary purely to finance the higher sugar costs. Now, apparently, we have an additional 50 million units of account. I would ask Mr Lardinois to unravel this knot for us today.

Mr President, our group is pleased that this time no use is being made of the weapon of limitation on wine imports from third countries, most of them developing countries. And I should be happy to hear from Mr Lardinois that this is not to take place in the future either.

Now a comment or two. There is a certain storage regulation, and I should like to ask Mr Lardinois whether it is intended to make wider use of the subsidized storage of better wines that, for example, are produced in Italy. Why is there no proposal on this subject?

Laban

This seems to me better than distilling the wine. It is obviously a fact that the export, and even the subsidized export, of wine to third countries is much cheaper than distillation. There is some interest in this, and I should like to know which countries are interested in it. On the other hand, we are of the opinion that export opportunities to countries in Eastern Europe are less desirable in the prevailing political situation.

I now come to my last remark. We are now going to distill on a greater scale, and we shall therefore have large supplies of alcohol, for which, if I am correctly informed, there is hardly any market. My question is this: what are we going to do with it? The rumour is going round that this alcohol is going to be mixed with benzine and used as fuel. Can Mr Lardinois tell us something about this? The alcohol is made with Community money. If any profit arises out of the sale of this alcohol by Member States, will this profit find its way back into the agricultural fund or do the Member States themselves have to see what they can do with the alcohol and how they fare? You can see the strange kind of situation that may arise, and I must say that this kind of thing is not wholly beneficial to the Community. We have therefore no alternative but to give our agreement to the short-term measures that the Commission has now announced: you must, however, understand that this is on the condition that things are put right.

(Applause)

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

Mr Cointat. — (F) Ladies and gentlemen, Languedoc wine-growers are irate. Roads have been blocked. A cathedral and even the European Community offices have been occupied. Ports are blockaded. Tax-collection offices have been raided. A savings-bank has been set on fire. There is rioting in the streets, violence and despair have sprung up in the sun.

When your house is on fire you don't worry about doctrines, regulations or theories. You call the fire brigade. And everyone does the best he can. For exceptional events there are exceptional rules. The prices for market organizations are decided at Brussels, but responsibility for public order lies solely with national governments. They have to cope and restore calm in the interests of the Community.

All Ministers of Agriculture of all the Member States have, during the last 15 years, been confronted with similar difficulties. And each time

the reaction has been the same: measures of national preservation have been taken.

Some, for example, have closed their frontiers for so-called health reasons (and my friend Mr Lardinois, a veteran in agriculture like myself, will agree); some, through more or less Community taxes, have reverted to industrial autarky (and my Italian friends should take no offence at what I am saying); others have failed to apply the regulations with regard to intervention, or have put obstacles in the way of free circulation (our British colleagues and others know what I am talking about—we shall shortly be talking about eggs); others have applied for exemptions from the regulations that are in force. Community preference has sometimes been forgotten. In other words, everybody is involved. No one should throw stones when the drama is going on in people's hearts, for the conflict stems from the people, not from the French Government.

The Ministers should therefore meet in 'super-restricted' session to settle the problem. This is why, dear colleagues, I regret the possibly somewhat hasty and unpleasant statements that have been made. It would have been better to keep calm and propose practical and immediate measures. The fact is that there is deep disquiet. Prices have collapsed. In France trade is at a total halt; wine-growers' incomes are falling; the common organization of the wine market has, for five years—let us admit this humbly—been a total failure. It is holding back European construction and helping to nourish a negative atmosphere; it should therefore be changed, and we ardently hope, like all of you, that economic union will progress.

I therefore address myself to the Commission and ask the following question: given this disturbing situation, the result of an ill-adapted and inadequate system of regulation, what measures do you intend to propose? Commissioner Lardinois has already given a partial reply. But I consider that these measures should be of two kinds. First of all, emergency measures are necessary to calm the passions. Then medium-term measures should be taken to prevent such disastrous situations from repeating themselves, as they have done since 1970.

Let us look first at the immediate measures. The 1974 harvest was abundant. The words 'harvest of the century' have been used. There is a large surplus and the weaker wines, the *piquettes*, have distorted the market in spite of precautionary distillation. Bad money always goes after good, and the blending possibilities have worsened the situation still further by allowing bad wines to be put on the market.

Cointat

You know the result—it is disastrous. How, then, can this state of affairs be put right? Under the present regulations—and in the middle of a season—there is not much choice. If you will forgive the metaphor, I should say that once the wine has been tapped, it has to be drunk, even if it has the bitter taste of anger and regret. In my view there are only two possible emergency solutions: on the one hand, strict application of the regulations, particularly with regard to storage contracts for good wines, accompanied—in all producer countries and particularly in Italy—by a substantial increase in the storage grants so as to provide adequate incentives; and, secondly, the purchase of massive quantities of wine by the Community for the purposes of distilling it or exporting it at the intervention threshold price.

The financial burden would admittedly be very heavy, but it is now essential in order to quell the riot and in particular to safeguard a common agricultural policy which is crumbling away for lack of the necessary political will.

Let us now consider what fundamental measures should be taken. The wine regulations are incapable of regularizing the market; they need to be radically remodelled and strengthened. The object should be to improve the extent to which wine-growers' incomes are guaranteed and to impose upon them, in return, a certain discipline as regards both the quantitative control of wine and the matching of production to market requirements. For this purpose, and without going into detail, I would suggest the following four measures, which could be easily applied:

First: prohibition of any new plantings on category A and B land, i.e., that producing ordinary table wine, in order to avoid new surpluses. All European wine-growers should be on the same footing: it would be wrong to ask some to make the effort and to leave others to go their own way.

Second: the creation of an automatic intervention, with guaranteed prices, similar to that for wheat. On this point I support my colleague Mr Vetrone: the cereal regulation is the only fully successful one in the Community; no one complains about it, neither the French, nor the Germans nor anyone else. We should therefore draw the obvious conclusion and apply it to other products. Cereal growers should not be the agricultural élite with wine-growers and fruit and vegetable producers as their poor relations.

An automatic intervention system does not mean that there need be no strengthening of the storage policy, since a similar provision is made

in the cereal sector in the form of monthly delivery premiums. In the first few years the costs would, it is true, be high, but revolution costs even more.

Thirdly: a 150 hectolitres-per-hectare ceiling on output. The fact is that quality largely depends on the quantity produced per hectare. Yields of over 150 hectolitres per hectare mean either that there has been over-irrigation or that vines have been used that have no value. Quantity should be discouraged to the advantage of quality. Any wine over and above the ceiling suggested should, compulsorily, go to the boiler at a price below the guaranteed price.

Fourth and last: the institution of quality-control at the production stage. At the moment this control takes place at the marketing stage, which leaves the door wide open for fraudulent practices between vineyard and wine merchant. Blending has thus contributed towards the sale of low-quality (7-8°) wines which were by no means honest products fit for the market. In exchange for a guaranteed price it is essential that wine-growers should understand that bad wines and those at too low a degree of alcohol should be kept off the market—in their own interests and in those of the consumer.

Quality control during production is the only way to overcome this problem. All non-merchant wines should, compulsorily, go to distillation, or be used for vinegar, at a price to be established.

In my view these four measures would help to regularize a difficult market. By guaranteeing wine-growers' income, they would make it possible to institute disciplines for controlling production and improving wine quality. The Commission has submitted a number of proposals which are covered in a report by our colleague Mr Della Briotta. The proposals are interesting, but we consider them to be insufficient. They do not guarantee an income to wine-growers and will not prevent conflict in the event of surplus harvests. I would draw the particular attention of Parliament and the Commission to this basic aspect of the problem. The men on the land are not content, the men that produce the oldest drink in the world are in despair. We have no right to forget them.

(Applause)

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

Mr Cipolla. — *(I)* Mr President and colleagues, you will forgive me if, instead of offering the ritual thanks to the committee responsible for agricultural problems, I address thanks and

Cipolla

greetings from this House to the winegrowers in their struggle, whether they be in France or in Italy. For us Communists, this struggle of the winegrowers is just, whether they be French, I repeat, or Italian. The struggle of the French winegrowers is well known, because it has had certain dramatic aspects. In Italy there have been general strikes in certain provinces of Sicily, radiating from Marsala, and others are announced.

The object of these struggles is not to set French winegrowers against Italian winegrowers—although there are forces at work striving to achieve this purpose—but to criticize a system of common agricultural policy, particularly in the wine sector, responsibility for which lies with successive governments in Italy and in France. With French governments because, though having a large measure of power in the framing of the common agricultural policy (as an ex-Minister of Agriculture, Mr Cointat, you know this and, incidentally, I have never seen a French Minister applying the policy of the empty seat when it was a question of defending the interests of farmers and winegrowers in the South of France), they have not known how to make proper use of it. Grave responsibility also lies with the Italian Government for not having been able to provide the necessary protection for its agriculture and for having accepted, through culpable weakness, that the interests of winegrowers and other producers in the Mediterranean area, which are the pride of Italian agriculture and the most modern and competitive part of our agricultural sector, be relegated to second place. Lastly, Mr Lardinois, there is the responsibility borne by the overall policy pursued by the Commission. This year 2 per cent of the Community's budget is allocated to winegrowing. In 1973 the figure was 0.6 per cent. And yet people engaged in winegrowing in France, Italy and Germany total over 2 500 000 and therefore represent one-quarter of all the Community's agricultural workers. Thus, this quarter of the Community's agricultural labour-force receives only 2 per cent of the Community's agricultural budget.

I agree with you, Mr Cointat, when you say now, in 1975, after the winegrowers in the South of France have finally woken up, that the same guarantees provided in the cereal regulation, and I would add in the milk and cheese regulation, should be applied to the wine regulation. You say this today, but when we said, at the time that the wine regulation was being discussed, that it was necessary to give the same protection to winegrowing, we Communists and some of our Italian colleagues were the only ones to support this view. You say this now that you see the discontent and anger—which the French

Government have wrongly attempted to turn to their own purposes—directed against free market circulation and against Italian wine. You should tell French winegrowers that their successive governments, *les pouvoirs français*, which have dominated the Common Agricultural Policy, have neglected the South of France for political reasons and because of certain options.

And this is the core of the Common Agricultural Policy: continental agriculture has been protected to some extent, but Mediterranean agriculture has not. This is not only the origin of the injustice towards the farmers in the South of France and in a large part of Italy, but it also affects the possible enlargement of the Common Market to other European countries in the Mediterranean that are now throwing off the yoke of fascism and which should come to be part of the European Economic Community. These conditions of inferiority applying in the south of Italy and of France are certainly no incentive to Portugal or Greece or later, as we hope, Spain, to join the Community.

Lastly there is the responsibility borne by the line taken in the Common Agricultural Policy. All the regulations in that policy—and Mr Cointat said this a little while ago—are concerned with the commercial aspect. But putting agricultural cooperatives, wine cooperatives and wine merchants on the same level means giving preference to the strongest and whoever is most skilful at dodging the regulations and getting his own way.

Today we see that the Community regulations, in other sectors too, are all framed in such a way that out of every three units of account allocated to the protection of agriculture, one goes to the farmer, whilst the other two end up in the hands of industry, of those engaged in storage, or of those who receive the export refunds. If, dear Mr Laban, we do not accept the principle of giving preference to the farming organizations in order to reduce the gap between producer and consumer prices, we shall never be able to implement a real agricultural policy. Therefore, honourable colleagues, the problem raised by the winegrowers is not that of whether a few million hectolitres are distilled or not, the problem they raise is that of equality of treatment between Mediterranean producers and those in the rest of the Community and between the farmers that are poor and those that are not so poor, it is the problem of protecting agricultural workers against the commercial exploitation and speculation of the monopolies. The Community's money should not go to the big exporters, nor to the big processors, it should go to the agricultural cooperatives.

Cipolla

If today in Sicily (my own district), which is one of the most backward regions of the Community, agriculture and winegrowing are developing and modernizing, it is because the Sicilian area, in spite of the vetoes that have come from the Community, has put all its efforts into strengthening the wine cooperatives and into developing winegrowing in such a way as to give the associated growers advantages over the merchants. And this has been done in spite of protests by the merchants and industry. Today Sicily is producing good-quality wine, of the same high quality as all wine in regions that have operated in accordance with this principle.

Lastly, honourable colleagues, I want to say something about the proposed amendment to the regulation. I have read the budget for agricultural policy presented by the Community and, like my colleagues, I have read the new wine regulation that has been submitted.

The regulation tabled by the Commission answers none of the problems raised today by the movement of the agricultural masses in France and in Italy. None of these problems is solved, and it is therefore necessary to make more radical changes and to establish a principle—namely, that, if there has to be a control on production in order to prevent winegrowing surpluses, such control must be implemented in every sector. It is not possible to introduce a control to prevent surpluses in winegrowing—assuming that such control as proposed is fair—and not at the same time implement similar controls in the milk and cheese sector or in other sectors. This, therefore, is a problem of overall regulation, involving the responsibility of the whole agricultural sector, and of the adoption of an agricultural policy tailored in the interests of European growers and consumers and not to suit the speculators and monopolies, as has been the case up to now. Here I am also referring to the taxation system mentioned by Mr Vetrone.

It is not right to seek to alter this system by providing, for example, that in the event of a meat emergency, the VAT should be reduced in various countries, even to the point of doing away with it altogether, when we know that in order to meet certain requirements in the industrial sectors the tax on table wine is extremely high.

Lastly, honourable colleagues, I would like to stress that these events call for thought on our part and a greater measure of solidarity. Mr Laban is concerned about the effects on the Community's budget. Mr Laban should forget about representing his own country in this House and should instead remember the Socialist ideals in the name of which he was elected by his own countrymen.

The point that comes out strongly from these demonstrations in the South of France, in Sicily and in other regions in the South of Italy is that you cannot proclaim the right to a given income for agricultural workers in one part of Europe and forget at the same time that, in other parts, there are poverty-stricken farmers earning a pittance. It isn't 15 or 20 million from the EAGGF budget that will be needed, we shall want hundreds of millions or even thousands of millions of units of account if we really want Europe, whether in general policy options or in those concerning the whole sector of the Community, to be in a position to pursue a truly unified policy.

It is, in fact, selfishness that is destroying the solidarity of Europe. It is national egotism that has bred the situations we are now witnessing. It is individual speculation, Mr Cointat, that is responsible for the fact that within the same agricultural country certain farmers are heeded rather than others. The measures taken in the name of the farmers have thus benefited not the farmers but forces that are not agricultural, as is the case with the wine regulation, the regulation on milk and cheese products and the regulation on cereals. This must be borne in mind when considering recent demonstrations of agricultural discontent, such as the occupation of cathedrals and the sacking of public offices.

To attribute these events to the fact that the wine-growing year was propitious both in Italy and in France and that we are therefore saddled with over-production indicates a failure to understand the process that the labour forces, of which agricultural workers are a major component, are now in 1975 intent on setting in motion. We must consider what road to take. We shall examine the proposals and I hope that all those who have shown good will in solving the problem will have the courage to subject the Common Agricultural Policy to severe criticism and propose a change in trend that will put all categories of agricultural workers on the same footing, not only in the legitimate interests of the workers of the world but also in the interests of Europe's economic and political development.

(Applause from the benches of the Communist and Allies Group)

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

Mr Della Briotta. — *(I)* Mr President, ladies and gentlemen, this wine question, or this wine war, as it is now described by the international press, is the direct outcome of the winegrowing crisis arising out of the, by no means exemplary, operation of the Common Agricultural Market.

Della Briotta

The wine crisis is, for the most part, a crisis of overproduction, due to a sharp increase in wine-growing both in the areas entitled to use the label of origin and outside them, sometimes with EAGGF grants, and to an improvement in wine-growing systems and techniques (irrigation, chemical fertilizers and new pest-control techniques). Replantings involving crop specialization and the replacement of hill and coastal sites, with their high costs and restricted but high-quality production, by vineyards on plainland which is more suitable for industrial growing techniques with abundant and rising yields, are part of this same picture.

At the same time there has been a steep increase in imports (from about 3 million hectolitres in 1972 to about 7 million in 1973) without any corresponding increase in exports to third countries—in fact, there has been some levelling off in demand.

There can be little surprise, therefore, at the initial sluggishness in prices and then, from April 1974 onwards, the steep fall as a result of the plentiful 1973 harvest. To make the situation worse, there was the dizzy increase in production costs (fertilizers, machinery, pest-control products and labour) whilst wine-consumers' incomes, hit by inflation, accentuated the inertia of the market. Given all this, it is easy to understand the anger of French winegrowers that broke out in a veritable agricultural war and has shaken the South of France, although undoubtedly magnified and utilized for purposes of that country's domestic policy.

It can be understood, but it must be added that the methods of the agricultural *jacqueries* cannot be the most suitable way of solving the income problems of agricultural workers in our countries and in our time. For my part, as a Socialist and an Italian, I feel that the last thing to do is to set Italian and French farmers at each other's throats.

There certainly has been a violation of the Treaty; Mr Laban has spoken on this point on behalf of my group. Also, the French Minister of Agriculture has himself disposed of any legal subtleties by saying he was ready to pay for the damage. If the French Government has chosen the path of the *fait accompli*, I think it is pointless to discuss the problem of who has violated the regulations, and it should go on record that my country has not added fuel to the fire. It is clear that the 1970 regulations are unsatisfactory and have to be changed, because they have not kept pace with the changes in the market to which I referred at the outset. It is just as clear that, speaking on behalf of the European Socialist Group, I cannot accept the logic that

would have the difficulties that have arisen in Italy with the coming of the Common Market resolved at the expense of French winegrowers. Nevertheless, it is inadmissible that tension should be allowed to grow in the South of France without the French Government's explaining publicly what were the advantages derived by French cattlefarming from sales in Italy, which, in the last 18 months, have reduced the cream of the cattle farms in the Po Valley to a situation of crisis. I think Mr Cointat is familiar with these things, for he is mayor of Fougère, the biggest beef and veal market in France and a town whose name is on the lips of all Italian importers. In December 1974, 100 000 head were imported by Italy and the commercial and agricultural balance in trade between Italy and France was a little less than 1 000 million dollars in 1974.

So the wrong road was taken (and I wonder what the reason was, if any) instead of Italian and French winegrowers joining together to have the 1970 regulation changed in order, ultimately, to arrive at a more equitable organization of the wine market—I repeat, more equitable and not more favourable.

Why did the 1970 organization of the market not work?

Was it because there was no wish to offer wine the same guarantees of automatic intervention already sanctioned for cereals and for milk and cheese?—Because, in all honesty, it should be recognized that Mediterranean products are in fact treated with no regard or with less regard than those of the north and the north-east of the Community. We therefore threw away this opportunity of having a new debate that would eliminate economic protectionism and any form of outdated chauvinism. It is clear to me, and it should be clear to all, that accepting the political necessity of opening our doors to products from other countries in the Community and countries with whom we have special agreements implies that we accept the principle that everyone (including those who sell industrial products) should foot the bill for the consequences, e. g., those of distilling those quantities of wine that are sacrificed in favour of wine that is imported. But at the same time EAGGF Guarantee spending needs to be rebalanced. The time has come to tell winegrowers the truth, including the French winegrowers, who are mistakenly quarrelling with their fellow growers in Italy, and the truth is that intervention for butter is automatic, as it is for meat, whereas every distillation campaign for surplus wine requires endless debate in the Council.

It should also be explained to French winegrowers that there is little or no purpose to be

Della Briotta

served in closing the frontier to Italian wine, because, in the long run, their difficulties will remain, even without this competition, precisely because wine has not received the same treatment as other products.

What should be done, then, if we are not to remain on this footing of customs warfare of a bygone age?

I think it would be possible to accept greater strictness in plantings, reducing them to the real winegrowing areas; a selective quality policy, using more grapejuice in order to save sugar; and vigorous action to stamp out adulterated wines. And all this needs to be done under Community rules that are not or cannot be disputed as can similar national regulations. As a counterpart to this, however, an organization of the market needs to be developed that is more favourable to wine-producers, with early measures to lighten the market at the beginning of the season. And together we need to look for new outlets—with rebates if necessary.

For the time being the distillation of 5 million hectolitres may be regarded as a useful measure, but it is still rather like the bloodletting remedy that doctors used to prescribe a century ago, since it has not been decided what we should then do with the alcohol produced. For my part I would recommend, as a suitable and supplementary measure, assistance for wine storage, particularly in view of the balancing out between years of big and small harvests, borne out by experience in recent years. The basic problem is therefore that of making provision, by intervention support measures, against possible or foreseeable market difficulties, as happens in the case of cereals and milk and cheese, allowing for the differences implied by the nature of the products and the different impact of the activities, but not forgetting that wine still accounts for 6% of the Community's agricultural end-products, that vineyards cover 4% of the total agricultural area and that this product received 2.4, 0.3 and 2% of the support expenditures allocated to the EAGGF, Guarantee Section, in 1972, 1973 and 1974 respectively. In 1973, 39.2% went to milk, for a final production equivalent to 19% of Community agricultural production.

I should also like to make a few comments, addressed to my French colleagues, with particular reference to what has been said in recent weeks.

Geographical reality cannot be altered. Italy's situation as a wine-growing land is a fact and cannot be disputed. In spite of its shortcomings in the past, Italian wines are now establishing a hold on markets in competition with French wines, even in the high-quality categories. This

market competition may lead to some quantitative changes in certain French marginal positions as regards table wines in favour of Italian wines, which are more competitive in price. Together, French and Italian wine-growers, resisting the temptation to resort to violence, which is exploited for other and alien purposes, should take a common stand on the basis of their present output, limit new plantings at least until large new foreign markets are opened up, and bring the vineyards back to their proper environment—the hills and sloping land, where the wine produced has never had to be sent for distillation.

This is also the request that I would address to the Commission. It is in the hills that the small enterprises can find a living, based true enough on mixed crops but indispensable for maintaining the vitality of a socio-agrarian structure which has been, and can still be, such an important part of the life of whole regions in our Community. On the level country there is room for the big enterprises, which apparently produce at lower cost but then land us in these situations with declining production. Perhaps, my dear colleagues, in the EAGGF archives we could find many reasons for the present trouble. Hundreds and thousands of small enterprises have got into serious difficulties for having followed a policy that is wrong, at least as far as the rationalization of wine-growing is concerned, as though only the Rothschilds and Ricasoli knew how to produce wine in Europe.

This ugly wine war will at least have helped us to think anew about these problems.

(Applause)

President. — I call Mr Liogier.

Mr Liogier. — *(F)* Mr President, ladies and gentlemen, our group is grateful to our Italian colleagues, Mr Vetrone and his friends, for the moderation and fairness of view which emerge from the three-part Oral Question with debate, No 0-7/75, which they have put to the Commission and which, in conjunction with our own, among others, has given rise to this debate.

Paragraph 2 of the question, however, calls for certain comments on our part. In September-October 1974 a phenomenon emerged which was to gather momentum from month to month. This was the importation into France of good-quality Italian wines, in most cases at a price below the distillation price, since it was about Frs. 7 per degree-hectolitre. A precise figure of Frs. 7.32 has in fact been cited for Sète, whereas the intervention threshold, in the form of distillation or otherwise, is at Frs. 8.87, I believe. Between September 1974 and February 1975 three million

Liogier

hectolitres were imported in this way, mostly for direct consumption, so that merchants practically brought their purchases on French territory to a halt.

Why such a massive volume of exports, in abnormal quantities, over so short a period and at an inadmissible price—a clearance price, one might say?—Primarily because the notion of a storage contract is unknown in Italy, in contrast to France. Italian wine-growers therefore have compelling cash-flow requirements and are more or less obliged to look for rapid and massive sales abroad at prices out of all proportion to costs. However, though Italian wine-growers are unfortunately forced into such practices—and France is in no way to blame for this—French wine-growers understandably cannot accept responsibility for this state of affairs. They are nevertheless expected to bear the disastrous consequences, with the bottom falling out of the market and wine-stores filled to overflowing. These are the reasons for their explosion of anger, particularly since the flow of imports has done nothing but increase since February.

We understand, of course, Italy's need to export part of her output but such—as regards prices and the quantities sent—anarchical exports should not be made to another wine-producing Member State—one which, to be fair, has never, no matter how much wine was produced, upset the Italian wine-market.

It should not be forgotten that before any substantial Community aid was invoked, either for storage or distillation, France had, during the recent years of surplus, distilled large quantities of table-wine whilst importing similar quantities from Italy, which means that France shouldered virtually the entire responsibility of keeping Community production at a balanced level. Again, a short time ago, France accepted the obligation to blend only with wine produced in the Community. But everyone knows that practically all blending-wines, which generally have to have a high degree of alcohol, come from the south of Italy, which therefore derives a considerable advantage—that we have not questioned—from this arrangement. As a result, imports of Italian wine into France have increased considerably. This is a fact—Italy must have realized this herself, and certainly has no reason to complain.

My purpose in saying all this is not to add fuel to the fire—quite the contrary. What I want to do is to prove to our Italian firends that it was never our intention to bully them. We cannot, in any case, forget that in the agricultural field they are among our best customers. Like us, they suffer from the poor organization of markets, the

structural inadequacy of producers' associations and, above all else, from the absence of Community regulations providing them with effective protection.

What has happened in France this year? After ten years of harvests producing an average of 65 million hectolitres, the 1974-75 harvest produced 83 million; nevertheless, production in the previous year had already reached the figure of 76 million hectolitres.

This meant that large amounts had been brought forward from one year to the next, with the corresponding restorage premiums, the consumption of wine in France tending if anything to decline. Moreover, because of the very bad conditions, caused by torrential rains, in which the last few harvests had been gathered, wine quality was very low indeed, with millions of hectolitres of *piquette* often at under 7°.

In the presence of these surpluses, the distillation of this low-quality wine became an urgent necessity so that only good-quality wines should be put on the market or kept in stock. Our group therefore sounded the alert at the very opening of the season and has done so many times since, but unfortunately without any immediate success. Indeed, contrary to all expectations, the marketing-year began in a state of euphoria, since the trade was able to buy these poor-quality wines at un hoped- for low prices.

This was all the more remarkable since they could not be released for consumption as they were but needed at least to be blended to give a quality wine. Delighted with the windfall, producers disposed of part of their bad wine at this price, but unfortunately it was only a flash in the pan. The Commission authorized the French Government to distill 1.5 million hectolitres on a basis of Frs. 7.32 per degree-hectolitre, a very fair price for wine at under 7°. Unfortunately the operation covered no more than 200 thousand hectolitres, and that only with some difficulty.

Application was then made for distilling current consumption wines, and this was obtained at a price of Frs. 8.78, which is very close to the intervention threshold, but with the imposition of a ceiling limiting the expenditure to 2 300 000 hectolitres whereas applications from French wine-growers alone exceeded 10 million hectolitres. Finally, France obtained agreement for the distillation of a further 1 500 000 hectolitres of wine between 7 and 8.5°, but at its own exclusive costs and without any Community aid.

It is therefore clear that in spite of storage and the relevant premiums—which, incidentally, should be increased slightly to make them more

Liogier

attractive—in spite of the restorage for which incentives may be given at the end of the season, prices will remain pitifully low if heavy surpluses are not eliminated, either by exporting—and we can understand that this is not easy—or, in particular, by unlimited distillation.

This will doubtless cost a fair amount for this year at least, but, all the same, wine-producers have the right to earn a decent living from the fruits of their labours and should not have to bear alone the consequences of a lack of organization that is not their fault.

Admittedly, present weather conditions and the spring frosts that may still occur suggest that the next harvest will be in deficit. The fact remains that Community production of ordinary table-wine is tending towards the accumulation of a large-scale structural surplus. Hence the need for a sound overall organization of production, since Regulation No 816/70 has proved ineffective.

The Commission has just submitted the text of a new regulation for our consideration and this is now being studied by our Committee on Agriculture. This new regulation, for which we have been clamouring unceasingly for years, contains certain good provisions but does not fully satisfy us in its present form.

In particular, it seems to us essential that the Community's financial solidarity should be as effective in the wine sector as it is in other major production sectors such as cereals. Neither could we accept a regulation which allows, as is the case at present, imports at a lower price than the Community distillation price; in other words, trade in wine within the Community should be at price-levels at least equivalent to intervention thresholds.

As regards Community preference, this should be respected and observed in the wine sector as it is in others. We therefore agree with the request of various trade organizations that in the present circumstances no more wine be imported from third countries if this endangers the observance of this principle. This would mean suspending, for the moment, the negotiations under way with the Mediterranean countries.

The trade is also worried about its future, the primary problem being the reabsorption of what are now structural surpluses. This reabsorption can be achieved only by measures amounting to a policy of quality, with a limit on yield per hectare and strict rules on planting, which might eventually mean delineating wine-growing areas and prohibiting wine-growing outside them. There is much land in France and in Italy where it is impossible to cultivate anything but grapes.

On the other hand, wine-growing is also the practice in many areas where the land is more suited to other crops, and it has to be recognized that it is generally on this type of land, which is usually flat, that the high yields are sought for which distillation intervention subsequently has to be invoked, to the detriment of everyone.

For tomorrow, therefore, the solution to the problem inevitably entails compulsory distillation at a relatively low price, at the beginning of the marketing year, of very weak wines and particularly of the fraction of the harvest over and above normal yields, because this excess tonnage is a drag on the market and distorts it from the start. It also entails the general use of storage, which is the only way to regularize the market, and greater supervision by the Commission in order to eradicate fraudulent practices.

To conclude, I would like to turn again to our Italian friends and say to them: Do not let us be divided by a passing quarrel! However distressing, it is none the less a sign of serious trouble on both sides of the frontier—on your side because your producers find they have to export their wine to us at a ludicrous price which I would almost describe as indecent; on ours because our producers are being correspondingly ruined by declining sales and tumbling prices, which explains their anger. We both have our wine problems and our interests are closely linked, although this may not appear to be the case at the moment.

A new regulation has been proposed. I am sure we can agree to improve it together in order to guarantee to Italian and French producers the income, the fruits of their work, to which they have a rightful claim. I also hope that your wine-producer associations and ours will achieve the same close relations of confidence as those already existing between the fruit and vegetable producers in our respective countries. This is essential for mutual understanding and in order to put an end to suspicion and resentment. Above all, let us not forget that unity is strength.

(Applause)

President. — I call Mr Marras.

Mr Marras. — *(I)* Mr President, ladies and gentlemen, in spite of my weak French I think I am right in translating 'Midi' as 'Mezzogiorno'.

The fact is that the areas that are particularly badly hit are the southern regions of the two countries concerned in this matter, in Italy's case: Apulia, Sicily and Sardinia—my own home. The *Corriere della Sera*, the Italian bourgeois paper and voice of the Italian governing classes, yesterday described the situation in these terms:

Marras

'France declares war on Italian wine'. We reject this interpretation and we will not help to nourish a war of the poor, a war of workers and of producers. Our internationalism, our doctrine enable us to understand that the incomes of Italian and French wine-growers have today been badly hit. French and Italian alike are victims of a situation for which the dominant classes and their governments—which, if we look deep enough, are very much the same—are responsible. In this case they are the victims of a Community agricultural policy whose radical revision we still lack the courage and strength to propose, although, sooner or later, the pressure of facts and events will force this upon us.

Other colleagues have raised this problem, but, in my view, they have maintained a sectoral standpoint. To Mr Vetrone and Mr Della Briotta I would say that whilst the present regulation on wine is not satisfactory and whilst we should strive to change it, such a change is possible only as part of a more general review of the whole of the Community's agricultural policy, to which they themselves have referred, and in the more just and equitable relationship that should be created between crop and animal production and between Continental and Mediterranean production. Moreover, the figures quoted by Mr Cipolla in a more national view of the problem, for example the fact that over 2 million land workers in the Community obtain the major part of their income from wine-growing and that they benefit from hardly 2 per cent of the ample funds available in the EAGGF, show how badly distorted is the basis of Community agricultural policy.

The ideas that have been put forward on this subject, to which Commissioner Lardinois referred this morning, but which the specialized press has described in fuller detail, concerning the changes that might be made to the wine regulation, do not, I must say, completely convince me, because this approach to the Community wine-growing problem is founded on the assumption that the way out of the crisis is to reduce production and prevent expansion in wine-growing.—All in all, a sort of Malthusian operation whose advocates seem to forget that, for this product too, it is necessary to enable the market to expand. Our French colleague quite rightly reminded us a little while ago that this beverage was handed down to us by Noah himself, the father—as some maintain—of all humanity. And so, if the large geographical areas of the world had to be identified by a characteristic product—the boundless grasslands in America and the vast rice-growing areas in Asia—the Community's characteristic product, amounting to over 80 per cent of world produc-

tion, appears to me to be the wine of the grape. It is therefore a product which calls not for Malthusian arguments and theories, but for theories based on market expansion and on the conviction that huge masses of consumers, particularly wage-earners, find this beverage out of reach because their incomes are too small.

And I would add that if there were greater efficiency in other directions and if, for example, efforts to stamp out wine adulteration were made as effectively as they should be and without worrying about conflicting with big financial interests, there would probably be no problem of overproduction even in years of plenty.

But we do not have the courage to operate effectively in these sectors. We give another example of ineffectiveness when we launch a regional policy that we think we can entrust solely to the tall chimneys of the factories in the desert, as they are often called, without thinking that wine-growing is, for some of the regions involved in regional policy (like our Mezzogiorno, or my own Sardinia), one of the points of strength in the renewal and improvement of the population's general conditions of life. If this is not understood I wonder what type of policy we can frame for the south, for wine production can, because of the high income it is in a position to provide in certain conditions, be one of the basic elements of regional policy or other policies to be introduced in favour of rural areas.

This is my opinion, Mr President. Because of this, our criticisms of the governments of the two countries for the responsibility they bear are still unshaken and severe, and so are our criticisms of the wine policy of the European Community, which, we repeat, should be urgently and radically reviewed.

(Applause)

President. — I call Mr Lagorce.

Mr Lagorce. — *(F)* Mr President, ladies and gentlemen, we have now considered the wine question at length from the economic, political, technical and legal viewpoints. What I should like to say relates to a different viewpoint that has perhaps been somewhat neglected—the human viewpoint.

Whereas previously a bad harvest causing privation or even famine was normally regarded as a disaster, the situation in our present world of paradox is such that it is the good harvest that is the disaster. This is what has happened with regard to wine in France, where, because of two exceptional harvests in 1973 and 1974, there were 100 million hectolitres of wine in the stores of

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our French wine-growers at the beginning of this year waiting for buyers to show up.

As a result, French wine-growers, primarily those in the South of France, who produce 45 per cent of the French harvest, are heavily in debt; their cooperatives can no longer pay them, and they are anxiously wondering how they will be able to sustain their families. And it is when they are on the brink of despair that they see the French market flooded by massive imports of wine from Italy—wine from Italy, I say, and not Italian wine—bought by merchants at lower prices than their own. Can there be any surprise, therefore, at the anger of these wine-growers, mainly family businesses, and at their violent reactions to what they regard, in the disastrous situation they are in, as a provocation? In these circumstances they obtained a decision to suspend imports of Italian wine, a decision which the French Government had no alternative but to make its own.

Placed before this *fait accompli*—it cannot be called anything else—the Commission at the request of the Italian Government decided to make an urgent appeal to the Court of Justice against what it regards as a violation of Community regulations.

The first thing one might ask is whether this threat of sanctions against France is likely to contribute to a *détente* or armistice between the two parties in this wine war pending the achievement of the lasting peace that we all desire. Next, one might ask whether many earlier violations of Community treaties and regulations might not be exposed and condemned. But, in the desire for appeasement, I do not propose to go back over the old grudges which Community wine-growers might have against one another, the main reason being that the French wine-growers' quarrel is not with Italian wine-growers, for they know that they too, like them, have to work hard for an income which is far from adequate: it is the organs of the Community and primarily the Commission that they censure for having set up a regulation which does not satisfy them because it has failed to prevent the disastrous imbalance in today's wine market.

Like our colleague Mr Vetrone, both Italian and French wine-growers consider they are wronged by comparison with agricultural producers in other sectors who enjoy more effective protection and support. At all events, wine-growers in the South of France, producers of blending-wines with no external outlets and a contracting domestic market, found themselves faced with what they considered to be unfair competition and they reacted with the words, 'All the

Government has to do is invoke the safeguard clause or Article 43'.

What must be clearly understood, because it does not seem to be generally known, is that wine in France is under supervision and that wine-growing is under strict control. Land is properly registered, so that you cannot plant anything you want anywhere you like. There are many controls, and taxation is heavy. Apart from the 17.86 per cent VAT, there is a 'circulation duty' of Frs. 9 per degree-hectolitre—slightly higher than the price offered for table wines.

I therefore ask the Commission: Is it the same elsewhere? If it is not, if wine-growing regulations are not similar in all wine-growing countries, then we urgently need to harmonize them so that neither French, nor Italian, nor other wine-growers any longer have anything to reproach each other with.

As regards the cyclical measures announced by Commissioner Lardinois in order to reorganize the market, I can but agree, particularly with what is provided for the wines that are hit—the opening of a new distillation quota—provided that it is really the low-quality wines that are distilled. There again, strict control is essential. I also support the measures suggested by my colleagues Mr Cointat and Mr Della Briotta, particularly those which would help to ensure high-quality production.

Similarly, we can agree to the incentives for exports to third countries. Even if these have to be postponed for the moment, for reasons of political expediency, they still remain useful measures for the future.

There may be other solutions to solve this crisis. An effort of imagination could perhaps come from the Commission, and Member States should also take measures at the national level. In France's case, for example, the scandalously high VAT on wine might be reduced or a wine board be set up as a market-regulating body as proposed by the Socialist Group in the French National Assembly.

At all events, wine production must be kept within healthy limits and the necessary markets must be secured so that French and Italian wine-growers may receive a fair and reasonable remuneration for their labours. In this way the Treaty of Rome will be properly observed, for though some punctilious critics forget this, the Treaty lays down that parity should be achieved between incomes in agriculture and those of other socio-economic groups. But once these regulations are created it is necessary for them to be observed equally by all. Could the Com-

Lagorce

mission, which would be incapable of this enforcement rôle itself, then count on the goodwill, on the Community will, of the Member States? That puts the question but it does not, unfortunately, answer it, does it?

And yet this is the only way to safeguard the very existence of the Agricultural Common Market—the keystone of the construction of Europe. What must not be forgotten is that if wine-growers in the South of France now blocking the roads and clashing with police in front of the *Préfectures* are forced into the realization that the Common Market is incapable of improving their lot beyond that of their fathers, they will write it off as useless and even harmful and will dissociate themselves permanently from Europe—to be followed tomorrow, no doubt, by other agricultural groups.

To conclude, I would make a suggestion. There is an old French proverb which says that you are never so well served as when you serve yourself. Why, then, should we not call in the people concerned themselves? Why should French and Italian wine-growers, together with other wine-growers in the Community, delegated by the main organizations and trade unions in the industry, not meet around the same table to compare viewpoints and work out together the kind of organization they feel would be best for their trade and capable of protecting their interests—which, whatever some people say, are common interests—in such a way as to provide inspiration for the decisions taken by the Commission, which would then cease to be a convenient scapegoat for them?

But this suggestion for cooperation is probably too simple, too childish even, to merit any attention. Decisions are already being taken and have been taken at Brussels without giving the French wine-growers concerned any feeling of having been understood or heard as they would have wished. Perhaps I may therefore be allowed to say that it is never too late to mend, for the truth is that everything humanly possible should be attempted in the interests of all, and in the interests of Europe, to prevent any further harvests, under Italian or French skies alike, of the grapes of wrath.

(Applause)

President. — I call Mr Lemoine.

Mr Lemoine. — *(F)* Mr President, ladies and gentlemen, our debate on the situation in the wine sector is taking place when tens of thousands of French wine-growers are giving vent to their anger, yet another indication of the gravity of the crisis now shaking our common agricultural policy.

The economic crisis that is now affecting the capitalist countries cannot fail to have repercussions on the Community, and the Common Agricultural Market is a permanent illustration of this. A little time ago, because of cattle-farmers' protests, measures were taken to halt imports of beef and veal. More recently, French and British fishermen were fighting against excessive imports of fish from third countries and certain Community countries. Then British farmers were up in arms because of the invasion of eggs from France or elsewhere. Today wine problems are in the foreground, and, at the rate things are going, this is not the last item on the list.

There is, I need not tell you, much that might be said about the road taken by the Common Agricultural Market, about what some call its failure in certain areas and about the mounting level of complaint now arising on all sides. I believe we shall be discussing this at our part-session in May, during the debate on the budget, but in any case, in view of the seriousness of the situation it will be necessary for our Assembly to devote the necessary time to the subject.

I should now like to indicate our position on the problem raised by the oral questions addressed to the Commission, firstly because it affects hundreds of thousands of wine-growers for whom wine production is their only source of income, and secondly because the strength and solidarity of their movement has forced the French Government to take a number of measures which, although provisional and verbal, are none the less an implicit admission of the basic harmfulness of the European wine regulation.

This means that another policy has to be framed, and framed quickly, if we do not want these economic disorders to continue and worsen. What is the situation facing us at the moment? It is clear that for as long as harvests in France and Italy remained within the average volume of requirements, the free circulation of wine did not disturb the market. But in recent years we have had very abundant harvests; indeed, poor harvests are becoming increasingly rare. What the Communists had forecast, therefore, has happened: foreign wine, thanks to its low price, crosses the frontier, adds to our surplus and so drags down domestic prices, which in France have been reduced almost to the 1968 level whereas operating costs have gone up three times; finally, with the next harvest only five months away, our cellars and wine-stores are filled with nearly 30 million hectolitres of wine.

The French wine-growing sector, largely based on family enterprises, is badly hit and threatened. The cooperative structure, which up to

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now has ensured the survival of this type of viticulture, is now itself suffering the consequences of the present economic disorder. When we discuss this problem, and the campaigns being waged by the wine-growers, we must therefore understand that it is not merely a matter of prices but a question of their right to work and the protection of their place in society. This was the first comment I had to make.

The second is that the French wine crisis is only one aspect of the crisis through which our country, like all the Community countries, is passing. Its final solution, therefore, will depend on the fundamental changes that are proposed, particularly in our country, by the common programme. We do not think that authorizing an increase of 8 centimes in the retail price of wine is the best answer. Experience shows that this type of increase granted to the distributors never or hardly ever benefits wine-growers. In our view it would have been better to reduce the VAT from 17 to 7 per cent, because that would have made it easier to raise production prices without ill effects on the consumer. At all events, it is clear that the state of the French wine-growing economy calls for specific measures which the Communists have long been demanding.

We do not think that the interests of the small Italian wine-growers are opposed to those of French winegrowers. They, too, are victims of a policy contrary to their interests, a policy largely controlled by big business. What has to be done, therefore, is to revise the operating rules of the European market in order to ensure proper conditions for the free circulation of wine and the effective application of identical disciplines and rules for wine production and marketing, coupled with the setting up of market organizations in all producer countries in the Community, including the provisional release of a certain quota per hectare of land under vine, this implying a census, control of plantings, a ceiling in relation to the harvest and market requirements, and a staggered pattern of sales.

We also think that a reasonable purchasing-power should be guaranteed at production level, which would mean that the prices fixed in Brussels would have to be supplemented by Community or national measures in order to offset losses in income due to frozen prices. Whilst we consider distillation to be essential in exceptional periods such as the present and whilst we approve the no-limit distillation measures that have been announced, we consider that they should take place at the start of the season in order to withdraw low-quality or weak wines from the market.

But let us be under no illusions. Neither in France nor in Italy do we have the technical capacity to distill such quantities unless we distill throughout the year. The Commission should appreciate that it would cost the Community less to pay export refunds than to meet the distillation bill.

Another aspect I want to refer to today, because it will eventually arise, is the study of measures regarding new plantings, yield ceilings and the production figure per vineyard qualifying for the sales guarantee and a minimum price. It is clear that the cooperation of the wine-growing cooperatives will be necessary if a sound organization of the wine-market is to be brought about. But this implies, of necessity, that they must be given the means thereto, as regards both guaranteeing a minimum price and the volume of wine necessary to meet market requirements.

This package of measures could be the first step in an effective wine-growing policy capable of providing security for the family-type wine-growers in the Community. Once again we would point out how wrong it would be for the Community and for Member States to ignore the existence of national interests, which make themselves felt in many spheres and are reflected by measures in the Community or outside the Community taken under determined pressure from the victims of this policy.

To conclude, I would like to say that, with regard to the proposals that are or will be made to them, wine-growers will judge them on their merits—in other words, on what is actually done.

The fact is that they are increasingly conscious that they have to rely, above all, on their own initiative, as illustrated by the action taken by wine-growers in the South of France. As far as the Communists are concerned, they will continue to give their full support to this struggle for the protection and prosperity of these millions of workers in Italy and in France who hope for a better living from the fruits of their labour.

(Applause)

IN THE CHAIR: MR BURGBACHER

Vice-President

President. — I call Mr Bersani.

Mr Bersani. — *(I)* Mr President, ladies and gentlemen, like many colleagues I also think that today we have an excellent opportunity to think again about a number of problems that are

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upstream of the matter—though so urgent and important—which is our immediate concern. When the wine regulation was approved by the Parliament in 1969, speaking in the debate along with other colleagues, I took the opportunity to say that I disagreed with the basic mechanism. The fact was (and this argument applied then and still applies to fruit-farming) that it placed this sector, unjustly, in an unbalanced situation when compared with others as regards the guarantees offered to producers.

These problems are now coming to the surface. Very soon afterwards, in 1971, there was a surplus in production and we found ourselves faced with situations similar to the present one. Frontiers were blocked, tankers were overturned and, in Bezière, 'war was declared on Italian wines'. Through a series of fortunate circumstances some of us were in a position to take certain pacifying action which quickly solved the problem. Together with Francis Vals, our late colleague and friend, I myself strove to make contact with French and Italian producers' organizations in order to arrange a meeting a few days later in our presence. After five days of discussion an agreement was reached which has since been administered by a joint committee. During the five years, this committee has managed to solve various difficult situations, particularly in 1974.

However, even during the course of that action, which helped to defuse a situation almost as explosive as the present one, we could perceive the basic defects engendered by the crisis and also the utility of involving producers' representatives directly in the search for solutions.

The problem is again before us. In addition, there are certain new developments that I should like to outline briefly since they have been merely touched upon by some colleagues. Above all there is the way agriculture is developing in the Mediterranean. A complex network of international agreements, of direct concern to the EEC and some fourteen countries on the shores of the Mediterranean, has come into being to the detriment of the greater part of producers in the largely Italian but also French southern areas of the Community. To a large extent they have found themselves having to pay the consequences of over 70 Community trade agreements in this area and not only in this area, since a large part of the Yaoundé Convention and now the Lomé Convention concerns fruit-farming products or tropical products similar to those produced in Italy and Southern France.

The Community has made three agreements with Egypt, four with Israel, 16 with the three Maghreb countries, three with Portugal, two with Spain, two with Malta, four with Cyprus,

three with the Lebanon, two with Yugoslavia, four with the Ivory Coast, and so on.

Now there is no doubt—and I am the first to uphold this view—that we should not leave the business of protecting the interests of producers in the Community's southern areas to countries that are far poorer and economically far weaker than our own. I consider, however, that, for urgent reasons of equilibrium and justice, we must find a mechanism whereby the weakest do not have to foot the bill for the advantages that, primarily, the strongest regions of the Community derive from these agreements.

The problem, however, has developed and is likely to grow as developments in this policy of international solidarity—in themselves positive and desirable—progress from stage to stage. Whilst we have these developments to cope with, it is plain that the moment has arrived to re-establish that principle of equilibrium which led us, at the time, to frame our Common Agricultural Policy; how can we help remembering, here, the solemn declarations on *Gleichgewicht* as the basis of all our 'guarantee' policy? But in this sector, as in the fruit-farming sector, this principle has been so badly hit that, if we do not succeed in finding a way to restore it very quickly with, admittedly, the necessary adjustments, any hope of finding a solution acceptable to the producers will be vain.

Various colleagues have already pointed out the disequilibrium in our budget, in which there are very small figures—originally under one per cent and now slightly over two per cent—for the protection of this sector, whereas the support provided for the milk and animal-farming sector is over 30%. This, Mr Lardinois, is a substantial and unacceptable imbalance, particularly when we consider that over 25% of the producers in the Community are directly involved in the wine sector and, in the marginal and hill-farming areas, have a unique part to play from the viewpoint of Community policy as a whole.

For this reason today's debate goes beyond the more immediate subject and raises again not only the cyclical or structural problems relative to this sector, but also suggests the use of extraordinary measures, providing for prompter application than is the case at present, with better financial backing and more flexible procedures.

Personally, Mr Lardinois, I view the intended interruption of EAGGF, Guidance section, financing for private projects with much concern. Up to the present time they have, in France, Italy and other EEC countries, enabled a vast system of wine cooperatives to be brought

Bersani

into being that have proved to be the most effective instrument of self-defence for wine-producers. They have no alternative. What is called for, therefore, is a strengthening of such instruments. A different method is therefore necessary for coping with the vaster problems that the development of agriculture presents to us today.

I agree with many of the proposals made by colleagues who spoke earlier, particularly those made by Mr Vetrone. It is certainly necessary to restrict production to well-defined areas and to have an efficient land registry, but it is also essential to allow producers to complete the structures immediately associated with production, since this would lead to a situation that, overall, would be more capable of holding out in difficult times and of conducting more effectively a positive and organic action on the part of the producers.

Again at structural level, I consider that the question of producers' associations, which has been shelved for too many years, should be brought up again. Whether for the wine sector or for others, it should be opened again with all speed in order to obtain their collaboration, to facilitate—as Mr Vetrone rightly suggested—our action at commercial level, and to win possible new markets. Many new trends are emerging and calling for urgent adjustments.

Mr President, honorable colleagues, I have now used up the time at my disposal. I will therefore conclude by noting that the present conflict conducted with restraint on the Italian side, in a correct manner and in compability with our Community undertakings, in spite of the difficulty of the situation that has been caused through initiatives taken on the French side, can and should be brought back to Community level and a just solution found with prompt and adequate measures. No one should be allowed, either now or in the future, to carry out a *fait accompli* policy. I note, in this connection, the promptness and clarity of the position taken by the Commission. I remain convinced, however, that we should always seek the path of collaboration between the parties concerned, between the Italian and French growers and farmers, as we did successfully in 1971. This will bring us to the realization that many interests are, seen objectively, complementary to one another and that, if a policy of cooperation is accepted, it is possible to overcome obstacles such as those which—aggravated and even engineered—threatened to oppose two of the Community's least-favoured economic and social areas.

This, incidentally, is the basic logic of European integration to which we ought to endeavour to

relate specific solutions of individual problems in all cases—particularly when, as in this case, they concern over two million growers, over a quarter of the Community's agricultural population, and areas and products occupying so special a position in our present economic and social life.

(Applause)

IN THE CHAIR: MR BEHRENDT

Vice-President

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I thank the speakers for their contributions to this debate on a subject which is so important.

I cannot refrain from observing that this is not the first time that, when dealing with typical Mediterranean products—wine, olive oil and so on—in this Parliament we find ourselves on the verge of exaggeration and in danger of seeing the whole thing in the wrong perspective.

An exception I would make from this viewpoint is the address I heard from Mr Bersani. With much of what he has said on the subject I am completely in agreement, and that is probably due to the fact that he and I bear joint responsibility for, and know how this wine regulation came into being. We adopted this regulation towards the end of 1969, as the last regulation for one of the main agricultural sectors, when I myself was President of the Council.

For years and years the subject had been studied and attempts had been made to find solutions, but without success. The Commission had put forward proposals, but the Council had made no decision. Why had the Council made no decision? Mainly because there were two, and at least two, totally different views among Member States on the organization of the wine market. On the one side there was the case argued mainly by the Italian Government to the effect that wine is a product like any other and that there should be complete freedom for its production together with an absolute guarantee. The other standpoint was primarily that of the French Government, which said: we want wine production to be under strict control so that, in this way, quality may be maintained at the necessary level and steps may be taken to see that there is no surplus. We debated and discussed the subject in the Council for weeks and weeks and through the night and finally, as often happens, a political solution was found consisting in a compromise between these two positions.

Lardinois

And here I would emphatically defend the Commission, which at that time, at the end of the sixties, had made proposals which were very different from what the Council, under my chairmanship, finally approved as a political compromise.

I can also not accept the way this is all sounding: of course the wine-growers are not responsible for the present difficulties, of course governments could not do anything else, of course other bodies in the Community are not to blame; the blame for it all lies solely at the door of the Commission because it made proposals, as Mr Lagorce says, or because of the way in which it managed the wine market, as Mr Vetrone and others have said.

I would like to reject this one-sided attitude once for all. I want to scotch the view that it was the Commission's proposals which determined the basis of the 1969 compromise. At that time we reached a political solution that we already realized might well be very short-lived. Only experience can show us how to change the compromise that was then reached. It was a risk that brought us what we expected it would. But that doesn't mean to say at all that this wine-market regulation had nothing but bad points. I wish to state emphatically that this wine regulation has also given rise to very positive developments. It has already been pointed out from various quarters that, for example, quality has substantially improved in many areas of Italy. I can also tell you that trade in wine within the Community is 10 or even 15 times (in Italy's case, for example) what it was before the regulation came into effect. I could point to other aspects as well. It is not true that this regulation has had only negative effects, but it is true—and Mr Bersani has also pointed this out—that it came into being purely through a compromise that we all knew would sooner or later come to grief in one way or another. And for this reason, when in 1973 and 1974 the events, as regards wine production, occurred that we already expected in 1969, the Commission was able to draw up proposals this summer to cope with the difficulties. And it is not the Commission that is responsible for the fact that these proposals are still being discussed in this Parliament and in the Council.

Mr President, a second point. Mr Vetrone has asked why measures have only just been proposed. I have referred to the structural measures, but short-term measures have already been taken. In 1974, with financial or other help from the Commission, 10.5 million hectolitres of wine were distilled. And what is now proposed and what has already entered into force relates to a quantity of near enough 11 million hectolitres.

These quantities, for these two years of surplus, are far greater than ever before, and the Commission has not taken this measure out of an obligation to do so. Distillation is a measure which the Community can take but does not have to take. This gives us an extra financial problem to deal with. We have no problems when the regulations require us to pay out specific amounts, but whenever such payments are not compulsory under the regulations the Commission's action depends entirely on the resources available to us for a specific sector in the EAGGF.

Well now, the resources for the wine sector under the EAGGF for 1975 are substantially higher than they were in 1974. Even so, they have all been committed. And if we now wish to take extra measures—and in my view we should—we can only do this (where extra expense is involved) if cuts can be made in other sectors where specific measures have to be taken.

In this regard the Commission has indeed taken a decision. We are, at this moment, working on the relevant measures. We have to ensure that sufficient funds are available for the wine sector that the wine market may be restored to equilibrium this year. At the same time, however, we must indicate what measures are necessary in order to save money this year in other sectors so that we can remain within the budget.

That does not mean that we are sure that the budget will not be exceeded. All that is guaranteed is that the budget will not be exceeded because of these non-compulsory measures. Whether the budget is exceeded or not depends, among other things, on general market developments. This, therefore, is my answer to Mr Laban. I can, however, only tell him that at the moment we are clearly in the danger area but that the extent of the risk depends on market developments, which we cannot always influence.

Mr Laban said that the measures in the sugar sector are likely to cost more than we originally intended. This is, however, not certain. The best thing that could happen in this connection is that we remain within the limits we forecast in January. Of course, costs are far higher than were expected when we submitted the budget in July last year but we did not expect to have to pay 200 million u.a. in subsidies for the import of sugar in 1975. In January last we felt that we could make these payments because the cereals market had developed in such a way that we were able to make appreciable savings under that heading.

That, then, is my reply to Mr Laban.

Then a case has been made by different speakers for measures to set up a market organization, as

Lardinois

Mr Cointat has said, which would give a guarantee on the model of that for the cereals or sugar markets. Different speakers have advanced different arguments for this. I find this an extremely dangerous view. In my opinion, there should be an organization of the market that is tailored to the product and takes account of the specific circumstances. If that is not done, if we say, without thought, that most protection is offered in this or that sector, and that we ought to do the same for apples, pears, wine and so on, then I can tell you in advance that that means an end to the Agricultural Common Market not in 10 or 20 years but within two years—within two years, gentlemen!

To take the example of wine. I have already reminded you that in 1966 we discussed the guarantee to be applied to the wine sector whole nights long. At that time, apart from being President of the Council I was also the Netherlands Minister for Agriculture, and I was able to convince my colleagues that if we were to make a regulation for the wine market which, for example, corresponded to that for milk, the result would be that wine production would be immediately begun in the country I come from and in quantities that would cost the Community tens of millions of u.a.! For it is clear that if the Netherlands started to produce wine it would not be for consumption—no one would survive—but the Netherlands could well produce wine for distillation. This is just one example to show you why a system that is valid for one kind of production cannot necessarily be applied, as it stands, to another.

In the broader context I would like to say this. There must be no misunderstanding over the fact that farmers and market gardeners in the Mediterranean area have at least as much right to our consideration and to appropriate regulations as farmers and market gardeners in the rest of the Community. The growing tendency, particularly in the last few years, to take the attitude that secondary regulations always have to be made for sectors of production in the south of the Community whereas for other sectors, particularly in the north of the Community, primary regulations have to be made, I find *exceptionally* dangerous. I take the view that it is absolutely necessary to take special measures in order to restore confidence wherever it has been destroyed in the south of the Community. We should then quickly produce proposals, after thrashing them out with the producers, in order to hammer out an approach to the whole question of production in the Mediterranean area of our Community, both in Italy and in the South of France, in order to create real confidence. This wine affair is important in this respect too. We cannot allow

this shattered wine market to go on one week longer. We should exert our utmost endeavours, even if it costs money (money should not be allowed to constitute an obstacle), to find a solution to this acute problem, in such a way as to be able to justify our actions to everyone.

Mr President, I will leave it at that, after once more thanking everyone.

President. — Thank you, Mr Lardinois.

I have no motion for a resolution on this debate.

The debate is closed.

3. Oral Question with debate: Economic position of egg-producers

President. — The next item on the agenda is the Oral Question, with debate, put by Mr Scott-Hopkins on behalf of the European Conservative Group to the Commission of the European Communities (Doc. 31/75) and worded as follows:

‘Subject: Economic position of egg-producers in the Community

In view of the severe damage presently being suffered by the egg-producing industry in the United Kingdom, where the market is being undermined by imports from the EEC countries at prices below cost of production, will the Commission take immediate steps to safeguard the economic position of egg-producers in the Community?’

I call Lord St. Oswald to speak to the question.

Lord St. Oswald. — Mr President, as you will know, I am taking over this question from my honourable friend Mr Scott-Hopkins, who flew back last night to take part in what transpired as a very satisfactory vote—a very promising vote—in the House of Commons on an issue which clearly outweighs the issue involved here.

This is not one of the greatest problems ever to confront the European Community, and my question bears no suggestion that it is. However, when studying a formal complaint of British egg-producers and looking at background figures, I found that in 1973, 3 779 000 metric tons of eggs—that is, 65 000 million eggs—were produced in the nine countries of the Community by 309 million hens. That is a great number of eggs. What proportion may have been thrown by tradition at offending politicians does not appear in these statistics.

Egg production has to be regarded as a significant element in the agricultural and consumer scenes. In 1973 it represented, in fact, 47% of final agricultural production in the Community, and the information I am seeking relates to no

Lord St. Oswald

more than a fraction of that production. Nonetheless, it has caused indignation among some egg-producers in Britain; that indignation has been expressed by their professional organization, and the Commissioner himself has been made directly aware of it.

In these circumstances, the Commissioner is characteristically taking action. For this reason it would be wrong, I considered, to take up more of the time of the House and of the Commissioner than is necessary, and what time I do take up I justify by the fact that this is a Community problem affecting already a number of Member countries and capable of affecting any or all.

It arises from an over-production of eggs in three countries at present: France, Germany and Holland. At present, there is no effective régime for eggs under the Common Agricultural Policy, and one consequence of this is that low-priced eggs have been coming into Britain from France—not, so far as I know, from Holland or Germany. This has provoked some understandable dismay and even rancour among British egg-producers, who claim that French eggs are being sold at 3 or 4 pence per dozen below their own production cost and at the same time insist that they are as efficient as any producers in the world. Some apparent indication of this is given in 1973 figures of 66 300 French hens producing 720 000 metric tons, while 47 000 British hens were producing 864 000 metric tons.

This import difficulty has existed since the beginning of the year, or slightly before. There is also the fact that British eggs are not permitted to enter France owing to the inclusion of chemical compounds in the chickenfeed, which is prohibited by law in France.

I believe this problem is already being solved by consultation between the two governments. The British egg-producers' professional body has written to my honourable friends and myself, setting out their complaints at some length, in a letter from which I will paraphrase certain passages. They say that they, as an industry, entered the European Community confident in their ability to observe the regulations of the Treaty, this confidence being based on two factors: first, the existence of an efficient domestic industry with stabilizing measures built into it, and, second, the assumption that the Commission, as guardian of the Treaty, would ensure that equal terms existed as between the industries of the partner countries by enforcement of the provisions of the Treaty in both spirit and letter. They claim reproachfully that, although they were correct in their first assumption, in the second their confidence was misplaced. The burden of their contention is that certain countries provide aids or protective

measures which unfairly distort competition. They mention an interest-free loan in France through FORMA, and a figure equivalent to £1 600 000 000 has been mentioned. There has also been reference to crisis subsidies worth £250 000 paid to Dutch producers and modernization subsidies worth £2 000 000 plus heating-oil grants for poultry-producers in the Federal German Republic.

What is not mentioned, nor would I expect it in this letter, is that astute enterprising British egg-merchants are going over to France, where they find prices lower than at home, and ordering large consignments upon which they can make a satisfactory profit, and that the orders are being filled. It is a little hard, I think, to expect the French egg-producers to refuse such orders, and there is bound to be some substance in the complaint itself. The French Government has given recognition to the fact of an over-production within the country requiring stringent corrective measures, and I believe the slaughter of two million hens has been ordered, with other measures on their way. In the meantime, the British and French Governments have been consulting in a practical way on the problem created for the United Kingdom. I know that Mr Lardinois is also confronting this problem.

This is certainly the right way to set about things. Some Members may have read in the press of yesterday that lorries bringing French eggs to Britain were forcibly stopped near Southampton and then turned back. This I deplore. This is not suitable behaviour between partner-nations. It endangers a legitimate case. My own far more relaxed approach is due to my confidence in the Commissioner and the answer he will give us today. What I am asking for is his assessment of any distortion which may exist and of what may be its cause, and an indication of the action he proposes to take. It will surprise me greatly if he has not a convincing answer, an answer which can be passed back to bring genuine reassurance to those militant egg-producers of my country and to any others who, for the same kind of reason, may find themselves in the same position.

(Applause)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — Mr President, there is some similarity between the problem of eggs and the difficulties created by egg imports into Great Britain and the problem of wine and the difficulties created by imports of that product into France. In both these cases the importing

Lardinois

countries have internal difficulties in adapting to Community regulations which are more liberal than the corresponding national provisions. France had very strict controls over wine production and even a price system before the Community system came into force. This was an old tradition. And in Great Britain there was an absolute guarantee price for eggs for many years after the second world war. Admittedly this guarantee was abolished some time ago, before Britain joined the Common Market, but there is still a good measure of regulation of the domestic market.

In both these cases complaints are being made of imports below cost-price. That may be true, but the fact is we do not have a guaranteed price for wine or eggs. The market-price may therefore be lower than the cost-price—even below the cost-price in the countries of origin. We all know, however, that there is not an immediate fall in production if the cost-price is not reached. The fall in production comes later through cyclic movements which may last longer in one country than in another.

One feature of French egg production, for instance, is that the intervals between the time at which the price falls and the time at which it rises again are considerably longer than in most other Member States, and certainly longer than in Great Britain. But this does not mean that the French are dumping their produce on the British market. On the contrary, I believe that exports to Great Britain, especially from Brittany in Western France, will tend to increase rather than fall off, because the market in South-east England is nearer and easier to reach for products such as fresh eggs than the big Paris market on which Breton producers have sold up to now.

Comparison of the price of eggs from the same producers on the Paris and London markets gives no indication whatever of dumping.

I am not suggesting that there are no difficulties in Great Britain. But total imports of eggs in 1974 were the same as in 1973—i.e., they amounted to no more than 2% of domestic production, and the 1.5% out of the 2% imports which came from France is not enough to have harmed the British market.

There are, however, problems on the British market. This is due mainly to the fact that in 1974 grain prices were not the prices guaranteed to British farmers under our system; prices in fact rose well above this level through the increase in world market prices and compensatory amounts could not be given to make up for this until October or November of last year. This created an additional problem for Great Britain;

France experienced the same difficulty also but on a smaller scale. There is also an irritating factor with which traditional importing countries have to contend—namely, that while they have to accept products from other countries they cannot themselves export to those countries. This fact irritates the producers when they feel its effects. The problem is one of veterinary regulations, but I believe we shall be able to solve it in the near future.

We have looked into the French compensatory fund arrangements and found that they have been handled correctly up to now; this is a form of subsidy, and we cannot object. However, France has now announced a modified scheme, and in my view we must ask for further guarantees to make sure there are no irregularities.

We have also taken measures at Community level. Despite the fact that we are not formally bound to grant export refunds for eggs in view of the level of our grain prices in comparison with world market prices, we still felt that a substantial export refund should be granted—at least for a few months—in order to relieve the strain on the market. Clearly French agricultural producers, and especially those in Brittany, are engaged in an effort to win a part of the market in South-east England; this is being done partly through brown eggs, which are produced on a much smaller scale in Great Britain than in Brittany, thus giving the latter an additional advantage on the market.

In general, however, Mr President, I believe that the problems stem from a different tradition and that we should do everything possible to eliminate points of irritation; at the same time, we must definitely adopt the position that there is no reason whatever to decide on putting a stop to exports from France to Great Britain. Up to now the British Government has fully endorsed the Commission's position on this. I assure you that I am always willing to hold talks with the producers and to seek solutions to economic problems, but I refuse to accept that any measures would be justified at the frontiers in this case.

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

Mr Cointat. — (*F*) Mr President, like Mr Lardinois I feel bound to draw a parallel between this question of eggs and our earlier debate on wine. It seems to me that the French are out of luck at the moment. When they export they come in for criticism and even if they only export a little they are still told it is too much. When

Cointat

they import wine on the other hand—and they are importing ten times more than five years ago—they are told that it is still not enough.

We therefore find ourselves in a paradoxical situation which is curious, to say the least. If there has been any obstruction of the free movement of Breton eggs in the United Kingdom I hope that the French Government will not take the matter to the Court of Justice; we all want to see this problem solved—it is just one of the difficulties we encounter every day in the construction of Europe. The complaint made in this case seems to me unjust—unjust because until 1973 France was either self-sufficient in eggs or an importer. We began to export eggs only two years ago. For two years France has been exporting some 150 million eggs out of a total production—as our British colleague just pointed out—of 65 thousand million; this proportion is quite insignificant. Moreover, these exports are twenty times lower than those from the Benelux countries, which are highly specialized in poultry-farming, so that the protests of the British egg-producers seem unfounded.

We are not alone in this situation; the Italians, for example, who did not export eggs in the past either, are also joining in international trade, and statistics show that they have already exported 8 or 10 million eggs to the Federal Republic.

The problem is not only unjust but also artificial. It is artificial because, if I am to believe the first version of the oral question, imports to the United Kingdom totalled 70 000 cases of eggs, which makes a total of 17 million eggs, allowing 244 per case. Set against domestic production of some 14 000 million eggs in the United Kingdom, these 17 million represent 1.2%, a perfectly negligible amount.

Moreover, when French exports to the United Kingdom are compared with total egg imports into that country, amounting to between 700 and 750 million per year, we arrive at a figure of 2%, which again is perfectly insignificant.

I should therefore like this question to be put into its true perspective, Mr President, and not given too much importance. As Commissioner Lardinois pointed out, the fact that there are nine Member States now instead of six is bound to change marketing patterns within the Community. Brittany was a peripheral region, remote from the major centres of consumption, and suddenly it finds another centre of consumption, Great Britain, on its doorstep. Our British friends should therefore not be surprised if Breton farmers, because of their proximity, try to sell not just eggs but also poultry, meat and

other products in these large centres of consumption. There is bound to be competition, but that is the rule of the Community game in a single market.

In addition, Mr President, and this is my last observation, nobody can claim or prove that there has been dumping. In this matter, geographical proximity, especially of Brittany, influences transport costs, and eggs are therefore cheaper than elsewhere. I would stress that, as Mr Lardinois has pointed out, before Britain joined the Common Market, the British bought their eggs on the world market and there were dumping prices at the time because prices were very low, but the producers did not complain as they enjoyed a guaranteed price, which is no longer the case today.

In the Community, French poultry-farmers have had a hard time in recent years because of competition, especially from the Dutch producers, who were much more advanced and had a higher productivity than the French. French producers suffered from this, but they made a considerable effort to make good their disadvantage and they are now competitive; I find this highly satisfactory. They have reached the level of the Dutch producers, and I can only congratulate them on having done so.

Let us hope that in this European organization British producers will make the same effort to be competitive and that there will be a healthy rivalry between all farmers in the interests of European agriculture and of the consumer.

President. — I call Lord St. Oswald.

Lord St. Oswald. — Mr President, I am sorry to join in again, but I have to confess that I was not made as happy by the Commissioner's reply as I had expected. To be precise and to be fair, I did not mention at any point 'dumping'; I did not use the phrase. What I asked was whether the market was being artificially distorted by government aids in one Member State not available in another. The Commissioner used, several times, the phrase 'all above board'—that is to say, nothing concealed. I might point out that nor did I say that anything was concealed. I did not say that the aid given by the French government was in any way concealed. What we understand is that artificial aids are being given in some Member States which are not in harmony with the Community's aims of fair competition—that is to say, fair competition between equally efficient producers. Is he saying that the British government's recourse is to introduce similar aids to those existing in other countries with his blessing?

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — Mr President, at present we are examining in the egg sector the measures applied nationally which we have approved in the past. We are aware that the new market pattern created, as Mr Cointat has said, under the influence of the enlargement of the EEC market may cause tension. I can only say that we shall under no circumstances apply to Great Britain standards different from those which we apply—for example as far as national subsidies are concerned—to France or the Benelux countries. In other words, measures must be notified and must be seen in the context of existing measures, which sometimes differ from country to country. In principle, however, we cannot make any difference between individual regions.

President. — Thank you, Mr Lardinois.

I have no motion for a resolution on this debate.

The debate is closed.

4. *Commission Communication on a Community nuclear fuel supply policy*

President. — The next item on the agenda is a debate on the report drawn up by Mr Giraud, on behalf of the Committee on Energy, Research and Technology, on the Communication from the Commission of the European Communities to the Council on a Community nuclear fuel supply policy (Doc. 25/75).

I call Mr Giraud.

Mr Giraud, rapporteur. — (F) Mr President, the subject with which I propose to deal is strictly limited; I shall not consider the two key issues of the moment—namely, information of public opinion and essential safety measures in the nuclear sector. I shall confine myself to the subject on the agenda.

I should like to express my especial thanks to the Committee on External Economic Relations and in particular to its rapporteur, Mr Schulz, for the assistance given to our committee. We have tried to note and take account of the positions expressed by the Committee on External Economic Relations. Our motion for a resolution expresses our agreement with the proposal from the Commission to the Council, part of which has already been accepted. This resolution makes reference to a number of other resolutions already adopted by Parliament, in particular on the reports by Mr Burgbacher and Mr Noè and the report I myself presented on various aspects of this question.

I come now to the heart of the problem. Our work is complicated by important areas of uncertainty: uncertainty as to the Community's energy requirements and uncertainty on the possibility of acquiring nuclear fuel elements outside the Community. The figures available to us suggest that production estimates vary for 1985 between 160 000 and 200 000 GWe.

A further uncertainty surrounds the possibilities of external supplies. A few weeks ago we were told that in the United States contracts already announced could not be honoured. In the meantime, following certain changes in nuclear power-stations in the United States, the domestic requirements of that country have turned out to be smaller and we now think that the United States will be able to help us under the anticipated conditions. There are therefore two uncertainties, Mr President: the uncertainty as to the rate at which we shall build power-stations—in my view the rate of construction is bound to be slowed down by the present current of public opinion—and the uncertainty surrounding external production, which will also depend on the rate of domestic demand in the supplier countries. Having said that, I shall be very brief and look quickly at the basic policy guidelines expressed in our resolution.

Firstly, we want to strengthen the Community's procurement policy, based on respect for the elementary principles of non-discrimination and solidarity between partners in the development of the nuclear energy economy. Our aim is first of all to step up the production of uranium or any other product capable of supplying energy within the Community, since, without being self-sufficient, we still have a production capacity which can be developed relatively quickly. Secondly, we should conclude supply agreements with countries outside the Community to obtain sufficient quantities of raw materials at reasonable prices and with sufficient regularity. Security of supply means nothing in absolute terms in this connection, but we think that countries like Canada and Australia offer the maximum security compatible with foreseeable historical developments. We must then diversify our sources of supply, and this implies, as Commissioner Simonet well knows, the need for co-operation on a basis of trust with the producer countries in this sector as in others; this in turn means that we cannot risk being the object of blackmail, as has happened in the oil sector. It also means, Mr President, that the Community must develop its own infrastructure for uranium enrichment. Here too we do not believe in autarchy and we do not want to be self-sufficient, but we should like a substantial part of our requirements to be met within the Community countries themselves; this does not rule

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out the possibility of importing enriched uranium for the time being from the United States or the Soviet Union and perhaps in the future from Canada, Australia or any other country able to supply enriched uranium to us.

To meet the wish for a wide-ranging discussion, we have included an important point in our resolution—namely, that we have been seeking for several years the revision of Chapter 6 of the Treaty establishing the European Atomic Energy Community. The Commission referred the matter to the Council in 1964. For reasons which I shall not go into now, I think the time has now come—and our committee under the chairmanship of Mr Springorum has made this clear—for the Council to accept what we consider correct proposals from the Commission; the Agency provided for in the Treaty must be able to operate and play not an exclusive rôle—it is not asking for that—but an advisory and coordinating rôle and act as a centre of good will in solving the difficult problems facing the Community in the achievement of the ambitious objects of its nuclear policy.

That very briefly, Mr President, is our committee's view. I am sure Parliament will have no difficulty in adopting this resolution.

In conclusion, let me say that this is a further example of the *coup par coup* approach, and that this problem can only be effectively solved when the Community has a real common policy on energy. But if I were to explain the difficulties standing in the way of such a common policy we should still be here tomorrow!

(Applause)

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

Mr Burgbacher. — (D) I shall respect the call for brevity and shall therefore not be able to go into all aspects of the question.

I am speaking on behalf of the Christian-Democratic Group. We are grateful to Mr Giraud for his report. The committee approved the report and resolution unanimously and we recommend the House to do likewise.

As the rapporteur has said, the subject is limited, namely the question of nuclear fuels. The report thus forms part of the long series of reports on the subject of nuclear physics, nuclear reactors and electricity. It is not the last—there will certainly be many more.

However, even when a report deals only with a partial problem, it must still be seen in context. The present situation is one of a cost explosion in investment expenditure on re-

actors, and the position seems to be the same as far as the procurement of uranium or enriched uranium is concerned. Moreover, I think it is true to say that the supplier countries are increasingly wanting to enrich the uranium themselves instead of leaving that work to us, so that we shall probably have to direct our efforts increasingly to safeguarding enriched uranium supplies. Here, however, we already run up against a problem. We know what volume we require for our reactors, but we do not know whether we shall have it available. It is practically impossible to make permanent arrangements for uranium enrichment under these conditions.

Everyone is trying to meet the reactor programme proposed by the Communities to the national governments. The energy programmes put forward stand or fall by the completion of the reactor programme. Despite all the efforts it seems extremely doubtful, in view of the growing public resistance to the siting of nuclear reactors, whether the programme will be met. This brings us to the need to make a new assessment of the whole question of energy supplies. Competitiveness is affected not only by oil pricing policy but also by the increase in costs for constructing reactors and procuring the necessary fuels. A reassessment is necessary in order to determine with some measure of accuracy competitive prices in the Community. In this connexion the reference price is of vital importance, and we can only hope and wish that we shall soon have figures available. It is easy to agree on principles but much harder to agree on figures.

The situation in the energy sector is therefore still problematic. Let us remember that we are now in 1975—unless decisions are taken now and work begun the energy will not be available in 1985. I urge everyone who is interested in the energy sector not to let this fact out of his mind, because the fate of the energy economy depends on it. So far I do not have the impression that the national or supranational authorities are giving this fact enough attention.

In addition to this, do we really know what the growth rate in the demand for energy will be?

Our information on this point is less accurate than ever before. Some people say there will be no more growth, while others maintain that we shall soon reach a rate of 7.2% again, amounting to a doubling of the energy demand in ten years.

Considering our social standards and the fact that energy is an extension of man's strength and that the development of social policy and incomes policy depends inevitably on energy

Burgbacher

supplies, we should really hope that the doubling of the energy demand every ten years will soon be reached again. But this demands considerable effort from all of us—not merely a verbal effort but one of action. There are accompanying financial problems which I can only hint at without giving precise information.

What is happening to oil prices and where is all the oil going, how much is available and what will it cost? We are no longer in the acute and pressing oil crisis, but we are now in a situation which is perhaps even more difficult to grasp than it was at the height of the crisis. The rapporteur is attempting to contribute to a clarification of this question. I hope he will not take it amiss if I say that his contribution can only be small, but nevertheless important. All of us, including Vice-President Simonet, carry a great burden of responsibility: work must be started in 1975 to ensure energy supplies in 1985. Where is that work being done in the Community countries?

(Applause)

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

Mr Cointat. — *(F)* Mr President, allow me to begin by congratulating our colleague, Mr Giraud, the rapporteur on this matter, whose ability and talent are sufficiently well known.

I have only a few remarks to make.

Our economy is condemned to rely on nuclear energy. Even if we do not support an extravagant consumer society, we are obliged to admit that 30 or 40% of the population still do not have the necessary minimum comforts—a car, a television or a refrigerator—and this simple fact makes it necessary to create new energy resources in which nuclear energy is bound to play a part, especially if Europe is not to become too dependent on third countries.

As regards the prospection of uranium mines, it is essential to encourage immediately the development of new working methods enabling deeper-lying deposits to be discovered than those worked hitherto; new operating technique must also be developed to exploit ores with a low uranium content, always with a view to ensuring for our Community a measure of independence in the energy sector.

My second remark concerns the storage of radioactive waste: at present this waste is packaged in liquid form and solidification techniques are being studied. I hope that a choice will soon be made to solve the problems of storage under the most favourable conditions possible, both

from the ecological point of view and from that of the responsibilities of the Member States. I hope that there will not be any regrettable and damaging delays.

Let us also hope—and this is my last observation—that the Member States will have sufficient resolve to organize and effectively use the supply Agency so as to implement a Community nuclear energy policy. It would, I think, be regrettable if the difficulties encountered in connexion with the Communities' new energy policy strategy were to reappear in the matter of nuclear policy and if the European initiative were once again relegated to second place behind an American plan.

Those are the few brief observations I wanted to make on this important problem. In conclusion, the Group of European Progressive Democrats approves, subject to these reservations, the proposals of the Committee on Energy, Research and Technology.

IN THE CHAIR: MR BURGBACHER

Vice-President

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

Mr Leonardi. — *(I)* For reasons of brevity I shall confine myself strictly to the subject under discussion. Let me say at once that in my view the Commission's communication is extremely positive and the Commissioner responsible deserves our especial thanks.

There is no doubt that this problem is fraught with uncertainty, as a colleague has already said; but the uncertainty derives from the fact that we have reached a stage of explosive nuclear development without the backing of the necessary experience.

The danger inherent in this situation of uncertainty, at least as regards the problem of fuels, lies in the conclusion of fuel supply contracts which is going ahead now in some quarters. A number of power-stations are concluding commitment contracts to purchase fuels, and these contracts may in future place limits on a Community policy.

I therefore believe that the Commission should keep this problem under close review and see what precise commitments certain purchasers of American-type power stations are entering into for the acquisition of fuel in the next 5 to 15 years. This is very important in order to

Leonardi

know what freedom of action we shall have when dealing with the fuel problem.

I shall refrain from other comment because—as I have already said—we have a good basic document. The arguments are certainly not lacking: we could, for example, speak of the problems connected with the transition from a state of excessive dependence on oil to that of an equally excessive dependence on nuclear fuel; there are also problems of protection and many others.

As to the report, I shall abstain from voting on it, because I consider that on the basis of the good document submitted by the Commission it would have been appropriate for Parliament to have insisted on the sections concerning information, on commitments already entered into and on the resulting limitations on Community policy in this sector. Other important problems to consider will be research and development and means of protection.

That, very, briefly, is what I wanted to say.

President. — I call Mr Normanton to speak on behalf of the European Conservative Group.

Mr Normanton. — Mr President, may I say at the outset that I intend to take no more than two or three minutes of the valuable time of this House and simply to place on record the views of the European Conservative Group on the particular subject which is before us for debate, namely, Mr Giraud's report.

May I again record the view of the European Conservative Group that the ultimate object of an energy policy for the Community should be to move towards a greater independence of sources of supply of the basic fuels and the basic sources of energy upon which our whole way of life—social, economic, financial and industrial—depends; indeed, any move in that direction will receive the wholehearted support of the European Conservative Group. It is in that spirit, therefore, that we strongly support and endorse the recommendations and proposals of Mr Giraud and commend them to this House.

There are five very brief points which I think it is appropriate to make. When one talks of independence of sources of energy, one must recognize that it is quite impracticable, quite unrealistic to expect to reach a point in time when Europe will be totally independent. It is a move in the right direction if, when procuring the fuel, which in this case is uranium, we recognize that we must never fall into the same trap which we fell into in October 1973. In this sense we would issue a very salutary warning to Member States and to the institutions con-

cerned with negotiating contracts for fuel for nuclear generation when they enter, as they are doing, into contracts with somewhat unpredictable areas of supply—namely, the USSR on the one side, for political reasons unpredictable, and the Americas on the other side, for physical reasons unpredictable and uncontrollable. Not that we are opposed in principle to entering into any contracts with these countries outside the Community; but if we do enter into them we must never allow ourselves to fall into the same pitfalls again.

As far as the enrichment of uranium is concerned, the same criteria apply but in an even greater degree. We must, in our view, concentrate upon the enrichment of uranium within the territories of the Community, or in territories over which we have political influence and political certainty, and that we do not have in the two areas I have referred to, either to the east of the Community, or to the west across the Atlantic.

The third point is the system of enrichment, the system of dealing with nuclear fuel. We do not believe that there need be any standardization of the system adopted in and throughout the Community. The most important thing is that at the end of the day the capacity is there. Whether the technique is of one system or another is irrelevant, but when determining the distribution and location of such establishments the question of strategic importance, of defence in a military and industrial sense, must be borne in mind.

The fourth point I would make concerns the storage of nuclear fuel and, above all, of nuclear waste. Here the Commission has an extremely important role to play, and we strongly recommend that the Commission grapple with this in realistic and positive terms. This is an area in which public safety is involved, and though there are national and private institutions dealing with this matter, there must be a Community establishment responsible for it, and that must be the Commission.

The last point I would make, Mr President, and certainly the important one at this time of the morning, is urgency. This is a matter of the greatest urgency—of greater urgency than, I think, any other that has confronted the Commission or, indeed, the Community as a whole—urgency in technical terms, urgency in financial terms, but above all the political urgency which enshrouds the whole of this area of nuclear and other forms of production of energy. We the Conservative Group, strongly support and endorse the recommendations contained in Mr Giraud's report.

(Applause)

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — (F) Mr President, may I begin by thanking Mr Giraud for his excellent report; it meets the Commission's expectations in every respect and will provide valuable support for the Commission's action in the Council of Ministers with a view to obtaining an accurate definition of the main lines of a common nuclear policy.

No formal questions have been put to me, so I shall simply refer to two or three ideas mentioned by previous speakers. I shall take as the starting-point for my brief observations what seemed to me almost a subconscious reflexion by Mr Cointat when he said, 'Our economy is condemned to rely on nuclear energy.' Words of that kind used to describe a particular phenomenon seem to me to reflect an attitude of alienation or almost of guilt towards it because it is something which cannot be avoided. Subconsciously, Mr Cointat seems to have expressed very well a state of mind which is common at present among the general public, who consider that there are some sources of energy which offer all the necessary guarantees of safety and others which prefigure the apocalypse and should be avoided as far as possible.

There is, I repeat, a state of mind which must be taken into account because if it is not remedied in an appropriate manner, whatever technical, financial and economic programmes may be established, I am afraid we shall soon reach a deadlock. Even in countries known for their traditional sense of social organization and collective discipline—I am thinking, for example, of the Federal Republic—there has recently been an outcry against one particular site chosen for a nuclear power station—Mr Burgbacher was right to raise the very delicate problem of siting.

This, then, is a serious problem, I have taken Mr Cointat's observation as my point of departure because it seems to me that a solution to this vital problem requires the cooperation not only of all the political circles concerned but also of all the social, economic and cultural forces, aware of their responsibilities and of the involuntary or at least implicit contradiction between wanting a high rate of economic expansion while rejecting the means or conditions enabling that high rate of expansion to be achieved. Each of these organizations has an important rôle, and the Commission itself has undertaken a number of studies which should enable it to play a part in the debate and help dispel the confusion—voluntary or otherwise—in the mind of the public which is paralysing

developments, as we have seen in a number of countries.

My second observation, Mr President, is based on an observation by Mr Giraud, who stressed quite rightly and appositely the present insecurity in the area of fissile material supplies.

In fact, he was short of the mark, because he said at one point that our differences with the Americans had been settled and that there was now no reason to fear any interruption of supplies. However, only last week we were informed that, because certain security measures were considered inadequate by one of the many agencies concerned with nuclear energy in the United States, a total embargo had been imposed on supplies to European users of enriched uranium under contracts which had been duly signed and whose application was subject to no restrictive clauses.

The Commission has asked me to meet at the earliest possible time, either this afternoon or tomorrow, the United States ambassador to the Communities in order to make extremely firm representations to the American Government about the intolerable nature of this unilateral modification of contractual undertakings and its contradiction of the American Government's repeated affirmations that it wishes to develop a cooperation on which we are so keen to embark in the area of uranium enrichment. When we made our proposals for the first time, almost two years ago, one of the objections put forward in the Community was that we were liable to create an overcapacity for uranium enrichment and that sooner or later we should find mountains of enriched uranium on our hands, just as we now may have butter-mountains or tanker-loads of wine.

My third point is the problem of obtaining supplies of natural or enriched uranium. I think Mr Burgbacher in particular raised the question of the tendency on the part of suppliers of natural uranium to want to enrich the uranium themselves. That is true; but it is a process which, after all, requires enormous investment and a level of technical knowledge which most of those countries do not have. This, I believe, is an ideal area for the formation of joint enterprises in which the Community could cooperate with the producers of natural uranium. The Commission, for its part, has for several months been engaged in preparatory work with a number of producers; we began our talks with Canada and are continuing them with Australia, and we hope that in the near future we shall be able to submit to Parliament and later to the Council a number of proposals enabling us to guarantee to the Community countries and

Simonet

users regular supplies under acceptable conditions and at tolerable prices.

(Applause)

President. — Thank you, Mr Simonet.

Does any one else wish to speak?

The general debate is closed.

I put the motion for a resolution to the vote.

The resolution is adopted.¹

The proceedings will now be suspended until 3 p.m.

The House will rise.

(The sitting was suspended at 1.30 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR: Mr BERKHOUWER

Vice-President

President. — The sitting is resumed.

5. *Tabling and inclusion in the agenda of a motion for a resolution*

President. — I have received from Mr Bersani on behalf of the Christian-Democratic Group, Mr Hougardy on behalf of the Liberal and Allies Group, Lord Reay on behalf of the European Conservative Group, and Mr Cointat on behalf of the Group of European Progressive Democrats, a motion for a resolution on the situation in Portugal (Doc. 37/75) with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure.

Are there any objections?

The adoption of urgent procedure is agreed.

I propose this item be placed on the agenda for Friday.

Are there any objections?

That is agreed.

6. *Decisions on measures to be taken in the event of oil supply difficulties — Regulations on support to projects for hydrocarbon exploration*

President. — The next item is the joint debate on:

— the report by Mr Cointat, on behalf of the Committee on Energy, Research and Technology, on the proposals from the Commission of the European Communities to the Council for two decisions on the measures to be taken in the event of oil supply difficulties (Doc. 26/75) and

— the report by Mr Normanton, on behalf of the Committee on Energy, Research and Technology, on the proposal from the Commission of the European Communities to the Council for a regulation concerning support to common projects for hydrocarbon exploration (Doc. 3/75).

I call Mr Cointat.

Mr Cointat, rapporteur. — (F) Mr President, it is never too late to mend. The oil crisis began eighteen months ago. While there are still financial difficulties, the supply difficulties are diminishing and it is only now that we have received two texts, one dealing with the reduction in energy consumption in the event of oil supply difficulties, and the other with Community solidarity between all the Member States if one of them encounters fuel supply problems.

We are of course entitled to regret that these two proposals have been submitted so late in the day but, I repeat, it is never too late to mend as similar disturbing situations may occur again.

The proposed system is extremely simple: if a difficulty arises in the Community or if a Member State experiences supply difficulties, the Commission of the European Communities will be responsible for taking adequate action at once, i.e. in one case economy measures and in the other the organization of intra-community exchanges. Application will be immediate. Member States may ask the Council to amend or repeal these measures and it must act rapidly within 10 days.

Your Committee on Energy, Research and Technology unanimously delivered a favourable opinion on these two texts. However, it is my duty to draw your attention to the few reservations formulated by it which you will find in the resolution now before you.

First, the committee feels, the primary object must not be lost sight of, namely the creation

¹ OJ No C 95 of 28. 4. 1975.

Cointat

of a genuine common energy policy, as in reality this text is of a static rather than dynamic nature.

The proposed machinery will only be really effective if there is genuine concertation between the Member States on their external relations policies: it is difficult to see how such Community measures could be applied if one Member State were to adopt in its external relations positions radically different from those of the other partners.

In addition, oil prices must be supervised in order to avoid disruption and speculation. However, your committee has noted that the Commission is preparing a text for this purpose.

Finally, as indicated in its reports, your committee was rather disturbed by the vagueness of the terms 'supply difficulties' and 'minor supply difficulties' which are liable to lead to disputes on the triggering off of the proposed measures; here we felt we should rely on the wisdom of the Commission and Council.

Subject to these few reservations, your committee asks you to approve the two proposals submitted by the Commission and also the motion for a resolution.

(Applause)

President. — I call Mr Normanton.

Mr Normanton, rapporteur. — Mr President, I must apologize if I keep the attention of the House a little longer than I intended.

First I want to apologize for the fact that there is a corrigendum to paragraphs 4 and 8 of the original text of the motion for a resolution. I will not go into the details, as you have the corrected version before you.

Secondly, I doubt if there is any issue of greater economic, industrial and political significance, than the energy situation facing Europe. Western and industrialized Europe has failed lamentably to see the dangers which have been facing it clearly for decades and the European Economic Community has done no better. We have failed, in other words, to recognize the dangers of the world in which we were living, dependent as we were upon oil as the main source of energy, and we therefore failed to prepare contingency plans for dealing with such dangers. Then, when the crisis arose, we failed to deal appropriately and effectively with the situation with which we were suddenly faced. Lastly, we have to recognize that we are now having to cope with the legacy of this miserable failure on the part of industrialized Europe and the industrialized

community in general under conditions of grave and extreme economic difficulty.

There is no point, I think, in going through the post mortem of who is responsible, but there can be no doubt at all in the minds of the Committee on Energy, Research and Technology, that the responsibility lies fairly and squarely upon the shoulders of the political leadership of all the Member States and the political leadership in the Council of Ministers of the Community. I think it is not inappropriate, when we are identifying responsibility, to recognize that credit must be given to two bodies which have played a significant part, firstly the Commission and secondly the Committee on Energy, Research and Technology of this Parliament. It is to those two bodies that we can at least say that credit for taking some initiative is due. But credit for taking action must also go to the oil companies, most of which are multi-national companies, and which at the moment of crisis were able, with their existing national and international machinery, to fill a gap in a situation on which the political leadership so conspicuously failed to act.

The next point I want to make is that the Commission has produced a long series of evaluations, reports, proposals and the like and all of these, as history shows, have been ignored at political level because of the low price at which oil was available and the plentiful supply, as seen by industry and Member States at large. In 1974, however, the Council did approve in principle a scheme for supporting technical developments in the field of oil and I feel that the Committee on Energy, Research and Technology would like to place on record the importance they attach to the implementation of these technical developments and the role played in them by the European Investment Bank. But no such support has been forthcoming, as yet, for developments in connection with the discovery of new sources of supply and it is on this question of proposals for promoting and implementing more rapidly new sources of supply that the report, standing in my name, is presented to this House.

There are six points to which I would very briefly draw the attention of this House. Firstly, as a committee, we recognize that the proposals of the Commission are sound in principle, and I earnestly hope that Parliament will unanimously endorse the proposals in principle, but, as a committee we are highly critical of a number of points which are inadequately discussed in the Commission proposals. We are not satisfied that there is, at yet, any evidence of a comprehensive Community energy policy. If there were such a policy, this Commission proposal

Normanton

should be seen as an identifiable component part of it.

Secondly, this proposal makes no reference to the importance of a phased exploration programme. You cannot have a sudden one-year or temporary programme; it must be phased and identifiably seen as part of a programme of action.

Thirdly, there is no evidence of the recognition of the importance of financial and fiscal measures adopted by some Member States and the extent to which some of these — and I refer in particular to the proposals of the present United Kingdom government—may well be comparable to the action of killing the goose which lays the golden eggs. Member States and the Community as a whole must recognize that it is only where there is ample scope for reward and profit from investment that there will be investment and action directed towards the discovery of new sources upon which the very future existence of the Community depends.

We are not satisfied that the criteria for grant eligibility have been given adequate consideration. These must be spelt out in much greater detail before presentation of the Commission proposals to the Council. We are not satisfied—and we will repeat this not only in connection with this proposal but also in connection with a whole series of proposals—with the machinery for monitoring and auditing expenditure or grants and the handling of money by the Commission or other institutions of the Community. We therefore felt it essential to include in our resolution the urgent demand that the Court of Auditors to which the Community is committed must be brought into operation at the very earliest possible opportunity.

The Community, we also feel, must investigate urgently the question of general pricing policy for oil. It will be contrary to the interests of the Community, the consumers and industry of Europe unless there is some degree of stability in the price at which oil finally comes on the market. Unless that certainty, that stability is forthcoming, there will be no acceptance by anyone, other than irresponsible speculators, of the opportunities which the Commission is proposing should be available.

Lastly the proposals for a three-year exploration programme, dependent as they are and will be on the massive availability of taxpayers money, must be presented to Parliament for consideration before implementation. These are the recommendations and caveats contained in the report which stands in my name on behalf of the Committee on Energy, Research and Technology.

I should like to make two last points, which I think are important at this particular point of time. I apologize to the Commission because I was unable to put the oral question which was on the order paper for answer yesterday. It was an extremely important question, particularly from the political point of view, now that the United Kingdom is faced with this irresponsible referendum. I refer particularly to the question of sovereignty over continental shelf areas of the North Sea. If the Commissioner can take every opportunity he can to publicize the truth about ownership of North Sea oil, if for no better reason than to neutralize the complete misrepresentation being made of the views of the eight other Member States of the Community, this will be a great service, I believe, to Britain in particular and the Community in general. The wells in the North Sea, in the continental shelf, will produce oil and gas in greater measure, in greater volume for the benefit of Britain and thereby all Member States if financial assistance is available to those companies and institutions which are operating in the field of exploration and production from the deeper waters of the continental shelf. This is the substance of the report standing in my name and I would earnestly hope that it will be supported and endorsed by the Members of this House.

Before I sit down, Mr President, may I comment on the amendment which is to be considered by this House, the amendment by the Socialist Group. As the rapporteur, I will not object to the acceptance of this amendment tabled by Mr Giraud. It is not contrary to the spirit of the motion and will not render it less effective. The only point that I would like to make is that, if this amendment is adopted, I hope that the Commission will use every endeavour to make sure that the criterion of commercial success is defined clearly and unequivocally and that there will be real prospects of financial success for those who take advantage of the proposals and take upon themselves the responsibilities contained in this amendment.

(Applause)

President. — I call Mr Vandewiele to speak on behalf of the Christian-Democratic Group.

Mr Vandewiele. — *(NL)* Mr President, I wish to congratulate our colleagues, Mr Normanton and Mr Cointat, most warmly on their reports. We shall take this opportunity to stress once again the problem of ensuring the Community's oil supplies. The aim of the two reports is the same: the development of a common energy policy with a view to guaranteeing our energy supplies. The Community must also have the

Vandewiele

means necessary to overcome rapidly and effectively any difficulties in obtaining energy supplies. The regulation referred to in Mr Normanton's report gave rise to an animated discussion at the two meetings which the Committee on Energy, Research and Technology devoted to this subject.

The Council took a number of decisions in December 1974. It then agreed that the Community should contribute to the costs of 21 hydrocarbon exploration projects.

The Commission is now rightly calling for a doubling of our Community effort. New offshore sources have been discovered and others will soon be developed. The Community's financial support must be extended to activities which are too expensive and risky to be undertaken by industry alone. We are being asked to approve a maximum contribution from the Community of 25% to the cost of exploration projects. Beginning with the 1976 budget, the amount of 25 million units of account originally earmarked is to be raised to 50 million. Articles 1 and 2 of the proposed regulation further stipulate that the projects concerned must relate to clearly defined maritime zones.

The subsidized activities will primarily include one bore for stratigraphic research and at most two exploratory bores to determine the extent and viability of the find.

A number of questions were raised both in the Committee on Energy, Research and Technology and in the Committee on Budgets on the area of application and precise interpretation of the proposed regulation. The rapporteur has just drawn attention to this. Further to paragraph 8 of the motion for a resolution, I should also like to ask the Commission to explain more clearly the criteria for defining the acceptability of applications and the conditions for repayment of loans in the event of commercial success.

The Christian-Democratic Group fully endorses the proposal of coupling the granting of financial aid with the creation of a European Court of Auditors authorized to exercise detailed control.

Can Mr Simonet tell us what criteria will ultimately be used to determine whether or not a project is of a Community nature? This question also arose repeatedly in Committee. Article 1 merely states that the project must take the form of cooperation between several Community companies. What is meant here by 'several'? Can subsidiary companies whose head office is in a country outside the Community also be eligible? Mr Simonet will perhaps recall

that this question was also raised in the Economic and Social Committee.

One further remark on Article 1. Can the Commission tell us why reference is only made to exploration in offshore areas? Why is exploration on land not included in the proposed arrangements?

Despite the fact that greater clarity is needed on many points, our group is satisfied to note that exploration activities are now to be redoubled. We strongly request, however, that implementation of the three-year plan should not begin until the European Parliament has been consulted. In that sense we support Mr Normanton's proposed amendment.

One word more about Mr Cointat's report, which follows on well from the report on the subject I have just been discussing. It deals with one aspect of the problem of safeguarding the Community's oil supplies. Parliament requested the Commission as long ago as 1972 to compile a programme of emergency measures in the energy sector to apply in the event of a blockade or other obstacles. In the event of uncertain supplies or an urgent shortage, security of supply must take precedence over price. Our group supports the criticisms and questions contained in Mr Cointat's report. We welcome the proposed measures. They are, however, very fragmentary and can only bring results if they are integrated into a common energy policy and a coordinated policy on our external trade. The Committee on Energy, Research and Technology rightly asked whether, in the present state of affairs, all the Member States should accept Community energy savings if difficulties arise for one Member State from an embargo resulting from differences of opinion on foreign policy. This clearly raises the problem that international policy must be coordinated and harmonized at Community level. We can only express the hope that in the next few months the entire proposed energy strategy for 1985 will lead to a start on Community action. This is an essential precondition if the European Community is to play a decisive role in the present and future world economy.

It is in this sense that the Christian-Democratic Group will be voting for the two motions for resolutions.

(Applause)

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

Mr Giraud. — *(F)* Mr President, the Socialist Group approves the two reports submitted by Mr Cointat and Mr Normanton.

Giraud

The fact that they are being debated jointly is proof, if proof were still needed, of the lack of an overall Community policy in the energy sector, since we are once again being obliged to take fragmentary action. We must not, however, adopt an extremist approach; we believe the Commission is making proposals which are moving in the right direction. It would be wrong of us to reject proposals which are useful. However, we too have a number of remarks to make. First then on Mr Cointat's report; I think the Socialist Group fully agrees with him that some of the formulations chosen are arbitrary. Evaluation of the level of difficulty is left to human appreciation. That I think is basically a good thing. By definition the unforeseeable cannot be known in advance. If we had announced in 1972 that the price of oil was going to rise by 350 or 400% nobody would have believed it. The measures taken would certainly not have allowed for cost inflation of 350 or 400%. We would therefore ask the Commission to interpret intelligently texts which are rather wide in scope; in this area we trust its judgment.

Similarly, as regards the unity of the market and solidarity, all the Commission can do once again will be to prevent, in a crisis, distortions or price tensions from leading to deflections of supplies and making one partner pay for the benefit of others. This again is a matter of good will.

The second report by Mr Normanton sets out from the excellent basis that no measure must be spared at the present time which may discourage energy producers from resorting once again to an intolerable policy of blackmail against Europe and other industrial countries. Consequently, to the extent that we agree to the exploitation of all available and secure resources, all these measures are good if only as a deterrent. We French are particularly conscious that a deterrent force must never be used!

We therefore agree to these measures on the extension of exploration, but it must be clearly understood that we are not out to assist national or multinational oil companies which have never asked for charity and to which we owe none. On the other hand these companies should know that if there are special difficulties connected with climatic conditions, the site or the nature of the deposit, the Community can be called upon.

It is not relevant to enquire into the number of metres below which special difficulties arise. This can only be determined on a case by case basis and quite obviously the Commission experts know perfectly well how to determine what is normal working and what is not. They

can be trusted to decide whether or not the Community should intervene. Further precision would be useless, because when the rules are applied the conditions of exploration may have changed, making a Community contribution unnecessary.

Finally mention has been made of an amendment tabled by me on behalf of the Socialist Group. We think provision must be made to the effect that in the event of commercial success, which we all want, the companies must be required to reimburse the amounts made available to them, with interest. We do not wish to punish companies that find nothing. If they are unsuccessful they will not have to reimburse anything but if, as we all hope, they strike oil, the Community which advanced funds must be able to recover them if only to assign them to other operations. This is not a sanction but simply application for once of the principle of a fair return.

Subject to these observations the Socialist Group supports the two motions for resolutions and thanks the Commission for drawing up the texts under consideration here; the Group also hopes that these texts will be implemented at the earliest possible date.

(Applause)

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

Mr Bordu. — (*F*) Mr President, ladies and gentlemen, I shall begin by making a number of points on behalf of my group, arising from the report submitted by Mr Normanton on a motion for a resolution which supports the Commission's proposals aimed at lending new vigour to the Community's policy on prospecting and exploration for hydrocarbons in Europe. According to one of the conclusions drawn, the European Parliament has not been sufficiently consulted on the measures envisaged in this area. The four first points of the resolution justify the development of oil production in Europe by the need to reduce dependence and the disadvantages ensuing from an increase in prices and the lack of supply security. This statement calls for a number of criticisms on our part, since we are concerned here with the Community's entire energy policy. To the extent that such considerations are involved, the aim of these criticisms is to show that there is some difficulty in recognizing the need for a new international balance of forces and consequently in establishing new relationships.

This independence in the energy sector is conceived as a break or at least a reduction in trade

Bordu

with the producer countries, potentially a tactic resembling blackmail designed to bring prices down.

And then it must be noted that if we adopt this line, the cost of producing European oil will be 15 to 20 times higher than the cost in the oil-producing countries—this may lead to certain forms of waste.

Points 5, 6 and 9 approve EEC financial support for a three-year exploration programme and ask the EEC to grant more favourable conditions to oil companies prospecting at sea with greater fiscal and financial benefits. I do not wish to launch an attack on the oil companies again at this point. We consider that they are enjoying considerable concessions for their investments.

A large number of projects corresponding to specific sums from the Community budget have already been approved. For offshore exploration at depths of more than 100 metres, which is almost always the case, the EEC is proposing very low rates of taxation and the provision of funds at very low interest rates. The EEC's financial participation would consist essentially of subsidies repayable only in the event of a find. Now it is clear that over ten years prospecting will cost 1.5 to 2 thousand million units of account. The Member States will spend at most 25 million units of account which seems to us fairly insignificant, but the EEC will invest 100 million units of account in 1976 and, converted into the different currencies, this represents quite large sums.

Basically, we are faced here with a desire to develop capitalist investment on a very large scale, through public financing at Community level, without sufficient control over the funds and their use; this should be reflected in the report. We think that supervision should be carried out in a much more effective manner to ensure normal control over public funds. In our view the oil companies still benefit from a number of conditions which are highly advantageous to them. I have said that I would not reopen here the debate on the financial scandals of the oil companies, but you know that basically they still exist.

In the second report the motion for a resolution enumerates a series of ideas and objectives seeking to answer the needs of economic and social development, but let us be clear about one thing: a distinction must be made between these real needs and those which seem to be founded on the profit motive. The essential means, in our view, are a policy of diversification in the case of the development of national resources, and genuine cooperation, which is in contrast with the policy of the past. Of course we hear a great

deal about preserving the unity of the market at all costs. We believe, however, that the unity of the market is threatened more by the practices of the oil companies than by the consequences of national or Community policies. In reality the oil companies are still the masters of the market.

The need for a number of restrictions on energy consumption has even been considered. We believe, in fact, that there can be no question of reducing energy consumption. On the contrary, economic and social needs call for a level of consumption which can only increase. While the share of oil may well have to fall, the increased use of other energy forms must be expected at the same time and a decision reached on the areas in which these new forms can immediately be substituted for oil. Some of these problems arise right now, others in the medium term and yet others in the long term.

Ultimately we believe that—looking at the issue from the national level—there are ways of avoiding the wastage of oil. This is the case in particular with large public undertakings such as the EDF in France which could in some instances use coal-fired power stations.

The main problem is that of reducing the size of the major groups which, in their headlong race for immediate profit, make excessive use of energy on the basis of a low price policy. We have just seen that European oil will be very expensive, and this low price policy belongs to an age that is past and the best we can now expect is reasonable price levels. That would be possible through negotiations which could only take place between producer and consumer countries with mutual guarantees.

To some extent what is needed is a new logic for the utilization and development of energy sources. A measure of coordination is also necessary in our view and this implies cooperation.

One could say a great deal about the real price at which the companies purchase oil and the different accounts which they keep and are not obliged to publish. But while the companies play a role with their freedom to determine prices and tax payments, the state also has an influence. Countries which levy taxes such as VAT on fuel are effectively profiting from the increase in prices to the consumer. Solutions must be sought here if the question of prices is to be solved.

I believe then that on this particular issue, as on others, we can hope that, as the resolution requests, a text will soon be tabled on price control in a period of supply difficulties in order to avoid all speculation. The rules which already exist in this area are not applied with sufficient stringency: the problem of competition naturally

Bordu

arises here. We know, however, that there is practically no competition any more, merely scandals and rackets. Consequently, the problem of stringent control must be solved to enable the policy advocated in the resolution to be applied. We believe in this respect that the solutions advocated are weak in comparison with the major problem facing us, the problem of energy itself.

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — (F) Mr President, there is, in the two reports which have just been explained by Mr Cointat and Mr Normanton, a common point to which I can immediately subscribe, namely that the measures proposed by the Commission are only fragmentary, to borrow Mr Cointat's expression. That is true and I am perfectly aware that these measures will only assume their full meaning and effectiveness when they form part of a wider whole which alone can be effective and solve our problems through the definition of an overall common energy policy.

However, I should like to dispel what is perhaps a mistake of interpretation or even an illusion widely held in many quarters, namely that the common energy policy is a set of coherent objectives and means which can be developed by an intellectual operation carried out once and for all, and then submitted to the political bodies, the Parliament and Council of Ministers, after which we can sit back and wait for a more or less harmonious process of implementation.

I do not believe that the common energy policy is an exception to the rule underlying existing common policies and the creation of all new common policies at the present time. The process is slow and difficult; very often when we come to the end of it we find that the result is quite different from what we wanted initially and remote from the theoretical principles underlying the initial approach.

I think that the common energy policy is subject to this same rule. That is why it was decided some time ago in the Council of Ministers to hold regular Council meetings and gradually adopt measures which, taken in isolation, appear insignificant or even derisory but which, taken as a whole, and provided that these measures are backed up by the political determination to adopt a common attitude on a number of key problems, may constitute the basis of a common energy policy. That is the background to the two texts submitted to you by the Commission which you have discussed in a highly constructive spirit.

Taken at face value, these measures are not negligible but they can only assume their full meaning and effectiveness when they are supplemented by other measures forming part of the flexible and pragmatic overall view we wish to gain of what the common energy policy will one day be.

I think that Mr Giraud has given the right reply to Mr Cointat's observations. It seems to me difficult to allow in a regulation for every eventuality and I think there will always remain an element of individual appreciation which must be the responsibility of an executive body responsible for proclaiming a state of emergency or need. It is not possible to give a statistical, legal definition of a state of crisis. Here, trust must be placed in the Commission which has opted for a flexible system and can trigger the mechanism. The Council of Ministers is allowed a specific interval for further thought, but after that interval the measure taken by the Commission, on the basis of its assessment of the facts, becomes final.

May I also say to Mr Cointat that I listened very carefully to his assessment of the overall situation which may arise in the Community; we are perfectly conscious of this.

This important measure—the extent of its importance is shown by the fact that we were unable to take it 18 months ago—must be based of course on a common resolve to face periods of emergency together.

As to the second motion for a resolution I think I can reply favourably to the various points stressed by Mr Normanton. There are, however, two—and it is with these that I shall begin—which I find it difficult to endorse.

First, Mr Normanton expressed the hope that the Committee on Energy, Research and Technology would regularly receive projects and annual programmes in order to discuss and consider them. I do not think this possible. I do not think it possible, in view of the conditions of secrecy surrounding the presentation of the various projects, for the committee to consider such projects and deliver an opinion on them before the Commission itself reaches its decision. I think also that one of the conditions for the success of this undertaking lies in its speed and the possibility of finalizing, under conditions which are certainly not easy, between the Commission of the Communities and the promoters of the various research projects, contracts under which the conditions for financial assistance guaranteed by the Commission will be fixed. I cannot therefore accept that part of the motion for a resolution.

Simonet

As to the other problems, I think my reply can be positive, but before looking at them I should like to turn to one issue which Mr Normanton personally raised. That is the problem of the Commission's attitude to the tax which in his view amounts to confiscation, imposed by certain governments of the Community countries on oil companies which have carried out their exploratory drilling and are now preparing to exploit offshore oilfields.

May I say to Mr Normanton in all humility that I have not enjoyed from my infancy, as he has, the benefit of that pragmatism which is characteristic of the British empire. Those of us who have received some of their training in educational establishments in France or in parts of Belgium which subscribe to more classical, Latin disciplines, are obliged to retain some respect for formal logic come what may.

I say this to Mr Normanton because I fail to understand properly how he can reconcile his apparent wish for the Commission to condemn a tax he considers 'confiscatory' imposed by a Member State—this would seem to me an unwarranted intrusion into the sovereignty which the Member States have so far considered they must retain in most areas of taxation—with the hope that the Commission will succeed in replying to the campaign, which is not new and with which Mr Normanton is perfectly familiar, mounted for several months in his country by the most radical opponents of Britain's continued membership of the European Economic Community. One point that they constantly put forward—they have often done so to me—is that the gnomes of the Commission in Brussels, draped in their technocratic garb, would get their hands on the oil resources of Great Britain, England or Scotland—you see I am leaving all the possibilities open—and exercise over this manna a discretionary power which would leave the British Government shorn of some of its powers. I have repeatedly had occasion to say that this is not the case and that the British Government—or its Scottish branch—remains fully entitled to take all appropriate decisions in respect of the development and working of the North Sea oilfields. Mr Normanton will not mind my saying how difficult it would be for me to support this point of view, which is in our common interest, to present things in their true light to those who are distorting them in the interests of partisan beliefs—while at the same time addressing a warning to Her Majesty's Government on the grounds that it had taken a number of decisions judged unfavourable to the companies which are now or soon will be working the North Sea oil. However much I may wish to contribute to creating the best possible conditions for work-

ing this oil, and incidentally however much I may wish—this is equally important to me—to be personally agreeable to Mr Normanton, I do not think I can do this.

Mr Giraud—while also supporting the view I have just outlined—pointed to the need for flexibility to face unforeseen developments and in this respect he quoted a fact we must all acknowledge, namely that a few months or even a few weeks before the great oil crisis of 1973 nobody could have believed that prices would quadruple between October and January. Listening to Mr Giraud, I remembered an article which had been published a few months previously by the former director of the Energy and Fuel Service at the State Department, who is now Ambassador in Riyadh and forecast, with a boldness stressed by all the observers at the time, that oil might soon reach the fabulous price of 5 dollars a barrel. Everyone thought he had gone too far... but six months later we had reached a price of 10 dollars and we now know that everything is possible in this area.

Mr Vandewiele then raised two more specific questions. As to the nationality of the companies, the possibilities opened with this regulation are not confined to companies established or endowed with legal personality in a Community country. I think that if this were the case it would considerably reduce the potential for exploiting existing sources whose cost, danger and economic risk must not be underestimated. Turning to his second question, it is for this very reason that we have intentionally limited the aid mechanism provided in this regulation to a particular type of research and exploration, namely exploration offshore.

Finally, as to the last point raised by the representative of the Communist Group, I think I can say I agree with him—just as I may say in passing that I have no objection to the amendment tabled by Mr Giraud on behalf of his group, as he will no doubt have realized already—but there is just one point to which I should like to draw Mr Bordu's attention; however legitimate the complaints against the multinational companies may be, there is at least one which is unfounded, namely the suggestion that they impair the proper functioning of the market. I would even say—as I have on several occasions and wish to repeat clearly here—that during the crisis, in which we deplored with such great regret and sincerity the lack of any real solidarity between the governments, the more or less precarious maintenance of the common market and the free movement of products between the countries which were spared in varying degrees by the embargo and those which were its victims, was ensured by the multinational companies.

Simonet

I believe then that while in some areas these companies are open to criticism, the quality of our arguments against them is weakened if we sometimes adopt towards them an attitude which is not justified by the true facts.

Mr President, I have answered the various speakers. I now come back to Mr Normanton's report and a number of other questions raised by him when he put the committee's opinion, and subsequently taken up by other speakers. It goes without saying that the criteria of eligibility for access to financing for these projects will be defined and published in the Official Journal. Here again we consider, however, that it is difficult to set these criteria for eligibility down in a legal text to remain valid for a given length of time, although I would repeat that the criteria will be fixed with a great deal of precision. As to the procedures for reimbursing the subsidies, not only do we intend to make the utilization of these subsidies conditional on the control requested by Mr Normanton, but, as I have just said, the Commission, for which I am the spokesman, supports the amendment tabled by Mr Giraud on behalf of the Socialist Group.

(Applause)

President. — The general debate is closed.

We shall now consider the motions for resolutions.

I put the motion for a resolution in the Cointat report to the vote.

The resolution in the Cointat report is adopted.¹

We shall now consider the motion for resolution in the report by Mr Normanton.

On the preamble and paragraphs 1 to 8 I have no amendments listed.

I put these texts to the vote.

The preamble and paragraphs 1 to 8 are adopted.

On paragraph 8 I have Amendment No 1 tabled by Mr Giraud and worded as follows:

After paragraph 8, insert the following new paragraph:

'8a. Considers moreover that in the event of commercial success any financial support granted should be repayed in full, including the interest accrued over the period during which the undertaking benefited from this support;'

The rapporteur has already stated his position on this amendment, which Mr Giraud moved in the course of his speech.

I put the amendment to the vote.

Amendment No 1 is adopted.

On paragraphs 9 to 13 I have no amendments listed.

I put these texts to the vote.

Paragraphs 9 to 13 are adopted.

I put the whole motion for a resolution so amended to the vote.

The resolution is adopted.¹

Thank you Mr Simonet.

7. Programme of pilot schemes and studies to combat poverty

President. — The next item is the report by Mr Dondelinger, on behalf of the Committee on Social Affairs and Employment, on the Communication from the Commission of the European Communities to the Council on the programme of pilot schemes and studies to combat poverty drawn up in accordance with the resolution of the Council of 21 January 1974 concerning a social action programme (Doc. 4/75). I call Mr Dondelinger.

Mr Dondelinger, rapporteur. — (F) Mr President, ladies and gentlemen, in the context of the Community's social action programme approved by a Council resolution of 21 January 1974, the Commission submitted to the Council on 14 January last a programme of pilot schemes and studies to combat poverty. The aim is to encourage projects for action against poverty in the nine Member States by selecting a limited number of projects enabling the main causes of poverty to be identified and the means of improving the situation indicated.

With this end in view, the Commission will grant financial assistance of up to 50% of the true cost of these projects, the remainder being the responsibility either of the Member States in the case of projects directly concerning them or of the private body in charge of an individual project. The appropriations entered in the Community budget amount to 2.5 million units of account for the current year and 2.75 million for next year. These appropriations should be sufficient for a share in the financing of twenty to twenty-five projects. These experimental projects aim on the one hand to define new methods of combating and overcoming poverty and on the other to obtain useful information on the causes of poverty with a view to determining new strategies for the fight against it.

¹ OJ No C 95 of 28. 4. 1975.

Dondelinger

This is not then a programme of direct aid to the persons concerned and I trust you will not forget this detail during the debate.

On Monday, 3 March 1975, the Committee on Social Affairs and Employment considered this programme in the presence of Commission representatives. It comprises twenty pilot projects to which a few others may be added. The committee discussed at length the notion of poverty defined by the Commission on page 3 of its communication: 'Poverty is defined as a lack of command of resources (including cash incomes, material assets and publicly or privately organized services such as housing or education) so extreme that the individuals, families or categories of persons concerned are excluded from minimum acceptable ordinary living patterns, customs and activities.'

Since the notion of poverty—like other concepts of the same kind—does not lend itself to a rigorous definition but remains on the contrary a rather vague and relative term—for example a person considered poor in Luxembourg would, with the same resources, be considered well off in many developing countries—the Committee on Social Affairs and Employment decided not to seek a clearer definition of poverty and turned its attention to the actual programme.

The schemes forwarded by the Commission to the Council fall into four categories: five schemes concern areas particularly affected by endemic poverty or in the process of becoming poorer; five are intended to satisfy the needs of certain categories of persons suffering from this poverty; two are designed to create specific services and two others to adapt certain services; three schemes are defined as being of a specifically Community interest and finally the programme also provides for three pure research projects, one of which concerns three countries simultaneously, namely France, the Federal Republic and the United Kingdom.

As to the distribution of these twenty projects by country, France, Ireland and the Federal Republic have three; two go to Belgium, Denmark, Luxembourg and the United Kingdom, while Italy and the Netherlands have only presented one project. Finally the twentieth project concerns the three countries which I just listed. The list of schemes was drawn up by the Commission in consultation with officials of the Member States' governments and representatives of independent social bodies.

Looking at the selected schemes, we see that nineteen of the twenty programmes have certain points in common so that while they differ there are also some similarities. To give you a clearer indication, I have discussed the two

Luxembourg projects at length with the director of our teacher-training establishment. These two projects are concerned with the same families but seek to approach them from different angles.

While in one of the projects the aim is to determine *families* suffering from persistent poverty taking as its starting point the institutional networks, which should enable them to be determined as such, the second project approaches these families through their *children* and takes the school system as its point of departure.

The two approaches—to be followed by a single central team—are complementary and enable comparisons to be drawn by cross-checking and respective blind spots to be determined.

The director of our teacher-training institute who, in his youth, was an assistant at the Luxembourg prison, is familiar through his experience with 'fringe' families where the father is regularly summoned to appear in court for vagabondage, abandoning his family and other similar offences, and the children do not attend school or only very irregularly.

He explained to me the case of families—generally these are the ones with the most children—where the father is not working for one reason or another, and who, when they receive their allowances—amounting to almost 10 000 Belgian francs or 200 u.a. every fifteen days—manage to squander all this money in two or three days.

Half the money goes on drink and the other half is wasted on expensive food so that the children are sick even at school. But for the next ten days the same children have to beg sandwiches from their neighbours.

It would be wrong to describe a family with resources of 17 000 Belgian francs or 340 u.a. each month as poor, but in one sense of the term these families are poor. They are unable to adapt to their human and social environment, to say nothing of their cultural environment. And what happens to their children who are brought up in such conditions?

This is the true problem, the problem which needs to be solved. These children are not responsible for their parents but society at large has a certain responsibility to these children.

It appears that two or three Luxembourg families in every thousand are in a situation similar to that I have just described.

Since the Grand Duchy of Luxembourg has no underdeveloped regions or provinces which are becoming poorer, it may be assumed that these problems are even more pronounced in other Member States of the Community. A rapid perusal of the selected schemes shows this to

Dondelinger

be the case. I said just now that nineteen of the twenty projects have certain points of similarity. But the twentieth differs significantly from all the others. I have already drawn attention to this point during the discussion in the Committee on Social Affairs and Employment and I should like to say a word in particular to my Italian colleagues, regardless of their political views and affiliations. The Italian project, for which one quarter of the total appropriation is earmarked, i.e. some 640 000 u.a., seems to give cause for certain criticism. Reference is made in fact to the creation of local social service units to harmonize activities carried out independently up to now; these units would consist of 10 to 15 members for each province or parish concerned. In addition a controlling and coordinating group with 8 to 10 members is proposed, and when we read that this group is also to maintain contact with the Commission and Italian government and seek a means of cooperation between the central authority and the local authority, between the authorities and the private sector, there is no need to be much of a prophet to realize that this group will soon have far more staff than the 8 to 10 members mentioned. Personally, I think this programme conceals the risk of the creation of a new administration with all that implies. This is why I am asking my Italian colleagues to make sure that the project proposed by their government does not degenerate into the creation of a new administration. That would certainly not accord with the purpose of the communication from the Commission to the Council.

Having said that, I wish to draw your particular attention to paragraph 5 of the motion for a resolution which states that the Parliament regrets that the programme has been submitted by the Commission in the form of a mere communication, whereas it should have read 'regrets that the proposal has been submitted by the Commission in the form of a mere programme'. That minor change to the text is not the essential point. This particular paragraph was discussed at length in the Committee on Social Affairs and Employment. The method of a 'communication' from the Commission to the Council does not facilitate the task of our Parliament or of the bodies of the Council and it is extremely difficult subsequently to translate the provisions into traditional legal instruments as laid down in the Treaty.

When the Commission presented its 'Social Action Programme' which is at the basis of this proposal, in 1973, the same problem had arisen and the Commission found it necessary to draw up a draft Council resolution which was finally adopted by the Council on 21 January 1974.

Against this background, I should like to ask Mr Hillery, in all frankness, whether he does not see any way of changing the Commission's communication into either a resolution or a decision. This would give Parliament's report a more legal form and above all a form compatible with the traditional legal instruments of the Rome Treaty.

As to the report itself, I should like to point out that on 25 February 1975 the Economic and Social Committee approved the communication we are now discussing. Parliament's Committee on Budgets considered and unanimously approved this proposal at its meeting of 24 March 1975, while the Committee on Social Affairs and Employment adopted the motion for a resolution and explanatory statement by twelve votes to one.

I therefore request you, ladies and gentlemen, to adopt today in plenary sitting the report I have just presented to you. I am of course at your disposal for any further information you may require.

(Applause)

President. — I call Mr Artzinger to present the opinion of the Committee on Cultural Affairs and Youth.

Mr Artzinger. — *(D)* Mr President, ladies and gentlemen, the Committee on Cultural Affairs and Youth was also consulted on the matter now before us. The committee was unable to deliver a formal opinion, but I should like to make a few observations deputizing for Mrs Hanna Walz, the rapporteur on this matter. Both in the definition of poverty, which specifically covers the need for aid in educating children of deprived families, and in setting the aims of the pilot schemes and studies, educational problems of the persons afflicted by poverty play a major role.

How could it be otherwise? We have a special obligation to ensure that young people do not become or remain victims of our affluent society.

We therefore welcome the Commission's communication which helps to answer the sometimes justified criticism that the Community is concerned primarily with common growth and gives too much attention to workers as a productive force. This is a first, if modest step on a new road, even if the duration of the project and its method of financing deserve criticism. Steps to detect and eliminate poverty cannot be taken in just two years. If the fight against poverty is seen as a task for the Community it is a little illogical to hand these projects back to the Member States after a short time, as the Community's aim is after all to bring our living

Artzinger

conditions increasingly close together. This can therefore only be the first stage of the undertaking. The decision taken by the Council on the basis of the communication must also be given an appropriate legal form as the rapporteur has just requested, so that a permanent basis can be found for long-term development of the project and practical solutions to the problem within the limits of what is possible.

We also wonder why the Commission has not summarized the work already in progress in this sector in all the Member States. This would be a source of experience relevant at Community level as well. It is therefore difficult for the non-expert to determine whether the subsidized projects offer anything new.

One further remark on the composition of the research teams: they should not only be interdisciplinary but also multinational so that experience from different countries can be taken into consideration from the outset, in particular, experience of pre-school classes, vocational training and the prevention of juvenile delinquency.

The question of coordination should also be raised. The Commission has drawn up a special programme for migrant workers and their children although this category is also considered in some of the pilot schemes. Close cooperation and coordination should be ensured at the level of the Member States and also at that of the Commission where more than one directorate-general is participating in both programmes. The Commission should explain how it proposes to achieve this.

We should also like to learn from the Commission what conclusions it proposes to draw for the Community if initial results are available after the two years. We are convinced that it would not be logical to stop at the end of the first stage proposed by the Community. The fight against poverty of individuals or groups is a permanent task—particularly important for the European Community.

(Applause)

President. — I call Mr Härzschel to speak on behalf of the Christian-Democratic Group.

Mr Härzschel. — *(D)* Mr President, ladies and gentlemen, this proposal marks a further step towards the fulfilment of the Social Action Programme. On 21 January 1974, in its resolution on a social action programme, the Council of Ministers gave particular priority to nine measures. These include the implementation of various special actions to combat poverty by preparing pilot schemes and studies.

The Christian-Democratic Group therefore welcomes the fact that the Commission has now submitted these proposals, although we realize that at the present time the labour market situation and unemployment are in the forefront of the discussion on public social policy.

Nevertheless we are of the opinion that in a relatively affluent society we must pay greater attention to the fringe groups of this society and those who live in particular poverty.

We realise that this proposal from the Commission is only concerned with pilot schemes and studies and there should not be too much expectation of financial aid or success on a broad basis. It is a modest beginning but a contribution which, with careful implementation, can achieve fundamental importance. We regret, as has been stated before, the legal form which the Commission has selected for this proposal, namely that of a mere communication.

This does not help Parliament in its consideration and appropriate weight is not given to the matter in question.

We hope and expect nevertheless that it will be possible to achieve the objective and implement the ideas and that positive results will ensue. We consider it to be a deficiency however—and this was mentioned by the previous speaker—that this programme does not at the same time provide a survey of the measures and experience of the Member States in this sector. This would have made it easier for Parliament to assess the present situation and made it easier for the Commission to select worthy projects and would have prevented overlapping.

We welcome the fact that the Commission has defined the term 'poverty' in order to mark out the limits for granting this aid.

We also welcome the criteria to be applied in the selection of projects, especially because they are innovatory and are intended to influence the development of fundamental decisions.

We also welcome the fact that in the implementation of all projects the active participation of the target groups is to be encouraged and participation in planning is also possible. This may constitute an important precondition for success.

It also seems important to us that these projects are to cover problems arising in several countries of the Community. In this way the Community character will be recorded and emphasized.

The classification of projects into four types also meets with our approval, because this ensures

Härzschel

a broad spectrum of assistance and all fields can be considered with equal importance.

We also endorse the principle that the projects which are to receive assistance as part of this programme are to be recorded scientifically and reports submitted regularly on the state of progress. We consider it essential in this connection that the Commission should stipulate at an early date the methods by which the results are to be assessed. It must be ensured that the results and the experience gained, both positive and negative, are evaluated and forwarded as soon as possible to the responsible governments, the organizations concerned and the interested parties.

We also agree with the proposal that the financial contribution of the Community should be, as a rule, 50% of the actual costs and limited to this amount. We consider it possible however that in certain exceptional cases a higher grant may be made.

This could have a positive effect for example in the area of private initiative. In this connection I should like to mention that there are no limitations as regards the circle of public or private applicants and that any organization or private initiative has equal chances if it satisfies the conditions.

This situation is admittedly restricted to some extent by the fact that the national governments responsible must give their approval to the project in question. To this extent the governments of the Member States can play a part in determining and bearing the responsibility for the selection of those programmes which are to be given assistance. We hope that it will not only be large organizations which will be involved.

The applications to be made are expected to provide both a general survey of the project, the objectives, the methods and a timetable and provide information about the participation of the target groups, scientific control and finances. This can be fundamentally approved. The Commission, however, does not satisfy its own criteria since the projects listed in the annex have for example no financial plan. This makes it difficult to consider the number of projects which are to be assisted additionally to those listed and we therefore ask the Commission to fill this gap as quickly as possible and to insert the necessary funds for these projects so that we can have a complete picture.

The financial provision for this programme seems to us completely inadequate since the 2.5 million u.a. for 1975 will only allow very modest action. If the objectives are to be seriously pursued, more funds must be made

available. Nevertheless we urge the Council to release at least the proposed funds for these projects as soon as possible.

We also share the doubts of the Committee on Budgets as regards the uncertainties in the financial sphere. In this connection we also regret the fact that finance is only provided for two years. This period of time seems to us too short since it will only be an initial attack on the problems. The supplementary programme should be submitted as soon as possible so that the continuation of longer term projects can even be considered. We take the view that this is a long-term Community task.

We would also welcome the inclusion of international research teams in the evaluation of the results and the inclusion of research results in other countries in this evaluation. We expect that these projects will be undertaken without delay so that the poor and particularly underprivileged groups in our population can be helped more effectively in the short and medium term.

We also expect that before this programme is completed, the Commission will submit to the Committee on Social Affairs and Employment an intermediate report of the results achieved.

The Christian-Democratic Group approves this programme and the motion for a resolution and will give its full support to the project.

(Applause)

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

Mr Albers. — *(NL)* Mr President, ladies and gentlemen, my group has noted with approval the programme of pilot schemes and studies to combat poverty drawn up by the Commission.

In general, the group also approves the report drawn up by Mr Dondelinger, for which I should like to thank him on behalf of my group. Some incidental comment is, however, called for.

It is easy to see why the words 'to combat poverty' has been the subject of debate. What is poverty? Where is the poverty in the countries of the European Community in comparison with the enormous and almost insoluble problem of extreme poverty in some parts of the world? Is it not a fact that, as a result of a continuous social security system, refined over many years, poverty has been gradually reduced in the countries of the European Community and can now perhaps be regarded as completely eradicated, inasmuch as it can nowadays be kept at bay by means of unemployment payments and benefits

Albers

even though the level of unemployment has risen considerably?

Thus, the expression 'to combat poverty' is not very appropriate and could give rise to misunderstandings. The nature of the programme indicates that the intention is in fact to combat the social underdevelopment so apparent throughout the Community in certain social groups, certain areas of large towns and in country villages. However, groups or districts affected by the problems of substandard accommodation, educational, cultural and linguistic disadvantages, lack of involvement in community life, and social or political inequality, should not be classed as poor, otherwise those concerned will start to feel that somehow they do not belong to society, which might give rise to serious unrest.

The phenomenon as such naturally holds the attention of the national political parties and is being tackled on a broad front by social workers. However, in practice the methods applied are very different and by no means always lead to the desired result. Moreover, lack of funds at social level often makes it necessary to postpone or interrupt projects. It is therefore particularly pleasing that a number of pilot schemes (with about six different categories) can now be launched at European level within the framework of the Social Action Programme. I should however point out that my group fully agrees with the rapporteur that it is regrettable that this programme was not submitted in the form of a decision or resolution.

Our group considers it essential to cooperate closely with local authorities and institutions in the implementation of this programme.

With regard to financing, it is a moot point whether the implementation of the programme is sufficiently well guaranteed. Some projects will cover a number of years but appropriations have been set aside only for 1975 and 1976 (2½ million u.a. and 2¾ million u.a. respectively). It is possible that projects which cover a long period of time will be jeopardized by lack of financial provision for the distant future. It is also possible that the 50% contribution to be provided by the national governments and perhaps also the contributions from the local authorities could at any given time be exhausted so that it would not be possible to implement the projects in full. This point deserves attention because the programme is only meaningful if the projects are implemented in full, which is a pre-requisite for comparison of the results and for reaping the benefits of the projects.

Among the projects I have mentioned there has been one notable omission, namely migrant

workers, a group in our society which is manifestly underprivileged. I assume, however, that we shall be coming back to this in due course when we discuss the action programme for migrant workers.

It only remains for me to say now, Mr President, that my group approves the report and the resolution it contains.

(Applause)

President. — I call Lady Elles to speak on behalf of the European Conservative Group.

Lady Elles. — Mr President, I would like to congratulate Mr Dondelinger on his report and motion for a resolution, which my group supports. But we are not really very happy about the programme which has been prepared by the Commission. I think this in some way also reflects, with respect to the previous speaker, a slight lack of social conscience on the part even of our socialist colleagues in this House, to say that really there is no poverty in the Community now, and of course certainly not when compared with developing countries. Of course there is no obvious poverty, in the sense of the vast ghettos of slums of some 50 years ago and children without shoes. But to anybody who has done social work for 15 or 20 years in a big city, I can assure you that it is clear that there is considerable poverty of the most pathetic kind because it is hidden poverty. In an affluent society, poverty becomes even more marked, since the luxuries of yesteryear become the necessities of today, and even the necessities cannot be obtained by certain sectors of our society.

We would have liked, therefore, to see a wider range of studies, a wider range of projects, from which we could have gained some idea of what was in the mind of the Commission. We very much hope that the projects put forward are only a beginning and that they will be very much more extended both in range and in depth. In a Community where every Member State nowadays is virtually responsible for the welfare provisions of its citizens, given the enormous amounts spent, the first thing I would recommend is a very close study of the systems themselves, not only in regard to the quantities that are given in the form of benefits, but also to how they are given, to the administrative procedures and to the legality of the benefits, how they can be obtained, who can obtain them, and above all how easily they can obtain them. So often we come across people who are entitled to benefits but do not know about them because they may be illiterate, or cannot get to a post office to make an application, or are prevented

Lady Elles

by the modern pressure of life from obtaining the state benefits which might be available if they filled in the necessary forms in triplicate and waited several weeks or even months for an answer—as we know in some Member States waiting is longer than in others. You may be extremely poor if you are still waiting for your benefits after, say, 6 months and have no other form of income. So I would first of all like to see a very much closer look taken at the systems themselves and at their effects in the areas where need is greatest.

I do not entirely agree with the terms 'fringe groups', 'fringe members of our society' and 'the underprivileged'. I can cite one category of person which is certainly not a fringe part of society but which covers vast areas of the Community: those are the people who are left as one parent to look after a child or children. Now these are by no means fringe people. In the United Kingdom over a million children are being brought up by one parent alone in conditions of great hardship, because the parent—generally the mother—cannot of course earn enough with the present rates of wages and salaries to keep her family. She is not always able to ask for supplementary benefits and she does not always want to do so. The minute she starts earning, in fact, she is debarred from drawing supplementary benefits from the state. In these I would have liked to see much closer and much deeper study, together with some practical recommendations.

Moreover, some cases of poverty are based not only on social reasons such as ill health, bad housing, or low educational level, but are also the result of the legal and administrative processes which are constantly being extended in our states without regard for their results. I think here again we should take a much closer look at what is happening. We had an example from Mr Dondelinger himself with regard to family allowances. The allowance itself may by modern standards be generous and enable one to maintain a child, but it is paid to the father, who is not living with the family. Why is that allowance not paid to the mother who is responsible for paying for the daily upkeep of the child? This is a small administrative example which I think could be of benefit in showing the need for a much more flexible approach to this kind of problem.

Another major issue in the Community, which I am sorry not to see taken up in the Commission's programme, is the matter of enforcement of maintenance orders. Thousands of cases of poverty would be relieved if adequate maintenance enforcement was provided by means of simple procedures containing effective measures

for ensuring that a maintenance order is paid and paid regularly. I hope that a much wider study is made of this in order to eliminate—not exactly at a stroke because that is a very unfortunate phrase—but nevertheless fairly easily the extreme poverty from which a whole range of people are suffering at the moment.

Similarly, in our welfare states, do any Member States have adequate legal procedures such as tribunals to which people can turn as of right without having to go through a lot of formalities in order to have their cases heard when they are entitled to benefits? Here again a very great area of poverty exists, caused by the delay in receiving benefits. I think very close study is required, since the tribunals system might prove effective in relieving poverty for a very large number of people.

I would like to add that I think the educational system should also be looked into much more closely. If we are going to help people to solve the problems of poverty, one of the first things we must do is to educate the children of the Community to help themselves to be individually responsible for their actions. I would like to see a study of training methods for young children, to enable them to be independent and able to cope with the scientific, technological and rapidly evolving society in which we are now living. Then there is the question of nutrition. In three-quarters of the cases of poverty that I have had to deal with, those concerned had bad nourishment as children, were underfed and therefore do not have the strength now to cope with the pressures and strains of modern life. But I see nothing in the programme about the study of nutritional systems or the effects of bad nutrition, which are a major cause of poverty in Western Europe.

With these thoughts I close, Mr President, and I very much hope that some of these ideas will be taken up by the Commission. I think the proposals mentioned in the Commission's report are very harmless and will be almost totally unproductive and I would like to see a much larger vision for the cure of poverty. Many of these studies do not need a great deal of money, but they do need a great deal of experience of working in the field of poverty and knowing what is going on in our Community.

(Applause)

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

Mr Bordu. — *(F)* Mr President, in presenting his report Mr Dondelinger has done his duty, but I would ask the question: who really believes, in his heart of hearts, in the validity of the project

Bordu

submitted for discussion? I apologize for speaking so bluntly: this programme of pilot schemes and studies to combat poverty is a miserable attempt to distract us from our current difficulties, a way for those responsible for this situation, which has existed since the beginning of time, to discharge their responsibilities.

How can we answer the present dissatisfaction of the wage earners, the unemployed, and the hard-hit families? Will we say: '...but we are carrying out studies into poverty...?'

In fact, poverty can be found throughout Europe and there is no need to look any further. It is, however, hidden behind the arrogance of the smug over-privileged.

Is there no fundamental solution to these problems? Can we not pay adequate wages? Could we not achieve equality between wages for men and women, increase pensions, grants and family allowances, fight against the rise in prices, in particular by removing taxes from the common consumer products, by taxing the large industrial and banking companies who are millionaires, by fighting against unemployment, by building low-cost housing, by economizing on the cost of armaments?... there are other measures capable of putting an end to this poverty, not by means of assistance, but by recognition of the rights of the citizen, of man, woman, and the child.

Already in certain countries the measures to be adopted are being widely discussed. It is proposed to break down the hierarchy of wages so that the lowest paid become better paid but, it must be said, without either the state or the employers having to pay one penny. The poverty threshold is taken as 1 400 Frs. for a family of four persons. I would say that if governments adopt such an attitude they will merely create more poverty in relation to the conditions of those above this threshold.

Alongside this assessment, it is considered that it would be necessary to limit growth by limiting demand, that it would be necessary to arrange part-time working provided that such working hours make it possible to attain the poverty threshold, i.e. 1 400 Frs, per month for a family of four. This is in fact a policy of redistribution of income which we consider practically anti-social; it is a policy for increasing poverty.

In fact one might ask whether this policy of assistance is to be extended indefinitely, producing new distinctions, both moral and physical and material, which affect the dignity of man, whose reason for living is to work for society and not the social aid funds! For us the problem

is part of a new approach based on an economy controlled by man and which is in his service and not in the service of a few. Anything else, we must say, quite frankly, is mere idle chatter. However, no fundamental measures have been taken in this area. Therefore, in such a society, the cause is decided in advance.

Perhaps we can speak about it again one day! In the meantime, we believe that the victims of poverty today have no other means of achieving dignity and better living conditions than by fighting. Let us not mince our words: the excessive accumulation of capital for the benefit of a few is incompatible with the interests of all the others and in particular the least privileged. Lady Elles has adequately shown this in the picture she has just described. We are faced with an important task; it is not necessarily the one we are considering here today.

President. — I call Mr Santer.

Mr Santer. — (*F*) Mr President, I should like to bring to the debate a more optimistic note than was contained in the speech by Mr Bordu. I believe, in fact, that the programme of pilot schemes and studies to combat poverty, as presented by the Commission, is worthwhile from more than one point of view.

First of all this programme introduces a new dimension into Community social policy in that it constitutes, as is also justly pointed out by the motion for a resolution submitted to us, the first manifestation of Community solidarity towards the social categories who, for various reasons, are unable to share in the economic and social progress of our society.

For too long perhaps social policy has been considered solely from a comprehensive, quantitative viewpoint. It is true that the Community as a whole has succeeded, in spite of certain vicissitudes, in achieving economic progress and as a result promoting the material prosperity of the population in general.

It is none-the-less true that certain social categories in the populations of all our countries are experiencing difficulty in fitting into this development and therefore find themselves on the fringes of our society. It is therefore only right that in its resolution of 21 January 1974 on the social action programme the Council gave priority to the struggle against poverty for the benefit of these social categories.

In the second place the programme submitted to us seems to define by its selectivity a new approach, a new strategy for combating chronic poverty. The object of the programmes is to

Santer

identify more clearly the causes of poverty, to gather precise information by applying new techniques to remove poverty where it actually exists. In this, it seems to me, these programmes constitute a welcome innovation. I approve, on the one hand, the way in which the programmes have been selected and, on the other, the way in which the Commission plans to carry them out.

They cover all the Member States of the Community and Mr Dondelinger was right to point out that poverty as conceived and defined in this programme is to be found in all countries. I will add that in the richest societies it is perhaps even more pronounced and even more obvious than in the less-developed societies.

It also seems to me essential that the social categories covered by the programme should themselves take part in the implementation of the programme intended for them. I consider that the Commission will thus be able to acquire valuable and useful information on the ability of these people to integrate into our society.

These basic considerations clearly show the specific nature of the social action set out in the Commission programme. It is not a question of aid for subsidies to be granted to needy populations; nor is it a question of regional programmes for the benefit of the least-favoured regions: the programme has its own distinct character which will go beyond action itself and give rise to deliberations as to the preparation of future policies in this area.

After examining the Commission's proposals I would, however, like to make the following brief comments: the first relates to the financial aspect of the programme and on this point I would refer to the opinion of the Committee on Budgets and I would like to ask the Commission to provide us with certain details. The Commission proposes to allocate appropriations of 2.5 million units of account for 1975 and of the order of 2.75 million units of account for 1976. Without any explanatory information I would be unable, like the Committee on Budgets, to assess whether these appropriations are adequate to finance all the projects provided for in the programme. The Committee on Budgets has expressed some reservations about this matter. For my part, I consider it would be extremely damaging if, because the appropriations were inadequate, the programmes in question could not be properly completed. If priority is to be given to this programme, the financial means needed for its implementation must also be provided.

My second comment concerns the use made of the information acquired by the implementation

of these projects. It seems to me of prime importance that the results should first be assessed by an institute of applied sociology so that a thorough analysis can be made of the causes of poverty in our modern society. In its communication to the Council, it is true, the Commission provides that the state of progress of the project should be recorded in periodic reports and that appropriate systems for the assessment of the results will be drawn up afterwards. Since we wish to find new ways and new techniques for devising a specific strategy to combat poverty, we must provide straightaway for an examination and analysis by a specialist institute of the problems and the information acquired.

My final comment, Mr President, concerns the duration of the programme undertaken. I would like to ask whether these programmes are to extend solely over a period of two years, as the financing plan seems to indicate, or if the Commission intends to continue similar projects thereafter. It seems essential, if one wishes to find new political solutions to the complex problem of poverty, that we must go further than the one programme which has been submitted to us.

I would conclude by congratulating the Commission on its initiative. I hope for my part that the Council will approve the Commission's programme as quickly as Parliament has done, thanks to the efforts of the Committee on Social Affairs and Employment and its rapporteur, so that the work can begin as soon as possible. This will constitute the first decisive step in the struggle against the grave social phenomenon which poverty represents in our affluent society. *(Applause)*

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission of the European Communities. — Mr President, ladies and gentlemen, in speaking on the programme of pilot schemes and studies to combat poverty, which has been submitted to the Council, I note that Parliament has already indicated its support for the programme through the necessary budget provision. I am grateful for that support, for the very evident support given today, and also to the Committee on Social Affairs and Employment which has effectively endorsed the programme.

As my more detailed comments will indicate, the Commission's response to the constructive comments made by Mr Dondelinger in his excellent report on behalf of the committee is entirely a positive one. I am glad to have this opportunity of thanking him personally for his excellent

Hillery

work, and the other speakers too. They have all spoken in a manner which greatly encourages the Commission to continue in this field, which is a new one and perhaps to many an unexpected one for the Community.

The potential contribution of a Community social policy to the further development of the European Communities and the pursuit of the European ideal should not be underestimated. While I have no doubt that the construction of the Community has been a major factor in economic growth, I am always conscious that this can have little credibility for those sectors of the Community which during recent years of growth found the problems of living becoming more and more difficult. We must never forget that even when significant improvements in general levels of prosperity are recorded in Community statistics, poverty and underprivilege persist. Any measure the Community can take to ease the burdens of deprivation will therefore help to create a wider awareness of the Community's positive contribution to the betterment of all the peoples in Europe.

The Council of Ministers' resolution of January 74 concerning a social action programme gives priority among the projects presented by the Commission to a number of projects of limited scale but major importance. A good example of this was the decision to implement in cooperation with the Member States specific measures to combat poverty by drawing up pilot schemes.

The programme proposed by the Commission which we are discussing today does not offer direct aid to anyone who is the victim of material deprivation. What it does do is to provide a Community-wide incentive for the examination of the phenomenon of poverty in what we like to think of as an affluent society. The research projects through which this examination will be conducted must be projects whose lessons are likely to be applicable in more than one Member State and which are likely to suggest concrete ways of combating endemic poverty in whatever social sector or regional area it may occur. In other words while a programme of pilot projects cannot of itself abolish poverty, it can serve to develop clear concepts of a complex problem and contribute towards better informed and more effective policies for the future.

I would like to conclude by referring to some of the specific points contained in the motion for a resolution and in Mr Dondelinger's report. In its Communication to the Council on pilot schemes, the list of projects given by the Commission was only a preliminary one; we still reserve the right to change this list and add other projects if

necessary. Our choice of projects will be based firmly on the relevance of each project to the overall objectives I have already outlined.

I agree with the rapporteur that a report on the results of this programme to both Parliament and Council would be desirable and useful, and I intend that an article to ensure that the Commission shall submit such a report before the end of 1976 shall be included in the Commission's revised submission to the Council. The resolution before you refers—and many speakers here refer to it too—to the form in which the programme should be submitted to the Council, and I can tell you that the Commission intends to put into effect the suggestion made in this regard.

The Commission is preparing the text of a draft decision of the Council, and I hope that this will be submitted to the Council at an early date. As this initiative will be essentially a change in format in which the content of the draft decision will be identical with the content of the Communication already considered by you, the Commission would be grateful, in order to assure the earliest possible decision by the Council, if you would be prepared to forego the formality of a further consultation. The sense of understanding displayed in both Mr Dondelinger's report and in his discussion makes me confident that you will facilitate in this way the passage of a measure which, in the words of the resolution before you, is a demonstration of Community solidarity *vis à vis* the underprivileged and fringe members of our society.

We always have some trouble with the definition of those people in society who do not have the full benefit of all the growth which has taken place; the term 'fringe members' is used to indicate people who will not benefit unless specific measures are taken. I think Lady Elles might accept the term on the understanding that it does not mean people who do not properly belong to the centre of society, but people who are 'fringe members' only in terms of their own incapacity to benefit from the goods which are automatically given to others.

As regards the suggestion that we draw from the experience of Member States, we have already to a large extent based our studies of what should be done in pilot and model projects on seminars at which people working in this field in the Member States have been brought together, and also on follow-up meetings of representatives of those groups held at regular intervals and at an intensive level. We hope to continue to draw from the experience in Member States and to apply the experience we gain from the pilot studies and models throughout the Community.

Hillery

As far as obtaining a bird's-eye view of what we are trying to do is concerned, I think this is a good idea. I do not know at what stage we will have a clear picture of poverty and its underlying problems and causes, of whether there are an identifiable limited number of causes or not; but if at any time we can evolve a bird's-eye view, I think I can promise Parliament that the Commission will prepare a document showing the lines we intend to pursue.

An annexed explanatory note, which was for the internal use of the Commission only, found its way into documents which were later distributed to other institutions. However, I can give you the details which would perhaps help to make a more exact assessment of the implications. In the note it was stated that the average costs for personnel for each project corresponded with the cost for one project leader and 10 specialists or 14 400 u.a. plus 120 000 u.a. which is 134 000 u.a. for personnel and the other average costs, the administrative costs for each project were estimated at the same figure in all cases. The total cost for 20 projects was in this way calculated as being 5 360 000 u.a. As the Commission proposes that Community participation should be restricted in general to 50% of the total cost, the Community intervention was estimated at 2 680 000 u.a. or rounded down to the figure which you have before you, 2.5 million u.a. The overall appropriations in the social field allocated to chapter 98 amount to 3 200 000 u.a. with a special appropriation of 600 000 u.a. for the European Vocational Training Centre. The amount of 3.2 million u.a. must be transferred to the operational chapters of the budget and distributed amongst the four following items and articles:

Item 3050: Programme of research on labour market trends 200 000 u.a.

Item 3051: Pilot projects for better housing for handicapped workers: 450 000 u.a.

Item 3060: Poverty programme: 2.5 million u.a.

Article 307: Community measures for the participation of both sides of industry in the Community's economic and social decisions: 50 000 u.a.

There is as yet no financial provision for Item 3061 on the organization and humanization of work. The Commission is preparing a proposal on that subject which will be submitted to the Council in the course of this year but this has not as yet required the provision of a line in the budget.

As regards the geographical distribution of the projects, we would again underline that the Commission gave in the communication only a

preliminary list of schemes and studies, reserving the right to change the list and add other projects. The choice of projects will, of course, be based on the relevance of each project in the Community and not at all on national distribution of the funds. May I again, Mr President, thank Parliament for the encouraging remarks that have been made and Mr Dondelinger for the very extensive study he has made of this problem in his report.

(Applause)

President. — I call Mr Dondelinger.

Mr Dondelinger, rapporteur. — (F) Mr President, ladies and gentlemen, this first report which I have had the honour of presenting before this Assembly has been favourably welcomed by all the speakers except Mr Bordu, who, for reasons which are familiar to us, did not approve it.

I should like to thank Mr Hillery, who has told us that the Commission hopes to be able to make this communication into a directive so that the Council can go further in its action.

I shall not go into the details of all the questions which have been raised. I would simply say to Mr Bordu that when I spoke of the non-working population, I was not thinking of the unemployed but those who, even in a period of over-employment, cannot be made to work. I shall not say any more.

I would ask you, ladies and gentlemen, to vote in favour and I hope that the Council will take the fullest possible advantage of this text.

President. — I put the motion for a resolution to the vote.

The resolution is adopted.¹

Thank you Mr Hillery.

8. Situation of refugees in Indochina

President. — The next item is the motion for a resolution tabled by Mr Lücker on behalf of the Christian-Democratic Group, Mr Fellermaier on behalf of the Socialist Group, Mr Durieux on behalf of the Liberal and Allies Group, Mr Kirk on behalf of the European Conservative Group and Mr de la Malène on behalf of the Group of European Progressive Democrats, on the situation of refugees in Indochina (Doc. 36/75).

¹ OJ No C 95 of 28. 4. 1975.

President

I call Mr Deschamps to present the motion for a resolution.

Mr Deschamps. — (*F*) Mr President, ladies and gentlemen, the Parliament to which we have the honour and—I would emphasize—the responsibility of belonging certainly constitutes the most representative assembly of the democratic peoples of Europe. We represent here the political will of nearly 300 million European citizens and at the same time this Assembly is the expression of a civilization which has always placed the dignity of man at the basis of its development.

At a time when we are debating political, legal, financial, and economic problems here, which are certainly very important for the future of our continent, a drama is unfolding in the ancient countries of Indochina, a drama which is reaching absolutely intolerable proportions.

Hundreds of thousands of children, women and old people are being innocent victims of a war which they definitely did not want, for which they are not responsible, but are having to bear all the horror and all the cruelty.

We would therefore be failing in our duty as civilized men and women if we did not express deep emotion and anxiety in the face of so much cumulative misery. We would be unworthy to belong to a civilization which above all respects the dignity of man and we would be unforgivably forgetful of the misery experienced thirty years ago by our own people if, regardless of any political concern and speaking only from our own conscience, we did not express our deep solidarity with these innocent victims.

It is in this spirit, Mr President, that the Christian-Democratic Group undertook the initiative to submit this resolution—and I thank those groups which have associated themselves with us.

We are also responsible politicians, and therefore, we cannot merely speak from our hearts, express our emotion, and proclaim our solidarity. We have the duty to decide the means of action to be employed to relieve this misery at least in part.

For this purpose, we must make available without hesitation the necessary funds. Questions of principle or procedure liable to interfere with or compromise this action to safeguard human life must not be allowed to intervene.

At the same time, the peoples of Europe must be given a genuine guarantee that this effort by the Community will be put to use directly on the spot for the benefit of the people affected

and without any concern for political propaganda.

The International Red Cross seems to us to be the most appropriate body for channelling this European aid.

We could have certainly opened a political debate on the situation in Vietnam at this point. We have decided not to. We did not wish to seek out those who were responsible but we could do so on the occasion of such a debate. From whom are these refugees fleeing? Who are the people responsible for the violations of the Paris agreements?

Today, we all must simply deal with the most pressing problem, which is to save innocent lives. Europe must be felt in the world certainly, but it must above all assist those most heavily affected by the misfortunes of our times. The helpless masses of Laos, Cambodia, and Vietnam are in the forefront of those to whom the Community must provide immediate and effective aid.

I therefore hope that the whole of Parliament, Mr President, will demand that the Commission of the European Communities contribute, by means of urgent and effective material aid, towards relieving the misery of these refugees. I am convinced that in the face of this appeal from the whole of Parliament, the Commission will do everything possible to ensure that aid is brought to where it is most needed within the shortest possible time. In this way, Mr President, we could be certain of not having failed in our duty as men and in our political responsibilities.

(*Applause*)

Mr President. — I call Lord Reay to speak on behalf of the European Conservative Group.

Lord Reay. — Mr President, I think it would have been callous of us, in view of the recent appalling human events in Cambodia and South Vietnam, not to have expressed our concern and sympathy in this House by means of the only action within our power, namely a request, in the form of a resolution, for action to be taken at Community level to provide material assistance for some of the victims of those events. However, at the outset, I feel bound to say that the resolution as we have worded it, could cause, by virtue of its overstatement, some resentment. It is, after all, somewhat impertinent for us to claim that, by virtue of any material assistance we offered, we could actually share—and that is the wording in the first paragraph of the resolution—we could share the sufferings of the people in Indochina. Those sufferings have been on an

Lord Reay

extreme scale. We have witnessed mass terror and panic, flight and bereavement, desperation and death. The impact of such a collapse of a social structure or of parts of a social structure is no less horrifying and awful because the sequence of political and military events has been foreseeable.

I should like to say something about the form which the material assistance should take. We have seen a concentration of attention, backed by great emotional feeling, on the evacuation of children, although restrictions have now been imposed on this process by the Government of South Vietnam. There must be a case for evacuating children of mixed parentage. Both racial and political attitudes towards them in the future, in the country of their birth, would be highly likely to prejudice all their future opportunities. But with that exception great care should be exercised. Orphans may not permanently be orphans, and it is possible, and this point was made in a wise leading article in *The Times* yesterday, that the tradition and strength of the system of the extended family in South Vietnam may be able to incorporate in the future some who have lost their own parents. Moreover, it must be asked if there are not some groups in Vietnam who are more vulnerable than the children. Young children do not need to be forgiven for political action. Children born under one regime can be absorbed without difficulty into another, but there are some groups who, if events proceed as unfavourably as they have recently, cannot expect forgiveness for their years of efforts and service and loyalty to the cause of preventing their country being over-run by the Communist forces from the North. Insofar as we have supported, in South Vietnam as elsewhere, the right of the people to resist the forcible imposition of Communism or of any regime from outside, insofar as we have seen the very scale and depth of the popular fear that exists in South Vietnam or in parts of South Vietnam in face of the Communist advance, we have a right and a duty to provide some help to those for whom the possible future is intolerable. The United States did not scruple to ask the governments of western Europe to support the United States in their Vietnam policies. We should not scruple to ask the United States for their plan, and if necessary to assist in their plan, to rescue those in South Vietnam who have been most hopelessly compromised by their previous service to the cause which once they shared with the United States. The evacuation of the children, or perhaps even better the provision of means to improve their situation in their own countries should be done through special agencies with trained staff with caution and without deliberate

publicity. I hope that in this field also the Commission, if it proposes action or if it can act itself, will demonstrate a wise and a sober influence. *(Applause)*

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

Mr Dondelinger. — *(F)* Mr President, ladies and gentlemen, we have just been discussing and adopting a report on fringe poverty in Europe. It goes without saying that the Socialist Group does not forget either these people who are fleeing at this time from the horrors of war. The Socialist Group associates itself fully with the motion for a resolution which has been presented by five different Groups in this Assembly. It therefore supports the resolution and would like this aid to be supplied to those people not for political needs but for humanitarian needs. I would also emphasize, on behalf of the Socialist Group, that it does not share all the points of view expressed just now by the speaker from the Conservative Group. We are not here in Western Europe to play politics in Indo-China. We are here to support the people who are afflicted by the scourge of war.

(Applause)

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

Mr Lemoine. — *(F)* Mr President, ladies and gentlemen, the Communist Group has read carefully the motion for a resolution tabled by the Christian Democratic, Socialist, Liberal, Conservative and European Progressive Democrat Groups on the situation in Indo-China.

I should like to make one first comment and express regret over the fact that, no doubt for political reasons, the text of this resolution was not submitted and referred to our Group. Lord Reay's speech just now shows the reasons for this, although we do not understand this especially as we are always in the forefront in the matter of humanitarian problems in populations affected by poverty, violence or war.

That being said, we should like to say that the Communists are not flying to the aid of the popular victory, the victory of a people struggling with external aggression for more than thirty years. We are pleased to find that force is no longer able to impose domination, in this case and notoriously American imperialism. We hope that today the United States and their government will have the wisdom not to yield to the urgings of the hawks, the war-mongers, who are still dreaming of adventure and whose

Lemoine

policy of aggression would add further to the sufferings of the civil populations of Vietnam and Cambodia. The civilian victims in these countries are not selected by an ideological criterion and therefore the little political calculations which decided the tabling of this resolution are particularly shabby, as everyone knows the efforts which have been made by the Communists to condemn aggression and the aggressors, to permanently support both materially and morally the Vietnam people.

That being said, everyone knows that we are anxious to contribute effectively towards relieving the suffering of the people of Vietnam and Cambodia and we consider that the Community should provide substantial aid, very substantial aid, and provide it without delay. That is why we have tabled Amendment No 1 designed to replace the word 'refugees' by the words 'civilian population', the aid requested being therefore directed to all refugees and therefore making it easier to undertake action.

My final comment will be to express a further regret that the proposed text makes no mention of the need to apply fully and quickly the Paris agreements, since it is only in this way that an effective solution can be brought to the humanitarian problems to which you have applied yourselves.

(Applause)

Mr President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission of the European Communities. — Mr President, ladies and gentlemen, two days ago the Commission was asked by the Ambassador of Vietnam to take action to arrange for the Community to contribute to the relief measures for the people of Vietnam. The Commission is of course conscious of the desirability of such Community action and is at present trying to evaluate the specific needs of the people both in South Vietnam and in the area under the control of the provisional revolutionary government. In the next few days the Commission will submit a concrete proposal to the Council and this proposal will then be treated with the urgency appropriate to matters of this kind. The Community's aid efforts will of course be coordinated with the contributions being made by individual Member States. I can say to Parliament that, in the context of existing arrangements between the Community and international organizations such as UNICEF and the International Red Cross, the Community has already taken the modest steps open to it in a situation of this

kind. That is all I can say at the moment. There will be clear action in a few days I am sure.

(Applause)

President. — The general debate is closed.

We shall now consider the motion for a resolution.

On the preamble I have no amendments listed.

I put this text to the vote.

The preamble is adopted.

On paragraph 1 I have Amendment No 1 tabled by Mr Bordu and others on behalf of the Communist and Allies Group and aimed at replacing the word 'refugees' by the words 'civilian population'.

Mr Lemoine has spoken to this amendment.

I call Mr Alfred Bertrand for an explanation of vote.

Mr Alfred Bertrand. — *(NL)* Mr President, the Christian-Democratic Group cannot approve this amendment and therefore rejects it. I would like to say on behalf of Parliament and in order to enlighten our Communist colleagues that to my knowledge the North Vietnamese have until now been the aggressors in South Vietnam, that North Vietnam is still under Communist leadership, and that until now the civilian population from North Vietnam has been fleeing to South Vietnam because they are not happy about the regime the Communists wish to impose on them. This should be pointed out for the sake of objectivity since if we do not react to Mr Lemoine's comment it might give the impression that we do not know what the situation is all about. The same also applies to Cambodia.

President. — I put Amendment No 1 to the vote.

Amendment No 1 is rejected.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

On paragraph 2 I have no amendments listed.

I put this text to the vote.

Paragraph 2 is adopted.

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

President

The resolution is adopted. ¹

Thank you Mr Hillery.

9. Agenda for next sitting

President. — The next sitting will be held tomorrow, Friday 11 April 1975, with the following agenda:

9.30 a.m.

- Report by Mr Jahn on the approximation of legislation on ceramic articles;
- Motion for a resolution on the situation in Portugal.

The sitting is closed.

(The sitting was closed at 5.50 p.m.)

¹ OJ No C 95 of 28. 4. 1975.

SITTING OF FRIDAY, 11 APRIL 1975

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IN THE CHAIR: LORD BESSBOROUGH

Vice-President

(The sitting was opened at 9.30 a.m.)

President. — The sitting is open.

1. Approval of minutes

The minutes of yesterday's sitting have been distributed.

Are there any comments?

The minutes are approved.

2. Directive on ceramic articles intended to come into contact with food

President. — The next item is Mr Jahn's report on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council (Doc. 458/74) for a directive on the approximation of the laws of the Member States relating to ceramic articles intended to come into contact with food (limitation of extractable quantities of lead and cadmium) (Doc. 18/75).

I call Mr Jahn.

Mr Jahn, rapporteur. — (D) Mr President, ladies and gentlemen, I should like quite briefly to go into a few important points of the report I have prepared on behalf of the Committee on Public Health and the Environment.

This report was adopted in the Committee by 10 votes to 1.

In considering the Commission's proposal for a directive on ceramic articles intended to come into contact with food, our committee took as its basis that the proposal was above all based on the protection of human health. I should here like explicitly to repeat the fundamental appeal we have already made to the Commission to base Community regulations primarily on the requirements of human health. They should also take account of economic and technical requirements, provided health protection is not threatened thereby. We have of course also been guided by this principle in considering this proposal for a directive.

I shall now go straight to the core of the directive, namely Article 3. This gives the limit values for lead and cadmium in the four categories of ceramic articles—tableware and kitchenware, cooking ware, packaging and storage containers.

Choosing these limits was one of the most difficult tasks of the working party appointed by the Commission, as can be seen from the notes on the proposal.

The values proposed by the Commission in Article 3 of the directive constitute a compromise; they are not satisfactory to all experts. Some experts consider the proposed values too high, others too low.

These experts have therefore expressed reservations regarding the limit values laid down in Article 3.

Ladies and gentlemen, this is not the first time that even experts have disagreed on the acceptability or otherwise as regards health of objects, foodstuffs, additives or processes. What ought we as parliamentarians to do in such cases? It is obvious that we cannot put ourselves in the position of experts and give a scientifically based verdict. This House has, however, so far, at the instance of its Committee on Public Health and the Environment, always been guided by the principle, which seems logical to me, that in cases of doubt caution is advisable and that the most stringent solution is to be chosen.

Your committee, by an overwhelming majority, favours the application of this principle to the directive. We are not in agreement with the negotiation of compromises in cases where consumer health is at stake, as the Commission

apparently intends here. Where experts themselves are not agreed and harbour serious doubts as to the harmlessness of this or that ceramic ware, the highest permissible lead or cadmium content of which has been set too high, I am convinced that it is our duty in the interests of public health to set low enough limit values that all experts can conscientiously agree with them.

In this connection, I should perhaps point out that the Commission in its notes to Articles 3—as you can read on page 9 of the proposal—admits that 'these limits have been adjusted to the potential of modern technology, and recent progress in this field makes it possible to foreshadow even better results in the near future and therefore to consider revision of the suggested limits then'.

I do not wish to obscure the fact that there is difficulty in convincing manufacturers of the necessity of abandoning their traditional production processes and changing to more modern ones to take account of the latest scientific and technical findings. It is our conviction that this is indispensable in the interests of the health of the peoples of the Community.

We have therefore brought out in point 4 of the resolution that we reject outright the negotiation of any compromise where human health is at stake, and that the most stringent solution is to be chosen if experts are unable to reach agreement.

In point 5 of the resolution we call on the Commission to lower the limit values proposed in Article 3(1) sufficiently to ensure that no expert can harbour any justifiable doubts as to the harmlessness of the ceramic articles corresponding to these values.

I shall now briefly deal with the obligation to mark ceramic articles contained in Article 4 of the proposal for a directive. In its notes on this article, the Commission points out that it is essential to lay down a marking system to identify the four categories of ceramic ware with different limit values.

Mr President, ladies and gentlemen, we are fully in agreement with this objective of the Commission. We therefore fail to understand that the Commission has confined itself to laying down an obligation for only three categories, to wit plates for children, cooking ware, and packaging with a capacity of up to 5 litres.

On this the Commission states in its notes: 'Other articles—tableware and kitchenware or vessels with a capacity of more than five litres—which can easily be identified by elimination, need not carry a distinguishing mark.'

Jahn

In our opinion this is asking too much of the consumer, and we have therefore made an alternative proposal.

Moreover, we have proposed that all ceramic ware not suitable for cooking bear the explicit indication 'not for cooking purposes'. There are very good reasons for this. A particularly low lead and cadmium content has rightly been laid down for cooking ware. If other ceramic ware with higher permitted lead and cadmium content were used by error for cooking, there would be a danger of poisoning for consumers.

We have therefore amended Article 4 so that the manufacturer is obliged to give an appropriate warning.

One further brief word on implementing the directive. According to the Commission's proposal—Article 9(1)—Member States are to adopt before 1 January 1977 the provisions needed to comply with the directive, and to implement them as from 1 July 1977. Our committee maintains—in my view correctly—that regulations which are so important for protecting public health in the Community should not take until the middle of 1977, i.e. more than 2 years, to become effective. It therefore seems realistic and also takes account of manufacturers' interests if the necessary legal provisions are adopted by the Member States by 1 January 1976 and implemented as from 1 July 1976.

We have included this request in point 10 of the resolution and appropriately amended Article 9(1) of the proposal for a directive.

As is almost always the case with harmonization directives, we have approved the legal basis chosen by the Commission, Article 100 of the EEC Treaty. This is justified since the regulations of the individual Member States show considerable differences.

In conclusion, I should like sincerely to thank the committees asked for their opinions, the Legal Affairs Committee and the Committee on Economic and Monetary Affairs, for the contributions they have made.

We have incorporated the suggestions made by them in our report, with the exception of one point. This exception refers to the question raised by the Legal Affairs Committee whether Article 2(2) of the proposal for a directive were not superfluous. This article provides that ceramic articles which have the appearance of the articles listed in Article 1, but which are not ceramic articles as meant in this Directive, are not to be marketed unless they bear appropriate markings. The Legal Affairs Committee does not see much point in adopting regulations for products which do not fall within the scope of the directive concerned.

Your Committee on Public Health and the Environment is unable to share this view of the Legal Affairs Committee. The provision the Legal Affairs Committee considers superfluous is in fact in favour of public health, since the consumer is warned by the prescribed marking that these objects are not to be used for holding food. The warning prescribed is therefore not only useful, but in our view indispensable, to protect the consumer from possible serious confusion.

I would therefore recommend that the House adopt our motion for a resolution, and thank you for your attention. Perhaps, Mr President, I can briefly comment on the three amendments tabled, so that we can get that behind us.

The first proposed amendment, tabled by Mr Jakobsen on behalf of the European Conservative Group, proposes to delete subparagraphs (b), (c), (d) and (e) from Article 4. I have already commented on this in committee, and the committee decided, by 10 votes to 1, to retain these sub-paragraphs.

In Amendment No 2, Mr Jakobsen proposes the following wording for paragraph 3 of the motion for a resolution: '... but would prefer optional harmonization initially rather than the method of total harmonization on which the proposal for a directive is based.' We think that paragraph 3 should remain as it is, and we unreservedly support the method of total harmonization on which the proposal for a directive is based.

That brings me to the last proposed amendment. In draft Amendment No 3 to paragraph 7 of the motion for a resolution, the Commission is requested to lay down a clear and simple system of marking. I can agree with Mr Jakobsen on this. I would have no objections to the adoption of this proposed amendment.

(Applause)

President. — I call Mr Jakobsen to speak on behalf of the European Conservative Group.

Mr Jakobsen. — *(DK)* Mr President, I hope that no-one present thinks that the group I represent is not as interested as all the others in safeguarding the interests of the consumer. But, as my group has said on several occasions, we should be very careful with our efforts to harmonize, and not become so keen to harmonize that we harmonize just for the sake of harmonizing. We should also take care not to give with one hand and take away with the other when trying to improve the consumer's lot.

We must also make sure that anything we do to make things easier for one section of the

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population does not place a burden on another section, which might then pass responsibility on to the rest of the population. One of our colleagues asked at a meeting whether we were sure that porcelain producers would not welcome decisions to reduce the lead content, because the porcelain would become much more brittle and break more quickly and sales would therefore go up.

What my group is doubtful of—on the basis of concrete facts obtained from the English ceramic industry—is that there is any scientific evidence that the quantities of lead under discussion do very much harm. I understand that Mr Jahn, who has done some excellent work in getting to the crux of the matter, himself had some doubts at a conference with several hundred participants when one scientist recommended almost no lead and another doubted whether it was of any importance.

We cannot decide, it is a matter of opinion; but I do not know of, nor have I heard of, any person whose life has at any time been endangered, or of any death or illness that has been a direct result of using porcelain that contained lead.

Lead content is one aspect of the matter, and I wish to make it quite clear that I am not speaking on behalf of the Danish industry, since it is obviously absolutely on the side of safety. We depend to a large extent on exports to the USA where the requirements are very stringent. I understand, however, that the English industry has some difficulties and that could make it difficult for us to solve the problem at a later stage in the discussions. The first proposal is therefore for optional rather than compulsory harmonization.

As regards marking, I do not know if the Commission has studied the effects on children that use porcelain. Will children in general, or how many in 100 investigated, will turn the plate over and see if it says 'for children' before they eat? How on earth do people think that the use of porcelain by children will be affected whatsoever whether the article is marked 'for children' or not? I imagine that the marking could be limited to 'not for children and not for cooking purposes' since, even though I do not know much about the subject I understand that one of the characteristics of lead is that it gives off much more toxin when it is heated, and I therefore feel that such articles should bear a warning that they are not to be heated. I also understand that children are more sensitive to this type of poison than adults; that seems quite probable. In that case it would be quite enough to write 'not for children', but it would not be necessary to give

warnings everywhere. The manufacturer's mark is one thing; the manufacturer must accept responsibility for what he produces, but it is also in the interests of the firm. These are our misgivings in the European Conservative Group. It is because of these misgivings that we have put forward three draft amendments and I have taken the liberty of mentioning all three amendments and given the group's position at the same time. We will have to vote against some things, but we are pleased that the last remark was accepted.

(Applause)

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — (DK) I thank the Committee on Public Health and the Environment and Mr Jahn for their very thorough report on the proposal to limit the quantities of lead and cadmium in certain ceramic articles.

In his explanatory statement, Mr Jahn criticized the Commission for choosing a compromise solution in the case of permissible lead and cadmium content. I should like to point out that the Commission has not tried to find a compromise between health and economic considerations. I agree in principle with Mr Jahn that if there is any doubt the strictest rules should be chosen when important health questions are at issue; in our opinion too they should be given priority. It should however be borne in mind that there is not always a simple linear relation between the different alternatives. The degree of consumer protection does not depend only on the maximum limit of lead and cadmium content expressed in dry figures, but also on what is at least as important, the methods of testing. If the different alternatives are based on different methods of testing, every attempt to compare content will become completely subjective.

Having said that, and since there is clearly doubt among the experts, I should like to say that the Commission is willing to reconsider the limits laid down in the light of Parliament's debates, including today's. This gives me the opportunity to point out that one weak point in our procedure—which affects Parliament as well as the Commission—is that in matters on which we do not set ourselves up as experts there are almost always great differences in the advice which we get from experts and on which we must base our opinion. To be quite honest, after 2½ years work on this subject I still cannot help feeling that national experts' opinions, no matter how sound, serious and well-intentioned they may be, are influenced by their national environment, and we can never preclude the

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possibility that unknowingly and without any ill intent some element of industrial consideration creeps in. It would therefore be desirable to have, some time or other, European testing institutions on whose opinions and advice Parliament and the Commission could depend.

As regards the marking of ceramic articles, I feel that the committee's proposal goes further than necessary and that it will lead to a large number of superfluous markings. One consequence of the committee's proposal will be that all ordinary cups, plates and so on will have to be marked both 'tableware' and 'not for cooking purposes'. I do, however, agree with the committee that there may be cases when there would be good reason for drawing the consumer's attention to the fact that a particular article should not be used for cooking purposes—Mr Jakobsen has also expressed this view—and I will therefore try to find out if any rational distinction can be made between such cases and cases where a warning would clearly be superfluous.

As regards the question of marking, I regret that I have to repeat that the Commission has to uphold its previous proposal about the language to be used on labels and markings. By leaving the decision to the national authorities, the necessary flexibility will be achieved without the consumer's interest being compromised.

The Committee on Public Health and the Environment considers Article 5 to be superfluous and therefore recommends that it be deleted. I do not agree. Article 5 is absolutely essential to ensure the free movement of the products covered by the directive, since, even if we have given priority to health questions, we must not forget that, as Mr Jakobsen has said, we also have economic considerations. Article 2 does not ensure freedom of movement; on the contrary, it merely states that Member States should not allow the marketing of products that do not satisfy the conditions of the directive. It does not preclude any additional national requirements that would obviously act as new technical obstacles to trade. Such additional requirements are, however, excluded in Article 5 which is therefore quite justified.

Mr Jahn points out that the Commission's comment on Article 1 is not clear since it states that the directive does not specify the type of article that has to bear a negative marking or the forms such markings should take. I admit that the wording is perhaps rather unfortunate, and I shall therefore take this opportunity to determine the scope of the directive. Ceramic articles intended to come into contact with food must fulfil the conditions of the directive in full; other

ceramic articles must either fulfil the conditions or be clearly and conspicuously marked. If we extend this principle much further we will end up with quite unnecessary bureaucracy.

Lastly, the Commission agrees to the date of implementation proposed by the Committee on Public Health and the Environment.

I should like to give my comments on the proposed amendments now, in order to shorten the discussion. Draft Amendments Nos 1 and 3 are connected, and I have in fact already dealt with them. As regards Draft Amendment No 2, which is in principle the most important, and which expresses a wish for optional rather than total harmonization, I should like to repeat that my policy is always to choose optional harmonization, and to choose total harmonization only when absolutely crucial and urgent health or similar considerations make it necessary. I agree that in this case there is some doubt, but the dangers of lead in contact with food have been established, and I therefore feel that the danger to health is so great that we cannot assume responsibility for not choosing total harmonization. I should like to stress that this is an exception and that, as I have said already, I will submit the limits laid down to further tests. *(Applause)*

President. — Does any one else wish to speak?

The general debate is closed.

Before considering the motion for a resolution contained in Mr Jahn's report, we shall consider the amendment tabled to the proposal for a directive.

On Article 4(2) of the proposal for a directive I have Amendment No 1 tabled by Mr Jakobsen on behalf of the European Conservative Group and worded as follows:

Proposal for a directive

Article 4 (2)

Delete subparagraphs (b), (c), (d) and (e).

I call Mr Jakobsen to move this amendment.

Mr Jakobsen. — *(DK)* Mr President, I do not think it is necessary for me to make any further comments. When I first spoke I gave my views on the matter, and since then I have received a very satisfactory reply from the Commission. I will therefore not take up any more of the House's time.

President. — I call the rapporteur.

Mr Jahn, rapporteur. — *(D)* Mr President, ladies and gentlemen, I ask this House to reject this

Jahn

amendment. Mr Jakobsen, for whom I have a lot of respect, has discussed this with me and with the committee in great detail. We feel that it is important to state specifically what is to be marked, to close all the loopholes. Moreover, you said, Mr Gundelach, that we could still talk about how rigid or how flexible we wished to make the wording.

I therefore ask for the amendment to be rejected.

President. — I put Amendment No 1 to the vote.

The amendment is rejected.

We shall now consider the motion for a resolution.

On the preamble and paragraphs 1 and 2, I have no amendments listed.

I put these texts to the vote.

Paragraphs 1 and 2 are adopted.

On paragraph 3 I have Amendment No 2, tabled by Mr Jakobsen on behalf of the European Conservative Group and worded as follows:

This paragraph to read as follows:

- '3. Approves the Commission's choice of Article 109 of the EEC Treaty as the legal basis for its proposal but would prefer optional harmonization initially rather than the method of total harmonization on which the proposal for a directive is based.'

I call Mr Jakobsen to move this amendment.

Mr Jakobsen. — (DK) Mr President, I am obviously satisfied with Mr Gundelach's understanding comments about my point of view. I myself would have thought it natural to choose optional harmonization in this case, but my group would agree that the most important thing was not to stick to certain limits since—I now understand—it is generally admitted that we cannot say without a shadow of doubt that there is not any danger. That was obviously the crux of the matter. It is also why I maintain my proposed amendment, but I must obviously accept what I know will happen to it.

President. — What is the rapporteur's position?

Mr Jahn, rapporteur. — (D) Mr President, ladies and gentlemen, here too I have to contradict Mr Jakobsen. In the committee we were convinced that there should be no optional intermediate stage, and we have said: '... unreservedly supports the method of total harmonization on which the proposal for a directive is based!' We therefore fully support the Commission here, and I would ask for Mr Jakobsen's amendment to be rejected.

President. — I put Amendment No 2 to the vote. The amendment is rejected.

I now put paragraph 3 to the vote.

Paragraph 3 is adopted.

On paragraphs 4 to 6 I have no amendments listed.

I put these texts to the vote.

Paragraphs 4 to 6 are adopted.

On paragraph 7 I have Amendment No 3, tabled by Mr Jakobsen on behalf of the European Conservative Group and worded as follows:

This paragraph to read as follows:

- '7. Requests the Commission to lay down a clear and simple system of marking.'

I call Mr Jakobsen to move this amendment.

Mr Jakobsen. — (DK) Mr President, I understand with pleasure that the amendment can be adopted, and I am pleased for the children's sake that in the future they will be able to eat without first having to look under their plates to see whether they may or not.

President. — What is the rapporteur's position?

Mr Jahn, rapporteur. — (D) In this case, the rapporteur is in agreement with Mr Jakobsen.

I would therefore ask that this amendment be adopted.

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

The amendment is adopted.

I put paragraphs 8 to 13 to the vote.

Paragraphs 8 to 13 are adopted.

I put to the vote the motion for a resolution as a whole, incorporating the amendment that was adopted.

The resolution so amended is adopted.¹

Thank you, Mr Gundelach.

3. Situation in Portugal

President. — The next item is a motion for a resolution on the situation in Portugal tabled by Mr Bersani on behalf of the Christian-Democratic Group, Mr Hougardy on behalf of the Liberal and Allies Group, Lord Reay on behalf

¹ OJ No C 95 of 28. 4. 1975.

President

of the European Conservative Group, and Mr Cointat on behalf of the Group of European Progressive Democrats.

(Doc. 37/75)

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

Mr Klepsch. — (D) Mr President, honourable Members. I should like first of all to express our regret that we have taken so long to bring up this important question for discussion in this House. The reason is that efforts were made to arrive at an agreed text between the five democratic groups in this house. On behalf of my group, I must say that it is with extreme regret and incomprehension that we have found that the Socialist Group in this House, although we endeavoured to give the text the form it wished, was not able to share this joint position of the democrats.

I shall come back to that in a moment. We think, however, that it is a precedent, since the Socialist Group has very often in the past asked us for solidarity in a number of questions, and it is an interesting case for my group that in this question we have not been able to reach a joint statement.

On this resolution, I should like to say that the background is of course the coming elections on 25 April in Portugal and the developments that are taking place in that country. We all very much welcomed the removal of the authoritarian régime in Portugal. We as a Parliament and the European Community have in the past always opposed accession of that authoritarian régime, since it was our fixed view that the structure of this Community and its development make the democratic order the necessary basis. We were therefore pleased to see a new starting point for a democratic development in Portugal being created. We were pleased that the free exercise of democratic rights was opening up for the Portuguese people after 50 years of dictatorship, giving us a basis for considering closer connections, closer cooperation, perhaps even merging with that country, since the point had been reached from which democracy seemed attainable.

We are therefore all the more perturbed at a whole number of adverse developments that have taken place, opposed above all by our democratic friends in Portugal—I would mention Mr Soares, Mr Sa Carneiro and Mr Amaral—in solidarity with each other. They observed with sorrow the efforts of the Communist Party and its pressure groups aiming at hindering, blocking, even negating, a democratic development in Portugal.

I am saying this with such emphasis because we can see by this example how it is precisely a democratic structure and development that a Communist Party closely affiliated with Moscow makes every effort to hinder and prevent.

That makes it all the more important for this House and all democrats in Europe to make it clear that we support the democratic forces in Portugal with full sympathy and total solidarity. We do not at all wish to interfere in the internal affairs of a country. We are confident that the Portuguese Government will ensure that free elections can take place on 25 April. We should however like to make it clear that these free elections and the circumstances in which they are taking place are for us the touchstone for the evaluation of developments in Portugal.

For my Group, I would like to say that some regrettable events have already got in the way of our concepts of absolutely free democratic elections. It would not be possible in any of our countries for permitted parties, against whom there have been no legal proceedings or grounds for suspicion, as is the case with the Christian-Democratic Party in Portugal, to be excluded from participation in elections. That is something that is not in line with our ideas of democratic elections. We fully see, however, that on this 25 April the population of Portugal does have a chance to choose among a whole range of parties and advance the democratic development we welcome for Portugal, and which also gives us the possibility of warmly supporting and approving this closer cooperation between the Community and Portugal.

I should like to stress on behalf of my group that our solidarity goes to the Portuguese democrats. It goes to those forces I have indicated by naming the three party leaders Soares, Sa Carneiro and Amaral. We will carefully follow this development in this election on 25 April, and then see whether the concern we and our Portuguese friends have is justified or whether there will be a development which will let us say confidently that it opens the way to beneficial cooperation of democratically structured groups and states in Europe.

I stress on behalf of my Group; we shall be looking at all that happens with great care. We will unite to oppose the efforts of the Communists to hinder the democrats and make these elections a farce. I should therefore like to say on behalf of my Group that we unreservedly support this motion for a resolution.

(Applause from the centre and the right)

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

Mr Glinne. — (*F*) Mr President, dear colleagues, the Socialist Group has decided not to join in the tabling of the resolution by other groups on the situation in Portugal. A moment ago, Mr Klepsch seemed to be afraid that we were creating a dangerous precedent. I would like to remind this Assembly that a few years ago, when Greece was under the dictatorship of the Colonels, a certain political group created this precedent by not joining in the efforts made by this Parliament to adopt a motion favouring the reestablishment of democracy in Greece.

Without dwelling on the past, I would like to say that the real reason for our attitude today is that it is not enough to do what this text before us does, to criticize out of their real context—and I quote paragraph 1 of the resolution—‘certain negative features in the evolution of democracy in Portugal’, and to omit all reference to other very disturbing features.

It is also unrealistic in the extreme to expect that after half a century of obscurantist fascism, as retrograde in its conception as it was brutal in its oppression, a nation where one citizen in two is illiterate and even today lacks the most basic education, could at a single stroke take the immense leap forward required to achieve our ideal of political democracy.

Portugal, my dear colleagues, still belongs only potentially to Europe. Fascist oppression has weakened and crushed it so much and for so long that today the only chance for this country to survive with dignity is to revolutionize its social and economic structure, and not simply the political organization inherited from 50 years of oppression. It is therefore less important to reproach Portugal today for individual mistakes, and there certainly are some, than to help to create in that country the conditions necessary to encourage the development of a democracy which embodies the recognition of universal principles within the inevitable constraints of the real situation in Portugal.

Political democracy cannot be born and flourish in a country where rural feudalism and archaic economic oppression survive. The whole life of a nation, Mr President, not simply the wranglings of politicians, must be brought from the last century up to the latter half of this century, for Portugal has more in common with the Third World than with our industrialized societies of western Europe. It seems to us therefore that the Portuguese Government is to be praised for organizing elections, with proportional representation and the participation of 12 parties, to set up, side by side with the armed forces, who became the legitimate power by overthrowing fascism, a pluralist political power which will become legitimate through the

democratically expressed will of the people. We can understand why the political parties who are fighting for the 400 seats in the constituent assembly came to an agreement, because this agreement places the real interests of the Portuguese people above over-enthusiastic rivalries. We can understand very well why our Portuguese socialist friends, whom we alone listened to for so many years, are standing for, among other things, the necessity for basic medical insurance and pension arrangements, just two of the many omissions inherited from the fascist régime.

We are worried, however, Mr President, because powerful foreign interest groups are attempting to disorganize the Portuguese economy and create chaos in the country in order to threaten the established political authority, because there are reasons to fear attempts to organize an economic boycott of Portugal, and because since the revolution of April 1974, several efforts have been made by the Portuguese right to influence political forces to favour retrograde interests. The last brutal attempt was made on 11 March. We are also worried about certain attitudes which the Portuguese Communist Party favours on political and trade union action, but we clearly cannot condemn such attitudes here if the machinations of reactionary forces are not specifically criticized. We cannot act with our colleagues in the Christian-Democratic Group without mentioning, for example, certain international events which indicate a possible boycott, such as recent statements by Mr Von Hassel, Christian-Democratic President of the Bundestag, who said that it was not desirable to invest in Portugal. We know, Mr President, that it is the blocking of the normal flow of finance at least as much as ideology which recently lead the Portuguese Government, in view of all these factors, to nationalize banks and insurance companies.

Worried by all these problems, The Union of Socialist Parties of the EEC and the Socialist Group of the European Parliament recently sent important letters to the President and Prime Minister of Portugal. While expressing clear disapproval of certain attitudes adopted by the Portuguese Communist Party, they also say, most importantly—and here I quote the letter sent to the Prime Minister: —‘When the Portuguese people were oppressed by the Fascist régime, conservative right-wing political forces in your country and in Europe remained silent or even collaborated with the régime. In this light, the political judgement you are at present making, Prime Minister, appears fully justified. The socio-economic situation in Portugal is not the same as in other European countries. The European socialists know that the social and

Glinne

political debts incurred in the colonial wars and the slowness of economic and social development require a special political model, different from that of the European industrial nations, although based on the same principles. In view of this, Prime Minister, the European socialists approve the effort made by your country to find its own path towards democratic socialism. In the European institutions we will attempt to ensure that all possible aid is granted to Portugal for its rebuilding and development'.

Mr President, the letter from which I have just quoted is our resolution. We hope that the Community and its Member States—and I stress *its Member States*—will rapidly take decisions to help the Portuguese economy and in particular we look forward to the implementation of the statement made the day before yesterday in this Chamber by Mr FitzGerald, President-in-Office of the Council.

These, Mr President, ladies and gentlemen, are our reasons for not supporting the motion for a resolution before us: we will abstain in the vote.

(Applause from the left)

President. — I call Lord Reay to speak on behalf of the European Conservative Group.

Lord Reay. — Mr President, this Parliament last debated the question of Portugal on 19 February. On that occasion, rightly in my opinion, a considerable sympathy was expressed, notably by Commissioner Soames, for the historical predicament in which Portugal found itself. Freed from a dictatorship which had lasted for almost half a century, released from a ruinous and archaic colonial policy in Africa, which represented in the eyes of those outside that country a misdirection of political ambition and of economic resources for which the people of Portugal have paid dearly, emerging into a profoundly shaken world economic situation and a disturbed political situation in Europe, Portugal, it was shown, was being faced with the need to replace both its principal line of international direction and its own political system at a most unfavourable and menacing conjuncture of history.

Such a way of looking at Portugal's problem was then correct, and is still correct, but it is no longer enough for Europe on that account to maintain towards Portugal an approach dominated by passivity, patience and a suppression of comment. For there have been some important and alarming events in Portugal since the occasion on which we held that debate. A futile and foolish attack on the Lisbon barracks on March 11, the sort of event which, in any case,

could easily have been anticipated, gave immediate rise to some disturbing developments. A Revolutionary Council was established, composed entirely of the military and responsible to the ruling assembly of the Armed Forces Movement and with arbitrary legislative powers.

Immediately, the Council announced the suspension of the Christian-Democratic Party's political activities and banned also two parties of the left. It ordered the state takeover of the banks and the insurance companies. The elections were postponed from April 12 to April 25 and changes were made in the officers responsible for the supervision of the election.

I would not contest the right of Portugal to nationalize its own banking and insurance. However, this is manifestly something which should be the decision of a properly elected parliament. To do it in the manner in which it was done is certainly not democracy.

Moreover, certain consequences follow from that executive act. Not only has Portugal now become the only country in Western Europe with a completely nationalized banking and insurance sector, but the Portuguese State now controls 60% of the capital of Portuguese industry and, through the banks, virtually every newspaper. There was also a reshuffle in the government, which itself now has seven military members, and the tendency of the reshuffle was to move the balance of the government yet further towards the left. It appeared at the time, and it has been confirmed subsequently, that this reshuffle would preempt what should be the function of an election, namely a decision on the government by which a people wish to be ruled. It has been made plain that the present Portuguese government does not intend the composition of that government to be affected by the outcome of the constituent election on 25 April.

Things have gone so far so fast in Portugal that it is not enough for Europe, or the countries of Europe, simply to hope that no further adverse developments will occur. For Europe to be able at last to consider Portugal as a European country, organized along similar political lines as the Member States of the Community and as other Western democracies, or other democracies based on the European model, there will have to be a definite withdrawal from certain political and constitutional positions already occupied. For let us make no mistake about it, it is an absolutely indispensable precondition of any closer links between Portugal and the Community that Portugal's system of government should be democratic. Now there may be arguments about the shades of democracy. There are no doubt differences in the

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degrees of democracy that exist, or have existed, between Member States of the Community. But a certain quantity of freedom for the individual is essential; a freedom to express opinion and to associate is essential and, above all, the freedom to change one government for another by means of election, is essential. Democracy does not exist until a government has put itself at risk by election. The elections on 25 April are constituent elections. They will not of themselves establish a democracy. Nevertheless, Portugal should know that its claims on Europe's good opinion and future offices will be dependent for the next stage on the degree to which those elections are conducted cleanly, openly, without intimidation, direct or indirect, and with honest supervision.

Mr President, may I conclude in this way. The Community of the Nine is linked to Portugal in two ways. Firstly, by geography. Portugal is part of the continent of Western Europe. It is to me inconceivable that the Community could refuse to accept as a member that country if it expressed the wish for membership and if it did so with an understanding of the basic political principles which are the common factor and the foundation of our Community. Secondly, by history. Portugal, like each of us, is a country which has behind it centuries of tradition. It is a part of European civilization. In overseas exploration, it was the pioneer of Europe. Also, like many of us, it acquired and maintained an overseas empire to which it became deeply attached and, like us, it has had to go through, it is the last of us to go through, the painful process of decolonization.

We in Europe have begun to develop, by joining together, a new approach towards the territories which were once our colonies. It is an approach which, we believe, offers the possibility of maintaining the indissoluble links which we have developed with those countries within a framework which replaces the colonial pattern with a new pattern—one which is characterized by a greater balance and a greater equality and which is therefore more suited to the modern world.

Forty-six countries, most of them once the colonial territories of European powers, most of them in Africa, have signed, only six weeks ago, the Convention of Lomé with the nine Member States of the Community. That Convention is open to signatures subsequently by other developing countries. It has already been signed by Guinea Bissau. It offers those countries great practical benefits. It could, we believe, have great benefits for ourselves.

We believe, therefore, that Portugal belongs in Europe. We believe that her relations with her

African ex-colonial territories could be developed in a corresponding manner, or in association or in unity with, the relationship Europe is herself developing towards the other countries of Africa with which she has similar relationships.

We saw the overthrow of Portugal's previous régime on the 25 April 1974 as offering Portugal the possibility to find again its place in a modern Europe. As Portugal approaches the first anniversary of that historic occasion, let us hope that it will begin the construction of a political system which will enable the realization of that desirable and long-postponed objective.

(Applause from the centre and the right)

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

Mr Bordu. — *(F)* President, my dear colleagues, I think that first of all it must be recognized that Portugal has the right to decide for itself and we must not attempt to impose on this country a régime of our own liking, or even a scheme or model for development based uniquely on societies which have no connection with the history of that country.

Since its history and development are unique, this country needs a special experiment of its own. It must be accepted that 70% of the people are illiterate in the country areas, and this poses problems for a young democracy in the demands which it makes on awareness, on understanding, after a long period of oppression and obscurantism.

It must be realized that a 50-year old Portuguese has no experience of democracy. This democracy cannot be improvised; it has been organized in Portugal in very hard and difficult conditions. Economic forces hostile to democratic progress still exist and it is for this reason that nationalization had to be undertaken.

Forces of the former fascist régime have not all disappeared, and they have not given up attempts to overthrow the present rulers. Certain groups on the 'left' are creating serious incidents. The army itself does not include only democrats; there are still many followers of Salazar and Caetano at large. To resist the united pressures of these forces supported by outsiders, and what is more, by some of you here, democracy must find its own way without compromising the initial achievements of the peaceful revolution of a year ago.

Portugal's originality lies in having got rid of the bad fruit of the past through an alliance between democratic forces and the armed forces. These Armed forces are not forgiven for not

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having a Pinochet in charge, so from now on, for what we believe will naturally be a transitional period, this alliance remains necessary to preserve what has already been achieved. It is understandable that this disturbs some consciences suddenly worried about the interest of Portuguese capitalists and foreign capital invested in that country, whether in pounds or in dollars. It is understandable that this worries the strategists of NATO even although nothing definite has been settled and although at present left-wing members of the Portuguese Government are disliked by NATO and will be tomorrow, since the left will be the majority in that country after the elections. This situation leads one to think that member countries of NATO and the Atlantic Alliance are basically hoping for the failure of the present experiment in Portugal. Nevertheless, 12 parties will be taking part in the forthcoming elections, whereas in Europe there are many countries where such democracy does not exist.

I do not basically want to form a judgement on the exclusion of the Christian-Democratic party from these elections, but I would point out that the Christian-Democratic parties in Western Europe had been in no great haste to recognize the Portuguese Christian-Democratic Party. There are probably a number of reasons for this, the same reasons which made the leader of the Christian-Democratic Party flee the country after the failure of the coup.

We believe that it is desirable for the Christian-Democrats to demonstrate their attachment to democracy, for the gap between it and Vatican II is great...

Mr Deschamps. — (F) You have a cheek!

Mr Bordu. — (F) Not as much as you, because as you know certain speakers here have been calling on democracy to fight communism by any means including, when necessary, extermination—Lord Reay said so yesterday during the debate on Vietnam. But in Portugal, it is clear that in this transitional situation democratic forces must win their place in the popular movement. In this context naturally, certain political rivalries arise even on a fraternal level, but these rivalries exist basically in all our countries; Portugal is no exception.

You know perfectly well that each party wants its place, even in the elections, and that consequently, discussions begin, there may also be a clash of ideas, the main thing being that these rivalries open the way to real democracy in this country and to socialism which is the desire of the left-wing parties in Portugal.

Is the reproach made to communists that they wish to have everything for themselves justified, then? It seems not, because basically what the communists are reproached with in particular is having, during the dark hours which this country went through for fifty years, played a prime role in organizing struggles against fascism in that country. This reproach is in fact really a tribute! The communists in Portugal today occupy one ministerial post, hold no jobs in the information media. We can therefore say that they do not have a privileged place there, as some people would have us believe.

It should be remembered that the sufferings which the communists endured, particularly those endured by the whole people, make the communists perhaps more anxious than others to preserve what has been achieved, the seeds of the growing democracy, because we believe that Portugal must not become another Chile, though that would please some of you.

This new enterprise in Portugal must as you know make a certain number of experiments. It may make some mistakes, but this country has to do everything itself because it is starting from nothing... The pluralism which is being created in politics in Portugal should bring about the necessary corrections. Let us not be impatient; look at our western democracies and how far they still have to go, although they are long established. And we expect that at a single stroke something starting out, something just born, should come of age tomorrow and be mature already... It must be clear that there are very few Portuguese who would like to see Caetano return to his place tomorrow, because although it is true that Portugal belongs to Europe, it is nevertheless no-one's property but its own.

President. — I call Mr Härzschel.

Mr Härzschel. — (D) Mr President, honourable Members, what Mr Glinne has said leads me to make a further few remarks. But let me first go into what Mr Bordu said.

I should like decisively to reject the continual Communist attempts to stand the Christian Democrats in the reactionary corner. This party is a democratic party: it has always subscribed to democratic principles and will continue to do so in the future. But I should like to ask how things are for democracy in the places where your political friends are in power? And I should just like to recall—and this goes for Mr Glinne too—how democratic conditions can be altered, taking as example the post-war history of Czechoslovakia or other Eastern Euro-

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pean states where the Communist Party started by being a minority, but by its militancy subsequently excluded the other democratic parties. And, Mr Glinne, if you think you don't have to defend the Christian Democrats here, then I would say to you, beware lest you find yourself in the same situation with the Socialist Party tomorrow as the Christian Democrats are in today! It is the thin end of the wedge, and I think there is a solidarity among democrats which we should place above opportunist considerations; what is important is for us to act jointly here on behalf of the rights of all democratic parties. We do not want in any way to intervene in the internal affairs of Portugal but I would recall that there were resolutions on Chile, that there have been resolutions on Greece and on conditions in other states, which have been carried jointly here, and I should like to ask you now not to let the impression arise that your morals are one-sided, and come into play only where fascist or right-wing dictatorships are concerned, remaining silent when left-wing efforts to restrict democratic conditions are concerned.

We very much regret your attitude of abstention, and I personally would ask you to reconsider and to realize that you too are quite clearly on the side of the other Groups, that you are just as much in favour of democratic conditions in Portugal; then we could, I think, start discussing again on a common basis.

(Applause from the centre)

President. — I call Mr Walkhoff.

Mr Walkhoff. — (D) Mr President. I can well understand, Mr Härzschel that you have some concern about developments in Portugal. I do too, although I mainly look at the developments hopefully. I do not however understand it when you measure the democratic development of Portugal by the political rights allowed to Christian-Democrats in Portugal. I ask you, is it not somewhat facile, considering the historical development of Portugal and the role played there by the Christian Party in the past, to compare that Christian Party, for example, with the ideology and political conceptions of the Christian-Democratic parties represented in this Parliament? Nor do I understand your reproaches against Members of this House for seeking to stand the Christian-Democrats in the reactionary corner. I ask you, does the political attitude of the Christian-Democrats in Portugal not put them in that corner? I am asking that because I recall that the Christian-Democrats under Portugal's earlier régime were scarcely in the front line of the fight for freedom and democracy, but at best kept their mouths shut, and

I am asking that also because the leader of the Christian Party in Portugal is at least extremely strongly suspected of participating in the putsch. Is it not understandable for political forces in Portugal to seek to exclude forces, both on the left—after all, two left parties have also been excluded from the elections to the constituent assembly—and on the right that might disrupt democratic developments at this stage? I think that we should, irrespective of the role of the Christian Party in Portugal—which is, as I said, quite a different party from the other Christian parties of Europe—be united in our hopes for a genuine development towards democracy in Portugal, but we should understand it if in Portugal attempts are made to eliminate right from the start the possibility of repeating the kind of mistakes made in Chile.

(Applause from the left)

President. — I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I can be brief. I should just like to make a couple of points refuting the distortion of history Mr Walkhoff has just attempted.

Firstly, there has not been any Christian-Democratic Party at all in Portugal hitherto. What you are saying here is incredible. Not a single member of the party barred from the elections had any connection at all with the previous Caetano régime. Let that be quite clear! The question is much more whether some politicians in the PPD and the CDS, that have been allowed to take part in the elections, did not formerly hold posts in this state system. The barred party made just one mistake; it put the word 'Christian' into its name.

All I would like to say now as far as the status of the two bodies with which the International Union of Christian-Democrats has relations, the CDS and the CDP, is concerned, is that we have not decided which to accept, as we want to wait for the elections. That is why we made contact with both of them, to see whether we would subsequently decide on a combination of both or for one or the other. We wanted to await further developments. But to try and make out from that that we do not want to support the Christian-Democrats in Portugal is a completely misguided conception.

One more word on the falsification of history.

What I said is this; in Portugal parties that are officially permitted, against which no complaints have been filed, are not being allowed to take part in the elections. I again call it a distortion of history when Mr Walkhoff seeks to arouse the impression that there are some sort of proceedings against those parties that put their

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democratic reliability in doubt. This is in no way the case. It is a purely arbitrary act to exclude these parties from the elections, although they are allowed to go on working, recruit members and engage in activities. They are allowed to do that. This is a bit away from our ideas of democratic elections. I would just like to say still oneparty systems. I was extremely pleased historical question.

As far as Mr Bordu is concerned, I was very interested in one thing he just said. He spoke against those areas in Europe where there are still one-party systems. I was extremely pleased to hear that, and I hope that he will continue to adopt this attitude in future debates.

I should like further to say that we were not wanting to start an argument about democracy with this resolution, since I believe—I have assumed this up to the present, and it is probably true for the future too—that the democratic Group in this House, who prove in the areas where they are in power that they feel bound by democratic principles, will continue to act for the maintenance of pluralist democracy, and of constitutional and human rights in every country.

(Applause from the centre and the right)

President. — I call Mr Glinne.

Mr Glinne. — *(F)* Very briefly, Mr President, I would like to remind one of our colleagues who has just mentioned Czechoslovakia, and particularly the events following on the spring invasion in Prague, that the Socialist Group has to take lessons from no one as regards the disapproval which these incidents and particularly Soviet military intervention aroused among us, and continue to arouse, and we stand consistently behind the principle that in normal democratic conditions no political party, be it left, centre or right, should be prohibited. We would oppose measures attempting to hinder the action of the Communist Party in Europe in any way. We do the same thing for centre-left parties, centre-right parties and even right-wing parties who in the past in Austria or elsewhere have massacred or imprisoned us.

Mr President, when speaking of Christian-Democrats, especially outside the privileged body of our Community, when we are speaking of relatively distant countries, it must be realized that we are not always dealing with something which is 'appellation contrôlée'.

There are Christian Democrats, Democratic Christians, there are people somewhere between the two; some are in favour of the common good, of a left-wing approach and of a right-wing

approach at the same time and in a confused manner, and although the parties of the union of the left, for example, were liquidated, dispersed, persecuted and murdered in every way possible in Chile, the representatives of the main currents of christian democracy in Chile, particularly the followers of President Eduardo Frey, were not persecuted in the same way, because they were the proposed substitute, to direct the country after the death of President Allende.

So the ambiguities surrounding certain political bodies bearing the label Christian-Democratic make us suspicious of them. For us, Mr President, it is not the label which counts, it is the real content of the political activity being pursued. And at this level, it should be said that in Portugal things have not always been clear. A party which I know very well and which is made up not of Christian Democrats but of Social Christians—more subtle distinctions—that is the Belgian Social Christian party, saw fit to visit not the popular democratic party (PPB) in Lisbon, but the Democratic and Social Centre Party (CDS), which is clearly today's centre right, and which stands officially and openly in the array of the twelve political parties of Portugal. From the CDS to the PPB, to other more radical groups, the label Christian always appears, and we are pleased about this when it is used of people on the left, but it should be said clearly that in Portugal, even since 1926, the label Christian has covered a multitude of other sins. There is therefore confusion first of all among those who have created this label and those who support it and in a very large proportion of the Portuguese people who distrust the ambiguities and often the underhand dealings which these names conceal.

We therefore protested, Mr President, against certain aspects of the present political situation in Portugal, and we did so in the form of two letters which I just mentioned were sent to the President and the Prime Minister of the Portuguese Republic. We are anxious about a whole series of features developing in Portugal, and although we do not like the political procedures of individual Portuguese parties, we are even less fond of the actions and intentions of those in the opposition camp. The April revolution in Portugal is not yet two years old and already some people who are strongly opposed to it are attempting to strangle it. For our own part, as we see the situation in Portugal, we say first and foremost 'no' to those who would favour a reaction of this kind.

(Applause)

President. — I call Mr Walkhoff.

Mr Walkhoff. — (D) I do not wish to drag out discussion in this House on a Friday morning; I would ask you nevertheless to allow me a few words about Mr Klepsch's accusation of falsification of history. I have in no way accused representatives of the Christian Party of Portugal of direct collaboration with Salazar or Caetano, Mr Klepsch. All I have said is that the great majority of the present representatives of that party were silent then, and if that is not so as you make out, then please write on this piece of paper the names of the politicians you can say something better of; I am sure the paper will remain practically empty.

Now to the second accusation, to the statement that the exclusion of the Christian-Democratic party from the elections to the constituent assembly was arbitrary. Well it simply was not. That party, or its chairman, is accused in Portugal of having been involved in the preparation of the putsch or even in its execution. The two of us cannot verify whether that accusation is true. Nor can we say, however, that there was no such involvement.

Allow me furthermore, Mr Klepsch, to take your statements regarding developments and your hopes for certain kinds of developments in Portugal with a pinch of salt. This scepticism is necessary when I recall what your Christian-Democratic colleague Mr Heck said in the Bundesrepublik about the putsch in Chile, where he gave a very positive appraisal of present conditions in Chile and of the colonels' régime. I don't think that should be forgotten when statements from certain political groups are being evaluated here.

President. — I call Mr Deschamps.

Mr Deschamps. — (F) Mr President, I do not want to go back over history. There has been enough of that today, and I do not think that this is the right time. My colleagues have cleared up some of the points arising from the unjust accusations made. I think that is sufficient.

We are politicians and we must in the present situation take a political attitude to the forthcoming event, the elections of 25 April in Portugal, an attitude to their nature and their credibility, and the conclusions we can draw from them about the links which could be established between Portugal and Europe and in particular the Communities.

I would like simply to make three points.

I will not dwell on Mr Bordu's position. We know his arguments and my colleagues have answered them. But I would like to address more specifically a certain number of our Socialist

friends and colleagues whom we know well, and tell them that the attitude they are adopting on this matter astonishes us. It astonishes us because when we read the resolution on which we are asking you to adopt a position, we really do not see what you can object to in it. In fact, Mr Glinne, in your speech you did not speak against the resolution itself; you spoke of the characteristics which Portuguese democracy must have for a certain time, stressing how different it was from that which exists still, fortunately, in a certain number of European countries. But that is not the question! We are asked to vote for a resolution in which — and this is the important point — we are urgently calling on all democrats and responsible authorities in Portugal to ensure first of all that there is the widest and freest popular participation in these elections and that secondly, all citizens have the right to exercise their fundamental democratic rights and thirdly that the will of the people be respected at these elections. But, Mr Glinne, can you see any basic difference between the text which we are asking you to vote on today, and another text which I quote from: "There will be no bourgeois democracy", said Mr Cunhal, Secretary-General of the Portuguese Communist Party. Very well, but be it bourgeois or proletarian—because we are talking about the nature of this democracy—democracy does have laws, it obeys values which would no longer exist if they were obliged to fit into the strait-jacket of events. These laws are called freedom of expression, pluralism of political parties, universal suffrage. This is not enough, granted, but it is certainly necessary.' The text I have quoted is not from a Christian-Democrat, it is François Mitterrand. The fact that he wrote it perhaps also explains in part why he has just been refused for the fourth time a trip to Moscow.

But, my Socialist colleagues, I ask you once more, where is the difference between the content of the resolution we are asking you to vote on with us, and the words of the statement by François Mitterrand? Are there differences about the nature of this popular democracy, the meaning of 25 April, and especially the days before it? This is what we are voting on! As for what you said about the nature of democracy in Portugal, the conditions in which it will develop, which are different from those in which democracy in Europe has fortunately been developing for so long, by resisting pressure from all sides and especially from the East, this is a matter for debate; on these questions we can have different views, subtle differences, although you know perfectly well that your views are basically further from those of the Communists than from ours. But what we are asking you to do now is to support with us the

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fact that, as François Mitterrand says, freedom of expression, plurality of parties, real universal suffrage, are necessary to establish a democracy which will allow Portugal one day, thanks to us, thanks to its association with our Community, to raise its standard of living and to re-instil in the people the democratic ideal which has been stifled for 50 years. It is on this that you are refusing to take a clear position today. We are sorry, and basically I hope that in the few minutes remaining you will still be able to go back on this decision and join with the Democrats in voting for this motion.

(Applause from the centre and the right)

President. — I call Mr Bordu.

Mr Bordu. — *(F)* I would like to point out that the principles declared by François Mitterrand and quoted in the plea just made by the devil's advocate, are totally respected in Portugal, since there are twelve parties in the contest and even though one of them has been provisionally excluded from the elections, it will nevertheless have a certain number of representatives. Democracy will play its part because the Christian-Democratic electors will have a chance to vote on a whole range of policies reflected by candidates seeking their votes. Consequently, there is no attack on the Portuguese electors' freedom of choice.

I would like to recall that the difference between us and the signatories of this resolution is less a question of philosophy, on which certain people choose to dwell, than a question of knowing whether this country will be permitted without our showing a misplaced impatience, to awake to this newly discovered democracy, to triumph over the forces of the past, or whether on the contrary we will try to turn it away from the democratic path on which it has set out.

President. — I call Mr Laban.

Mr Laban. — *(NL)* Mr President, I wish to make it clear why the Socialist Group will abstain from voting on this motion for a resolution. Mr Glinne stated on our behalf, in his first speech, that our main objection was that point 1 of the resolution did not explain clearly enough what was meant by 'certain negative features'.

In his second speech he noted that there was no question of our side being opposed to the emergence of Christian-Democratic parties in western countries, but that it was not at all clear to the Portuguese people what the term 'Christian-Democrat' meant. There would be misunderstandings if we were to support a resolution tabled by the Christian Democrats, because the

term Christian-Democrat had quite different associations in Portugal than in this Parliament. Moreover, the wording of the resolution is one-sided, in that it fails to refer to certain economic forces that are trying to undermine democracy in Portugal. These are the only reasons for our abstention. We expressed our concern and noted our objections in the letter sent by the Socialist Group to the Portuguese prime minister.

President. — Does anyone else wish to speak? I put the motion for a resolution to the vote.

The resolution is adopted ¹.

4. Membership of committees

President. — I have received from the European Conservative Group a request for the appointment of Lord Bethell to the Associations Committee to replace Lord St. Oswald.

Are there any objections?

The appointment is ratified.

5. Date of next sittings

President. — There are no other items on the agenda.

The enlarged Bureau proposes that the Parliament hold its next sittings on 28, 29 and 30 April in Luxembourg.

Are there any objections?

That is agreed.

6. Adjournment of session

President. — I declare the session of the European Parliament adjourned.

7. Approval of minutes

President. — Pursuant to Rule 17(2) of the Rules of Procedure, I now submit to Parliament for its approval the minutes of proceedings of this sitting which were written during the debates.

Are there any comments?

The minutes are approved.

The sitting is closed.

(The sitting was closed at 11.10 a.m.)

¹ OJ No C 95 of 28. 4. 1975.