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from 12 to 15 January 1976

European Centre, Luxembourg

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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 5.05 p.m.)

President. — The sitting is open.

1. Resumption of the session

President. — I declare resumed the session of the European Parliament adjourned on 19 December 1975.

2. Appointment of a Member

President. — The leader of the House of Commons of the United Kingdom has informed me that it has appointed Mr Alexander Fletcher to replace Mr Corrie.

The credentials of this Member will be verified after the Bureau's next meeting, on the understanding that, under Rule 3(3) of the Rules of Procedure, he will provisionally take his seat with the same rights as other Members of Parliament.

I cordially welcome the new Member.

(Applause)

3. Documents received and referred to Committees

President. — I have received

- (a) from Mr Tindemans, his report to the European Council on European Union (Doc. 481/75), which has been referred to the Political Affairs Committee;
- (b) from the Council of the European Communities:

— Requests for an opinion on:

- the proposal from the Commission of the European Communities to the Council on the fixing of prices for certain agricultural products and connected measures (Doc. 464/75);

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

- the amended proposal from the Commission of the European Communities to the Council for a directive on the harmonization of the laws relating to motor vehicle driving licences (Doc. 465/75);

This document has been referred to the Committee on Regional Policy and Transport as the committee responsible and to the Legal Affairs Committee for its opinion;

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to articles of precious metals (Doc. 466/75);

This document has been referred to the Committee on Economic and Monetary Affairs;

- 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 the measures to be taken against the emission of pollutants from diesel engines for use in wheeled agricultural or forestry tractors (Doc. 467/75);

This document has been referred to the Committee on Public Health and the Environment as the committee responsible and to the Committee on Economic and Monetary Affairs and the Committee on Regional Policy and Transport for their opinions;

- the proposal for the transfer of appropriations between chapters in Section II — Council — of the General Budget from the European Communities for the financial year 1975 (Doc. 468/75);

This document has been referred to the Committee on Budgets;

- the proposal from the Commission of the European Communities to the Council for a directive amending the Council Directive of 18 October 1971 on the approximation of the laws of the Member States relating to units of measurement (Doc. 471/75);

This document has been referred to the Legal Affairs Committee;

- the proposal from the Commission of the European Communities to the Council for a regulation on a system of reference tariffs for the carriage of goods by inland waterway between Member States (Doc. 472/75);

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

- the proposal from the Commission of the European Communities to the Council for a decision on additional measures in the agricultural sector following the revaluation of the Deutsche Mark (Doc. 477/75);

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

- the 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 the permissible sound level and to the exhaust system of motor cycles (Doc. 478/75);

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

- the proposal from the Commission of the European Communities to the Council for a directive for a 5th amendment to the Directive on the approximation of the laws of the Member States concerning the colouring matters authorized

President

for use in foodstuffs intended for human consumption (Doc. 479/75);

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

- the communication from the Commission of the European Communities to the Council on the European Social Budget (Doc. 480/75);

This document has been referred to the Political Affairs Committee as the committee responsible and to the Legal Affairs Committee for its opinion.

- (c) from the committees, the following reports:

- report by Mr Cousté, on behalf of the Committee on Economic and Monetary Affairs, on the communication from the Commission of the European Communities to the Council on Community policy for data-processing (Doc. 462/75);
- report by Mr Boano, on behalf of the Committee on External Economic Relations, on the present state of economic relations between the Economic Community and Latin America (Doc. 469/75);
- report by Mr Pianta, on behalf of the Legal Affairs Committee, on the amended proposal from the Commission of the European Communities to the Council for a directive to facilitate the effective exercise by lawyers of freedom to provide service (Doc. 470/75);
- report by Mr Hunault, on behalf of the Committee on Agriculture, on the proposals from the Commission of the European Communities to the Council for

I. a regulation amending Regulation No 121/67/EEC in respect of the calculation of the levy and the sluiceway price for pig carcasses

II. a regulation amending Regulation No 122/67/EEC in respect of the calculation of the levy and the sluiceway price for eggs

III. a regulation amending Regulation No 123/67/EEC in respect of the calculation of the levy and the sluiceway price for poultrymeat

(Doc. 475/75).

- (d) from Mr Springorum, on behalf of the Committee on Energy, Research and Technology, a motion for a resolution with request

for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on the outcome of the meeting of the Council of Research Ministers on 15 December 1975 (Doc. 463/75).

- (e) the following oral questions:

- from Mr Blumenfeld, Mr Aigner, Mrs Walz, Mr Notenboom, Mr Klepsch, Mr Früh and Mr Härzschel, an oral question with debate to the Conference of Foreign Ministers of the Member States of the European Communities on relations between the European Community and Lebanon (Doc. 458/75);

- from Mr Leenhardt, on behalf of the Committee on Economic and Monetary Affairs, an oral question with debate to the Council on control of concentrations between undertakings (Doc. 459/75);

- from Mr de la Malène, on behalf of the Group of European Progressive Democrats, an oral question with debate to the Commission on multinational companies (Doc. 460/75);

- from Mr Leenhardt, on behalf of the Committee on Economic and Monetary Affairs, an oral question with debate to the Commission on medium-term economic policy (Doc. 461/75);

- from Mr Jahn, on behalf of the Committee on Public Health and the Environment, an oral question with debate to the Commission on binding Community regulations on bird protection (Doc. 473/75).

- (f) from Sir Geoffrey de Freitas, Mr Zeller, Lord Reay, Mr Vernaschi, Mr Dykes, Mr Osborn, Lord Bethell, Mr Hamilton, Mr Dalyell, Mr Thornley, Mr Dondelinger, Mr Herbert, Mr Laban, Sir Brandon Rhys-Williams, Miss Boothroyd, Mr Noè, Mr Gibbons, Mrs Ewing, Mr Seefeld, Mr Spicer and Mr Normanton, oral questions pursuant to Rule 47 of the Rules of Procedure for Question Time on 14 January 1976 (Doc. 474/75).

- (g) from the Commission of the European Communities a report on the activities of oil companies in the Community from October 1973 to March 1974 (Doc. 476/75).

This document has been referred to the Committee on Economic and Monetary Affairs.

The motion for a resolution tabled by Mr Cointat, Mr de la Malène, Mr Lenihan and Mr Ny-

President

borg on behalf of the Group of European Progressive Democrats on Community personal documents (Doc. 451/75) has been referred to the Political Affairs Committee as the committee responsible and to the Legal Affairs Committee for its opinion.

4. Texts of treaties forwarded by the Council

President. — I have received from the Council of the European Communities a certified true copy of the following document:

- agreement in the form of an exchange of letters extending the trade agreement between the European Economic Community and the Argentine Republic.

This document will be placed in the archives of the European Parliament.

5. Authorization of Reports

President. — Pursuant to Rule 38 of the Rules of Procedure, I have authorized various committees to draw up reports:

Political Affairs Committee:

- a report on the report from the Commission of the European Communities to the Council on the Passport Union

The Legal Affairs Committee has been asked for an opinion;

- a report on the report from the Commission of the European Communities to the Council on the granting of special rights;

The Legal Affairs Committee has been asked for an opinion;

at a later stage, once the report of the Political Affairs Committee has been adopted by Parliament, the Legal Affairs Committee will draw up a report on the same subject.

- a report on the political aspects of relations between the EEC and the United States of America;

- a report on the political aspects of relations between the EEC and Canada.

Committee on Social Affairs and Employment

- a report on the third report from the Commission of the European Communities to the Council on the possibilities and difficulties for the Member States to ratify a first list

of conventions concluded within the framework of other international organizations and on relations between the European Communities and the International Labour Organization;

Committee on Energy, Research and Technology

- a report on the communication from the Commission of the European Communities to the Council concerning the objectives, priorities and possibilities of a common research and development policy;

The Committee on Budgets has been asked for an opinion;

- a report on a basic price system for imported primary energy as a factor in a common energy policy;

- a report on the future guidelines of the Community coal policy within the framework of the general plan for a common energy policy.

Committee on External Economic Relations

- a report on the results of the mission of a Parliament delegation to the ASEAN countries and on the future of relations between the EEC and the ASEAN countries;

The Committee on Development and Cooperation has been asked for an opinion;

- a report on the present state of economic and trade relations between the Community and the United States of America;

- a report on the present state of economic and trade relations between the Community and Canada;

- an own-initiative report on the communication from the Commission of the European Communities to the Council on the setting up of a European Export Bank.

6. Limit on speaking time

President. — In accordance with the usual practice and pursuant to Rule 31 of the Rules of Procedure, I propose that speaking time be limited as follows:

Reports:

- 15 minutes for the rapporteur and one speaker for each political group;
- 10 minutes for other speakers;
- 5 minutes for speakers on amendments.

President*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. *Decision on urgent procedure*

President. — I propose that Parliament deal by urgent procedure with reports not submitted within the time-limits laid down in the rules of 11 May 1967.

Are there any objections?

The adoption of urgent procedure is agreed.

8. *Order of business*

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

The draft agenda adopted by Parliament at its sitting of 19 December 1975 and which has been distributed, has undergone a number of changes:

Withdrawals:

- The Commission's statement on action taken on the opinions of Parliament.
- The report on regular coach and bus services.
- The oral question with debate by Mr Blumenfeld and others to the Conference of Foreign Ministers on relations between the European Community and Lebanon. The secretariat of the Conference has informed us that an answer will be given to this question during the February part-session.
- The motion for a resolution on Community action in the field of education.
- The report by Mr Martens on the fat content of milk.
- The report on improvement of the conditions under which agricultural products are processed and sold.
- The report on asparagus plumosus leaves.

New items:

The Committee on Public Health and the Environment has asked for the question by Mr Jahn to the Commission on bird protection to be included on Tuesday's agenda.

Changes:

At the request of the Council, the statements by the Council and Commission on the outcome of the Conference on International Economic Cooperation in Paris and on the floor price of oil have been withdrawn.

Mr Thorn, President-in-Office of the Council, will deal with the question of the Conference on International Economic Cooperation as part of his statement on the work programme of the Luxembourg presidency.

The Commission of the Communities has also asked to be allowed to make a statement on this matter following that by Mr Thorn. These two statements will be followed by a debate.

I call Mr Bertrand.

Mr Alfred Bertrand, chairman of the Christian-Democratic Group. — (NL) Mr President, Mr Jahn has asked me to request that the matter concerning the protection of birds be debated at the February part-session in Strasbourg pursuant to the decision taken last month.

I should also like to ask if it would be possible to take separately the oral question with debate by Mr Leenhardt and the oral question with debate by Mr de la Malène, now on the agenda under No 291, because two completely different problems are concerned. The question by Mr Leenhardt is addressed to the Council, that by Mr de la Malène to the Commission, the first concerning the control of concentrations and the second the basic problem of multinational undertakings. I would therefore request that these questions not be debated jointly.

President. — I call Mr Fellermaier.

Mr Fellermaier, chairman of the Socialist Group. — (D) Mr President, I refer to your remark on the statement by the President-in-Office of the Council on the programme of work during the Luxembourg presidency and the statement by the Council and Commission on the outcome of the Conference on International Economic Cooperation on Wednesday. According to what you said, the President-in-Office of the Council has asked for these two items to be called together, and in addition there is the statement by the President of the Commission. This is to be followed by a debate.

My group has very strong objections to a joint debate on these two items. The first concerns a report which is based on the outcome of a conference and which two bodies—the Council and Commission—have to present to Parliament and thus to the European public on quite definite

Fellermaier

matters that were discussed at the Paris Conference in December.

The other is, if you like, the statement by the new President of the Council on his term of office, on what policies he no doubt feels he as President of the Council must set in motion, how he feels the points raised in the Tindemans report are to find approval and what in his opinion the European Council should discuss in the interests of European policies at its meeting in Luxembourg in March. I personally feel that that is the kind of material that should be discussed with the President of the Council and with him alone. Under the other item of the agenda, however, we have two reports on the same subject by the Commission and the Council to consider. I therefore feel, Mr President, that the House should in this case request the President of the Council to follow parliamentary custom and—if the other groups share this opinion—accept our request.

(Applause from certain benches on the left)

President. — I call Mr de la Malène.

Mr de la Malène, chairman of the Group of European Progressive Democrats. — (F) I want to echo to some extent Mr Fellermaier's words. I think that tomorrow in the energy debate we shall not be able to avoid talking about floor prices for oil, and, in any case, Mr Guldberg's report is concerned with energy prices and competitiveness and productivity in the Member States. Therefore tomorrow we shall have to talk about oil floor prices.

We should talk about them again on Wednesday, but if my understanding is correct we shall not do so, unless Mr Thorn mentions them in his speech.

In this situation I wonder whether it would not be more reasonable to hold tomorrow the debate on energy problems, including the oil floor price: the Commission will tell us about its policy and on Wednesday Mr Thorn will be telling us about his programme and about the North-South Conference.

I think it would be preferable to separate the two debates.

President. — I must point out that, in the ordinary course of things, Mr Thorn will not be present tomorrow and that during his statement on Wednesday on the work programme of the Luxembourg presidency he will not be referring to the floor price for oil.

Having said that, I consult the Assembly on the proposal to separate these two questions.

That is agreed.

I call Mr Ellis for a procedural motion.

Mr Ellis. — Mr President I and some of my friends have tabled an oral question with debate about the detention without trial in a French prison, in flagrant violation of the European Convention of Human Rights, of Dr Yann Fouéré, a Breton of dual nationality, French and Irish. The House will be aware that Article 230 of the Treaty setting up the EEC refers to the need for the Community to work in close cooperation with the Council of Europe. The House will also be aware of the precedents which exist and which justify this particular case being considered to be within the competence of Parliament and the Commission.

Mr President, at the end of its last part-session just before Christmas, Parliament decided that this month's part-session should extend to Friday if there was any business which could not be completed by Thursday night. I am aware that the agenda is decided by the enlarged Bureau and that the Bureau does not give reasons why it includes or excludes any particular item. I assume that two important criteria which it will apply in making such decisions will be the importance of a particular piece of business and the competence of Parliament to deal with it. Since my oral question satisfies both of these requirements, can I ask you, Mr President, to ensure that, in view of Parliament's decision at its last plenary session, shortage of time at least will not prevent my oral question appearing on the agenda, when in fact we would have time available on Friday morning.

(Applause from certain quarters)

President. — Mr Ellis, since the agenda was adopted by Parliament at its sitting of 19 December, your question could only appear on it if the Bureau, which will be meeting presently, so decided.

I was not able to include it in the agenda and I do not think we could do so without having the Bureau's opinion on this matter, as provided for by Rule 47(2) of the Rules of Procedure.

I call Mr Hamilton.

Mr Hamilton. — Could I reinforce what Mr Ellis has said. It would be intolerable if we did not have a debate on this matter this week, as it involves basic human rights. To my limited knowledge, this institution has debated matters of far less importance than this in the past, and in view of the fact that we might not meet on Friday I think I speak for most of my UK colleagues when I say we would be prepared—

Hamilton

or some of us would be prepared—to sit at great length on Thursday, if by so doing we can ensure a debate on this extremely important matter.

President. — Mr Hamilton, as President, I am neither in favour of nor opposed to this debate. As the Bureau will be meeting this evening, it seems completely reasonable to me to submit this problem to them.

I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, I should like to assure you of my support, since you are in a difficult position due to the Christmas and New Year recess. The Bureau has not yet been able to take a decision on this question. However, Members who have tabled oral questions with debate, should not be put at a disadvantage as a result.

I am therefore sure that some way will quickly be found at the Bureau meeting of complying with the Members' request this week.

President. — I call Mr Thornley.

Mr Thornley. — Very briefly I would like to support this request. This gentleman carries an Irish passport and we are therefore closely interested in this matter. I would appeal to my colleagues in the Group of European Progressive Democrats to support the idea that there should be a debate on the question of his freedom.

President. — I can assure the Assembly that the Bureau will decide on this matter shortly. I hope that it will be able to satisfy the requests which have been made.

Having regard to the comments, suggestions and requests which have been made, the order of business will be as follows:

This afternoon:

- Cousté report on the communication from the Commission on Community policy for data-processing.

Tuesday, 13 January 1976

2.00 p.m.:

- Guldberg report on the effect of increased energy prices;
- Ellis report on a regulation concerning an information procedure for oil prices;

- Walz report on a Community policy on the siting of nuclear power stations;
- Resolution on the outcome of the meeting of the Council of Research Ministers on 15 December 1975;
- Schwörer report on a directive on the taking up of activities in direct insurance;
- Premoli report on a directive on the titanium dioxide industry.

Wednesday, 14 January 1976

9.00 a.m. and 3.00 p.m.:

- Question Time;
- Statement by the President-in-Office of the Council on the work programme of the Luxembourg Presidency, with debate;
- Statements by the Council and Commission on the outcome of the Conference on International Economic Cooperation, followed by a debate;
- Oral question with debate on the control of concentrations;
- Oral question with debate on multinational companies;
- Joint debate on
 - the oral question with debate to the Council on difficulties facing the textile industry and
 - the oral question with debate to the Commission on the same subject;
- Oral question with debate on medium-term economic policy.

Thursday, 15 January 1976

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

- Kavanagh report on the third report on the activities of the new European Social Fund;
- Lord Bethell report on a directive on the quality of water for human consumption;
- Noè report on directives on standards for lead;
- Duval report on a directive on the classification, packaging and labelling of paints;
- Seefeld report on safety glass for use in motor vehicles;

President

- Lord Bruce report on a regulation concerning transfers between the 'Food Aid' Chapter and the 'Guarantee' Section of the EAGGF;
- Oral question with debate on the fishing industry;
- Gibbons report on a regulation on the organization of the market in sheepmeat;
- Hunault report on regulations concerning the calculation of the levy and the sluice-gate prices for pigmeat, eggs and poultrymeat.

Friday, 16 January 1976

- Possibly, continuation of Thursdays' agenda.

Are there any objections?

That is agreed.

9. Communication from the Commission on the Community policy for data-processing

President. — The next item is the report drawn up by Mr Cousté on behalf of the Committee on Economic and Monetary Affairs on the communication from the Commission of the European Communities to the Council on the Community policy for data-processing (Doc. 462/75).

I call Mr Cousté.

Mr Cousté, rapporteur. — (*F*) Mr President, ladies and gentlemen, last September we approved, virtually unanimously, a first set of priority actions in the field of data-processing which had been drafted very ably and appositely by the Commission in Brussels.

Today, we have before us a communication which is, in effect, evidence of the Commission's desire to stress the importance of a Community policy in the field of data-processing.

No doubt you will remember that in an earlier report which, incidentally, was followed by the adoption by the Council of a Community data-processing policy, we stipulated that the European branch of this industry should be both viable and competitive on a world scale. The Council on 15 July 1974 put its authority behind this aim which remains the fundamental objective of this policy.

The present communication, which has been distributed in good time in all the languages, has not only been thoroughly examined by the Committee on Economic and Monetary Affairs but also by other committees, notably by the Committee on Budgets which was asked for its opinion. It gives a preliminary idea of a

much broader strategic approach which should be adopted in the multiannual programme to be submitted by the Commission—as I have no doubt we shall hear confirmed in a few moments—in April 1976 and which could come into effect from January 1977.

This second set of priority actions, therefore, is part of a medium-term programme which theoretically should begin in 1976—at least if the necessary budgetary resources become available. While the first set of projects which we approved here in September were concerned with very specific application of data processing, in particular to air-traffic control, to agricultural export and import data and financial control or to retrieval of legal documents, which I shall perhaps mention again in the course of this statement, the new proposals, and this interesting point should be stressed, are mainly concerned with the solution of general problems on the applications of data processing. Compared, therefore, with the first proposals which we adopted, this second set is characterized by a more general, more global, more systematic, approach and the Committee on Economic and Monetary Affairs approves this trend.

The Commission, through its member responsible for these affairs, Commissioner Spinelli, informs us that it finds, what is fully consonant with our own opinion, that today's data-processing market is a market of 'distributed' data processing, that is, one dominated by computers which are distant from the central unit but close to the user, such as pocket calculators, mini computers, terminals and peripheral equipment, and also of communications equipment, that this market is developing at an extraordinary pace and that the interrelation between telecommunications and data processing is becoming increasingly close.

This trend towards the diversification of data-processing applications might prove to be very favourable to the development of a European industrial policy which, as I have said, should be genuinely European but also more competitive. One more fundamental condition must be fulfilled, that is, the creation of a favourable European environment for the functioning of firms in this sector.

It is in this light that the Commission has put forward its proposals for a new strategy of industrial policy in data processing, the main object of which is the creation of this climate favourable to the new form of data processing that is now called 'distributed'.

In its communication the Commission has divided its projects into two parts, a plan which I

Cousté

propose to follow in the presentation of my own report.

The first part of the communication consists essentially in proposals for a number of actions intended to maintain an open and competitive market, enabling the user to make a choice between a number of suppliers, and not to reinforce the position of the dominant supplier, which happens to be an American concern.

The second part of the document explains the policy the Commission proposes to follow for supporting the data-processing industry.

I want to concentrate, first, on this concern to provide an open and competitive market for the user. I shall deal in my report with what I consider the five essential points which, though highly technical, are of great importance.

First, there must be a standards policy. Secondly, the software should be transferable between equipment of different manufactures: this means that we need software portability. The third point is concerned with collaboration between national centres for research and support to users; the fourth, with procurement policy and finally, the fifth, with specific application projects.

To begin with standards policy, it should first be said that the lack of a policy in this field leads inevitably to the monopoly of one concern in several sectors of the market. A standards policy which would ensure that a particular piece of equipment or a particular set of software can be used with other equipment without exorbitant cost would promote the entry into the market of a large range of competing suppliers. Otherwise, there is the serious danger, which we recognise, that the dominant company will develop a complete set of compatible hardware and software, out of which it will be able to satisfy practically every customer requirement. Without a standards policy there are bound to arise problems and, above all, there are bound to arise high costs of conversion and adjustment in using hardware and software of diverse origins. The customer, that is, the user whom it is our ultimate aim to protect, will naturally choose the easy way to avoid these conversion and cost problems, and will buy from the biggest producer.

Back in February 1975 the Commission had set up a Working Group on Standards composed of leading national experts. And here I want to say that it would be well to make a distinction between rules and standards. If standards are to be meaningful they ought to be permanent and generally recognized and, in the data-pro-

cessing field, applicable to a restricted area (languages for example), while rules change with the progress of technology and any freezing of these would hamper innovation.

However, the introduction of new standards could be governed by a code—and here I am addressing the Commission and the experts whom I see present among us—which would prevent too sudden changes that could be injurious to some users and to the free play of competition. This is why the Working Group set up in February has already designated two priority areas and appointed specialized working parties for the COBOL language and for network standards.

But it is to a third area, that of real time data processing, that the first priority action proposed by the Commission, the development of a new language, really belongs.

The aim of this action is—to quote the Commission—to

‘create a new European-based international standard language, to be in use from 1980 onwards, bringing significant advantages to both Community users and industry.’

No standards exist for real time languages. Each has been developed at national level, which obviously is not in the best long-term interest of either manufacturers or users.

This is why a European language would lead to cost reductions for the users. It is a fact that the existence of different real time languages is an obstacle to trade and we know that it is the aim of Community action in all spheres to remove technical obstacles to trade. At all events, the development of a common language for real time programming (LTPL) would increase outlets for European suppliers by opening up the European market and by improving their position on the world market, while presenting the users with a wider choice. The Committee on Economic and Monetary Affairs has clearly declared in favour of this objective. At any rate, it is principally in the area of software development that an intensive European effort has the best chance of producing quick results. Above all, it is essential that the Community should not isolate itself by adopting norms which may seem excellent to us because they are our own, but which would be extremely dangerous, because different from those used by the rest of the world.

That was the first main point. The second, as technical as the first, which I hope my colleagues and friends in this House have been able to follow, concerns portable software. In its second practical proposal the Commission says that at present on the computer market,

Cousté

there is little or no portability of applications, and this is a constant source of annoyance to the users; changing manufacturers becomes a major problem which many prefer to avoid by opting once and for all for the leading world manufacturer who can guarantee a measure of homogeneity in the equipment. European-based manufacturers, taken separately, are not in a position to market so wide a range. If applications software were written in portable form, it would be easier to combine equipment from one manufacturer with applications developed by other software and hardware companies. Any scheme likely to give greater portability to software products would help at the same time in removing technical barriers to trade.

The projects proposed by the Commission are important ones and concern essentially the portability of software, notably:

- (a) design and development of portable compilers
- (b) design and development of a software writing language
- (c) design and development of sub-systems for data base management and transaction processing
- (d) design and development of conversion tools
- (e) preliminary study on the basic nucleus of an operating system for minicomputers.

These projects can obviously only be carried out by industrial groups and the Commission rightly point out that the funds which will be granted to industrial consortia for the development of portable products under this Community programme would, if they proved commercially successful, be reimbursed to the Community under a scheme to be laid down within the general framework of the management of these projects and of the medium-term programme I have just mentioned, which is to be submitted in April 1976.

All this is in line with what the Committee on Economic and Monetary Affairs has approved and I, as the committee's rapporteur, think that the Assembly should know it.

As for the third objective proposed by the Commission—collaboration between national centres for research and support to users—there is surely no need, Mr President, to stress the importance of that. The Commission proposes three study projects: on data security and confidentiality, on the improvement of programming techniques, and on the evaluation of data base systems.

The European Parliament has already examined the problem of data confidentiality in an interim

report by Lord Mansfield which I mention here because of its importance. That paper was to serve as a basis for the establishment of Community standards in this field and our resolution stresses the growing importance of the confidentiality and security of data for the respect and the preservation of the individuality of the human person.

In the present proposal the Commission makes no reference of any such directive being prepared. I want to put this question to the Commission because I believe that in fact a very important directive in this area is being prepared, and I know that Parliament would like to know the Commission's position and would particularly like to know when such a directive, which would prevent divergent national developments, can be expected.

As to procurement policy—the fourth subject of the Commission's communication—this is based on developing cooperation on public purchasing policies. The Commission, in fact, makes no definite proposals in this area but indicates that it intends to do more work in this field in the coming months. Here, again, it would be a good thing if the Commission made up its mind and laid down its policy.

Finally, the fifth point, Mr President, is concerned with applications. The Commission is of the opinion—shared by the Committee on Economic and Monetary Affairs—that within an overall budget the main criteria for the selection of studies and developments to be granted Community aid should be that these projects should: generate a product of widespread interest to users and, in the future, wide marketability by industry; concern applications which will have a decisive impact on standards and other developments or those applications where a manifest saving of public expenditure can be obtained.

Finally, I think the Commission should be congratulated for proposing two new projects.

The first is for the specification and development of an information storage and retrieval system. As we all know, information in all fields is being generated at a very rapid rate and, of course, this information must be available when decisions have to be made. The second project concerns the experimental development of high speed data communication. The Commission rightly considers it to be important, and here, again, the Committee on Economic and Monetary Affairs concurs.

That was the first part of the Commission's communication.

Cousté

I should like to be very brief on the second part, though this is by no means less important because it deals with aid and support for the Community's data-processing industry.

This falls naturally into three sections. First: support for the financing of sales—and here I cannot insist too strongly on the importance of a dialogue with the industry—which involves the notorious question of leasing and of the establishment of a European leasing company. Next, there are the problems of the peripherals and terminals, where an effort of rationalization must be made to permit the joint development of certain products and thus create the conditions for this trans-Atlantic rationalization policy of which we hear so much. And, finally, there are the components: here the Commission proposes the definition and implementation jointly with the industry of the most appropriate means of facilitating cooperative procurement of the standard components by interested firms throughout the industry. Thus, from 1977 onwards, the Community would be giving financial incentives in the form of contracts for the joint development of advanced components by European transnational consortia having customers in at least three different Community countries.

Mr President, to conclude this statement—of both the importance and the dryness of which I am fully conscious—I should like to say that the Commission proposes certain expenditures for 1976 and an overall programme of 22 million u.a., including 4 762 000 u.a. for 1976 alone.

Let us say immediately that in Lord Bessborough's excellent report the Committee on Budgets noted its disappointment at the methods used at the time of the adoption of the 1976 budget. The situation is, in fact, worrying, for let me remind you that when the Commission asked for appropriations of 4 million u.a. for the first five priority projects which we approved in September, the Council turned these 4 millions into a token entry and only an appropriation of 1.5 million u.a. was entered in Chapter 98. Nor should we forget that I myself tabled an amendment to restore the 4 million appropriation and this amendment was ultimately rejected.

As regards, finally, these new projects now before us, the splendid appropriation of 5 454 000 u.a. for which the Commission asked was finally also rejected by the Council in the draft budget, which has since become the budget, which means that the implementation of these new proposals in 1976 will require recourse to the supplementary budget procedure, the procedure which you, as chairman

of the Committee on Budgets, had very rightly refused to accept.

Finally, Mr President, I have to say that appropriations for data-processing are not only a source of trouble between the Commission and the Council.

Data-processing, as you know, is a blank space in our own budget, for, despite the establishment of the CELEX system—the system for automatic retrieval of legal information in the Community—in Parliament's budget, there is not a single unit of account to enable us to deal with this problem, that is, to ensure that these data are processed on a Community basis and in an up-to-date manner. I shall add nothing to this, Mr President, except to express at this point my disappointment and my hope that we shall do better in the future.

(Applause)

President. — I call Lord Bessborough, draftsman of the opinion of the Committee on Budgets.

Lord Bessborough. — Mr President, in his report and oral presentation, on which I congratulate him, Mr Cousté has gone over the broad issues raised in the Commission's very important proposals—and I rate them as very important—and I would hope that before long we might, in the Community, at least have a common language in the computer context, if not in other respects.

I know of course that there was some difference of opinion in one group in the Committee on Budgets on the principle of the proposal, but I would like to confine my remarks to the budgetary aspects; as far as these are concerned, I would like to say at the outset that the quality of the Commission's presentation of the financial data is high, and perhaps a considerable improvement on similar presentations in the past. A very clearly drafted annex to the document gave the details making up the estimates of the four broad areas over the five years 1976 to 1980, and this rendered the task of the Committee on Budgets far easier. In paragraph 2 of my opinion I have summarized the estimates for the five years. The total amounts to just over 23 million u.a. and in paragraph 4 of my opinion I have shown the breakdown furnished by the Commission for 1976. This comes to just under 5.5 million u.a. for 1976.

The Committee on Budgets, and indeed I think Parliament itself, has in the past reiterated its opposition to avoidable supplementary budgets. Only expenditures which are unforeseeable and unavoidable should, in our view, figure in a

Lord Bessborough

supplementary budget. Well, it might be interesting very briefly to trace the saga of the budgetary treatment of this proposal for 1976. Mr Cousté has touched on it but I would like to amplify a little of what he said. First of all, the preliminary draft budget for 1976: in that, the Commission includes a new item, 3 212, with a token entry. The remarks column indicated that the Commission would later present a proposal regarding this item. The Commission gave details of the series of new projects in the data-processing sphere in the letter of amendment to the preliminary draft budget. However, the Council deleted the provisions from the draft budget. It stated in explanation that it did not consider the creation of the budgetary item requested to be necessary because the examination of these proposals had still not reached a sufficiently advanced stage. Thus, if the new item is to be inserted into the 1976 budget it will regrettably have to be in the context of a supplementary budget.

The Commission are not responsible for this situation. I would like to emphasize this. They certainly endeavoured to have an appropriate provision included in the 1976 budget for these new projects. It would be appropriate, however, to refer to another item in the budget—item 3 211—which relates to research projects in the data-processing sector. Now, that item stems from the Commission's proposal of 13 March 1975 and is independent of the proposed item 3 212. The Commission had estimated that the sum of 4 million u.a. would be required to cover these projects and entered that sum in the preliminary draft budget for 1976. However, as Mr Cousté has said, the Council replaced that sum by a token entry and entered the amount of only 1.5 million u.a. in Chapter 98. Now, the Council's procedure in regard to Community data-processing activity can certainly be strongly criticized on budgetary grounds. Not the Commission's procedure, but the Council's. The Council's lack of coherent, purposeful and viable policy in this domain gives cause for the gravest concern. The market for mini computers, communications equipment terminals, peripherals and other components is growing rapidly. At present it is estimated at 5 000 million u.a., and the Commission estimates that at present rates of growth the market will double in value in four years—by 1980.

What is at issue therefore is an impressively large market, representing industrial and commercial stakes of vital interest to the Community for decades to come. That is what is involved. The activity in question is one which, in our committee's view, is ideally suited to a common approach assisted by funds from the general budget of the Community. The total outlay from

the Community budget envisaged by the Commission for the five year period was only about 23 million u.a. This would help to encourage harmonization of Community efforts in this sphere. Yet this modest sum has been delayed by the Council.

To put the situation in perspective, Mr President, the research and development expenses of IBM, that great American multinational concern, amounted to 890 million dollars in 1974, of which something under 100 million dollars was spent on pure research. While I admit, Mr President, that the whole question of industrial structures gives rise to complicated problems, I find the Council's inaction very disappointing. The world of computers and dataprocessing is, as I say, evolving extremely rapidly.

There are reports, and this is of great interest to us, that IBM may break up into three or more autonomous organizations. I have just been reading 'Newsweek' of 12 January on this subject. Now this may well be the time for courageous initiatives on a Community-wide basis. Later this year, perhaps, a fresh in-depth study of the computer sector might be undertaken.

Finally, Mr President, to return to the purely financial aspects of the document before us, I may say that the Committee on Budgets found the texts prepared by the Economic and Social Committee particularly helpful. They came out in April 1975, and we found that the Ferranti Report in this subject was particularly helpful. These texts showed a very practical, common sense approach; in particular, they drew attention to the fact that Community policy efforts should be directed towards companies which could be expected to become competitive and technically competent, without support, within a reasonable period. In conclusion, the Committee on Budgets reacted favourably to the financial aspects of this proposal as presented by the Commission. However, as I say, it deplored the Council's attitude as manifested by the deletion of a relatively modest provision for the 1976 budget.

(Applause)

IN THE CHAIR: MR MARTENS

Vice-President

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

Mr Lange. — Mr President, ladies and gentlemen, I should like to begin by pointing out that the Socialist Group will be voting in favour

Lange

of the motion for a resolution tabled by Mr Cousté on behalf of the Committee on Economic and Monetary Affairs.

However, this statement of approval is subject to a number of remarks. We are all in favour of the attempt being made within the framework of what is known in the Community as industrial policy, to improve the state of the European computer industry, although this does presuppose an appropriate level of willingness to cooperate on the part of that industry. As we of course know, a number of attempts at cooperation that have been made in the past, did not work out as well as the officials of the Community had perhaps imagined and as those directly concerned might also have imagined.

But we are not in a position, not even with programmes like these, to have the public authorities take on the undertakings' responsibility for their market activities. All we can do is offer certain suggestions and incentives, but no one should be so foolish as to assume that a company which has been mentioned a few times today without its name being given, can be pushed off the market with the aid of the funds that are to be used in this field. That is illusory, it seems to me, and I believe we must concentrate our efforts far more on mini-computers and telecommunications rather than attempting to win market shares in the large computer field since this we cannot do in the face of competition that has a high level of technological know-how.

By this I also mean that the important thing is that a witch hunt is not organized against anybody nor, conversely, that the conclusion is drawn that we can pursue a policy of self-sufficiency or shut off Europe from the outside world to some extent. Some Europeans actually have ideas of this kind. I am not saying that the Commission or those responsible in the Commission have them. We do know, however, that quite a few of the things said in connection with the independence of European policy proceed from the idea of shutting ourselves off from the outside world. I would see that as a cardinal mistake, and I say that without reservation on behalf of my group.

What has to be done—and we support this in these proposals—is to get this industry to cooperate in what is known as software, and in particular with regard to standardization, so as to guarantee potential users some kind of equipment continuity for a longer period than is usually the case in this technological field.

If there are major differences in the equipment offered by the small and medium-sized under-

takings, we will be no match for the undertaking able to offer a comprehensive range that also guarantees continuity for a number of years, and that would mean our not reaching the desired level of competitiveness and efficiency.

It therefore very much depends on how far-sighted this sector of European industry is.

Since, as the rapporteur himself says, these proposals from the Commission have a somewhat more solid foundation than the earlier ones, we are prepared to accept them. We do expect the Commission, however, to arrange for the content and timetable of all its projects to be such that—and I am now repeating what Lord Bessborough has already said—we do not need to resort to supplementary budgets in the middle of the year on the basis of Council decisions. In other words, we expect all projects that the Commission plans for uniform computer language, software, portability and, of course, various other fields which will not be discussed in detail now, to be arranged in such a way that they can come into force on 1 January of the year concerned. It is after all intolerable that we should have to resort to supplementary budgets during the financial year, whatever the reasons, when we know that there are such plans and it cannot be said the expenditure was unforeseen and unavoidable. This is in fact foreseeable and avoidable expenditure, and allowance should therefore be made for it in the budget proper.

The Council might come in for some criticism here. We have agreed to a budget which includes non-compulsory expenditure amounting to 102.9m u.a., and it may be regretted that this or that did not work out with the Council as had been hoped. But it is no use talking about that any more. What is important now is that the Commission, too, should act as I have just implied with regard to the procedures governing its industrial policy projects.

I should like to place particular emphasis on another point. It would be foolish to assume—and I say this because it was of some importance in the discussions—that we are concerned to exclude non-European undertakings or undertakings of non-European origin when, for example, orders are placed by the public authorities. If, then, anyone thinks this is true, I would venture to say that he is wrong, since if the system of placing public orders is to have any point, it must take account of the required conditions of competition on the market and attempt to help promote competition so that our own European industry has an incentive to improve its efficiency. This will not happen if non-European undertakings are not allowed to bid for public orders.

Lange

I have just heard a remark which I would like to take up. Mr Artzinger says we must not discriminate in this area. If the non-European undertakings—and by this I do not mean just certain kinds of non-European undertakings—are actually going to cooperate with European undertakings, which is what the Commission envisages according to its communications, I feel that this idea of not giving non-European undertakings a chance to win public orders must not be allowed to take root. We must take every care—and I am now addressing the Commission—to ensure that the national governments, which place these orders, do in fact act as the Commission wants, as basically the Council wants, even if it has not included any appropriations, and as Parliament, too, wants.

If we keep to this, ladies and gentlemen, I have no objection to Parliament backing the Commission's intentions in the field. But it is essential that the principles I have mentioned are kept to and that an attempt is not made to evade them in some way.

The Community's industrial policy—if I may be allowed to speak in general terms—can only be seen as a means of using our efficiency and competitiveness to create jobs and ensure job security, the condition being, however, that we keep the market open whatever may happen and that we do not think of taking protectionistic measures or measures aimed at self-sufficiency at any time and regardless of how far advanced technologies and the sectors of industry concerned may be.

This, Mr President, ladies and gentlemen, had to be said on behalf of my group to make it clear that subject to a number of well-defined conditions we support the Commission's intentions in respect of industrial policy, although defining the industrial policy itself is still something of a problem.

I would venture to add here that it will not be easy to achieve what Parliament can do in connection with data processing on the basis of this second communication. The other projects already before the House, that concerning the aeronautical and space industries, will have to be discussed very, very carefully. You know and above all Mr Layton knows—Mr Spinelli of the Commission was not able to take part in the committee's discussions on this—what criticisms have already been made here. When promoting industrial policy and industrial policy projects, we must beware of creating bureaucratic public organizations that may hold up industrial development and lead to intolerable bureaucratic difficulties. I know, for example, that some people think that some agency or other is needed

for each such project. We are definitely opposed to the theory that a policy, including industrial policy, necessarily requires an increase in public administration. If, then, we remain conscious of these things, you, Mr Spinelli, and the Commission will have the support of Parliament for your projects under the industrial policy.
(Applause)

President. — I call Mrs Walz to speak on behalf of the Christian-Democratic Group.

Mrs Walz. — (D) Mr President, ladies and gentlemen, the Christian-Democratic Group thanks Mr Cousté for his excellent report, agrees with it and thus supports the Commission's intentions.

Mr Cousté is quite right in stating the following in his report:

'However, in the absence of firm political intentions, the Member States will be unwilling to grant the considerable funds necessary for attaining the objective of a viable and competitive European-based data-processing industry, even though this is a sector of vital importance to the economic development of Europe.'

That, Mr Lange, did not seem to emerge from what you have just said. This is a vital sector, ladies and gentlemen, like all advanced technologies, as is the case with the European aircraft industry on which, to our own disadvantage, we have not yet been able to agree, as it was with the space industry, where we had to abandon a very promising line of business involving satellites due to the lack of our own launcher rockets and the unfavourable Intelsat agreement.

For nationalistic reasons Europe is to some extent putting its head in the sand here, even though it can be forecast that the developing countries will one day be taking over the conventional technologies from us. Then we will be forced to import and above all export blueprints, as Federal Chancellor Schmidt puts it, in other words, patents, licences and advanced technologies, and we will always be far behind our American and Japanese competitors because we have set the points wrongly or set them too late.

The European data-processing industry that was to be operated jointly as Unidata, came to an ignominious end. The French CII withdrew to set up a separate firm with Honeywell-Bull, then Philips withdrew, leaving Siemens all alone. But success can only be achieved in this field if the Community countries go in for joint ventures with American firms that do not dominate the market, so as to create some sort of

Walz

counterbalance to IBM. I am thus naming the company which has often been mentioned without being named.

The challenge which the IBM magnet represents is all the more overwhelming since it is at present assuming a new dimension in that IBM is increasingly offering its customers complete data-processing systems comprising data transmission facilities and various methods of real-time processing.

The Community must therefore take account of the fact that data processing is changing and the area of distributed computing is beginning. Both for the user and for the public it would be unacceptable for a single company to dominate and control not only the conventional sphere of central processors, but also the new field of distributed computing. Some of our key industries at least must remain under European control. That is why the funds that the Commission has requested are too low rather than too high. Every Community government should make greater efforts—and here again I agree with Mr Lange—to open up the public market to European companies, without, of course, closing it to others.

Although this support is necessary, one item should not be overlooked, and that is data protection. Data protection must be guaranteed and constantly improved. The more data available on the citizen or the individual company, the more such data can be stolen and abused. In addition to the data protection officers that already exist in some countries, data protection legislation must be pushed ahead and, in view of the complex inter-relationships of the Community countries, harmonized at European level. These efforts must run parallel to the spread of data-processing systems so that abuses can be countered from the outset.

(Applause)

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

Mr Kaspereit. — *(F)* Mr President, two years ago, in a most interesting communication, the Commission defined a future Community policy on data-processing. This policy involved two types of action: the development of the competitive technology of European-based industry, and the effective utilization of data-processing. The Commission's proposal did not specify the implementing procedures required, as its approach was, above all, pragmatic. We had no objections on this score. The most important thing was to know whether or not the chosen objective was realistic.

Subsequently, in May 1975, the Commission proposed a limited number of joint actions of European concern, in the fields of data-processing applications. We welcomed these five projects, as we would have welcomed any proposals for action in important fields of Community activity.

Nevertheless, the real impact of these five projects on the European data-processing industry seemed fairly limited, probably because their fields of application were too narrow. They included air traffic control, agricultural imports and exports and automated legal documentation—all problems of undeniable importance, but of limited implication. Although little criticism was made of the choice of these five projects, their restrictive nature gave some cause for concern.

We particularly welcome, therefore, the Commission's new proposals. We feel that they take into account the real situation on the data-processing market and, in consequence, open the way for more practical and tangible projects. These proposals fit naturally into the more favourable situation resulting from the development of distributed computing. This is the area in which Community efforts must be stepped up, as was rightly emphasized by Mr Cousté in his excellent report, on which I congratulate him.

The situation is favourable because the diversified market of distributed computing offers the user a whole range of suppliers, all competing with one another to a greater or lesser extent.

Thus the situation is no longer determined by the manufacturers alone, and the proposals in this field come within the framework of a new strategic approach. With these factors in mind, we approve, without hesitation, the Commission's views on software applications.

A standards policy, making it possible to combine different equipment without incurring major cost, will undoubtedly encourage the growth of European data-processing. LTPL, a real-time language, will enable users to work out a joint approach and impose their views on manufacturers. Clearly, we will need the agreement of a certain number of manufacturers, but there is a real opportunity to be grasped here, considering that the Americans are a year behind in this field.

However, we wish to warn the European authorities responsible of the risk of this language failing, at a later stage, to match the progress achieved in hardware, particularly by American companies. In more general terms, as is stressed in Mr Cousté's report, the Community must not—and this is an equally important point—saddle

Kaspereit

itself with standards which appear excellent because they are not those of the rest of the world. The Community must not give way to manufacturers who have developed a different language for each computer and thus enjoy a temporary 'de facto' monopoly. We must develop a truly international language, not one for Europe alone. I wish to stress the importance of this point and its implication of the continual need for effective linkage between hardware and software. The Commission should bear in mind certain previous failures, which it cannot afford to repeat, of its data-processing services.

The principle underlying the Commission's proposals on software portability is wholly commendable. The aim is to make application software as compatible as possible and thereby remove the technical barriers in this field. There seems to be scope for positive action here and it is not yet too late. The projects chosen appear realistic, except for that concerning the development of compilers, which has been introduced at least a year too soon. The manufacturers will play an essential part in this field, and their prior agreement will be needed.

As regards collaboration between research centres, this basically involves maintaining or promoting existing collaboration between three centres: the GMD in Germany, the NCL in Italy and the IRIA in France. We support the principle of this collaboration, but believe it should be more closely defined: priority should be given to mechanisms ensuring data security and confidentiality within the framework of a political environment to be defined at a later stage. This problem is currently before our Legal Affairs Committee, but that should in no way prevent the speeding up of the work of harmonization.

The structure of data banks, on which research centres are also to collaborate, is a highly complex field in which the Americans enjoy considerable superiority. I should like to ask whether these data banks, set up within the framework of the Commission and used, in particular, for the processing of conjunctural statistics, are functioning satisfactorily.

Although the Commission's technical proposals appear extremely valuable, those figuring in the section on industry and sales are much less positive. There is undoubtedly scope for action in the European industry in the peripherals and components sector. But it will be far from easy to stimulate companies into concluding large numbers of transatlantic rationalization agreements. The Commission is relying on a financial incentive in the form of development contracts. This meets with our approval, but such development

contracts must be effectively applied. As regards the proposal to set up a European leasing company, to compete with the expansion of IBM, I wonder whether this is really practicable, in view of the technological differences between European and American equipment as well as those, sometimes even more acute, between European equipment. One can be justifiably sceptical about the development of a trade policy pursued with minimum resources on behalf of the Community.

This brings us to the central issue which has been stressed by the previous speakers—the funds required for the various projects. As we know, the total cost is 23 million u.a., although spread over 5 years. Nearly 5 million u.a. are requested for 1976, in particular for the development of LTPL, and support for the utilization of data-processing. The total amount of Community funds requested should be granted if we really wish to promote European data-processing, a key sector which—let me remind you—is due to become the third largest industry in the world by 1980, second only to the oil and motor industries.

We regret, therefore, the lack of determination on the part of the Council to vote the appropriations requested by the Commission for initial Community actions in the field of data-processing. Following our repeated requests, the Commission has now submitted a pluriannual programme. This programme makes it possible to accurately define the most suitable financing mechanisms. We regret that the Council has not had a more enlightened attitude towards such a vitally important activity for the Community as a whole. The proposal under consideration is both realistic and generous. We must not underestimate the financial resources required. Extensive funds must be made available if we are to compete with American industry and gain a foothold on the American and world markets.

We must face the fact, Mr President, that any further delay would put paid to our chances of success.

(Applause)

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

Mr Normanton. — Mr President, I would like to make a number of observations.

Firstly, I do not think there can be any doubt in the minds of many of us who are in any way familiar with the data-processing industry that it symbolizes the classic way in which Europe takes a lead in research and technology and then, having made the fundamental discoveries

Normanton

and innovations, proceeds to throw away all its advantages in three ways: firstly by being far too slow in development and marketing; secondly by making insufficient capital available for intensive development and marketing; and thirdly because of the excessive conservatism of the markets of Europe, whether for social, economic or industrial reasons.

Secondly, the history of this industry is a classic example of the way in which governments have displayed industrial chauvinism and have been forced to try to solve problems by resorting to public spending. It is not possible to make progress in any area of technology purely by making available more and more public money. That is not the way to catch up with the American giants—giants, that is, in terms of their technological capability. The consequence of the attitudes and the policies pursued in the past in Europe has been a monumental waste of public monies and, even more dangerous and even more serious, a monumental waste of time, and a still greater waste of opportunities. All of this waste, as I see it, could and indeed should not have taken place; if it had not taken place, we could certainly have established a truly European data-processing industry.

Without looking backwards, what we must do now is to consider the steps which the European Commission is now proposing to take. After all, this is probably the first of a series of steps which Mr Spinelli is going to have to take as part of the Community's commitment to the formulation of an industrial policy. We must learn from the past mistakes of Member States and political institutions in this field and make sure that we, as a Community, do not perpetuate them in the future. The EEC as such, that is as a political institution, will never be able to build a computer industry from scratch.

This can only be done by giving the surviving independent companies in Europe every possible facility, every possible support, in political terms, to enable them to create the structures and make the technological developments which they as computer manufacturers feel appropriate. We should not be afraid of mergers between the individual firms inside the European Community, even if, following those mergers, there were only one Community computer hardware company. I personally do not look upon this as anything to be feared and, indeed, it may well be inevitable if you look at this industry as it really is — a world industry.

I believe we should not be afraid of—and indeed to a degree we should welcome—transatlantic collaboration with American companies and indeed with the giant IBM company itself, if at the end of the day we are better able to pro-

mote transatlantic manufacturing, transatlantic research and development, and transatlantic marketing cooperation.

In this connection the Community is faced with a very grave omission for which we, as members of national institutions, are responsible. I refer to the glaring example of the way in which public purchasing policy is still not receiving urgent and serious attention by the Community as such or by Member States. Only when we have a truly liberal public purchasing policy in the European Economic Community will a proper market be established for a European or indeed transatlantic computer industry.

But though I would strongly recommend the Community to think in transatlantic, and transnational terms as regards production and marketing, we must recognize that the secret in any area of high technology is research. And here I would make my last point, namely that the European Economic Community, acting in a political capacity by encouraging and stimulating developments in the European data processing industry, should insist that any transatlantic mergers which might take place must have written into the agreements a clause ensuring that part, and indeed a major part, of the fundamental research work involved in that merger, must be located in Europe and must be staffed by Europeans. I am quite certain that if this had been done 10 or 15 years ago, the European computer industry would not be in the parlous commercial state which it is today.

I would therefore strongly endorse the views of Mr Cousté when he referred to transatlantic technical, commercial and manufacturing links. We should not underestimate the strength of the European capability in the field of software and the applications of data-processing techniques. We have undoubted strength in this field and we would be ill-advised not to develop it. The European Conservative Group, therefore, welcomes the report by Mr Cousté and will support the adoption of the resolution at the end of this debate.

(Applause)

President. — I call Mr Dalyell.

Mr Dalyell. — With the permission of the Socialist Group I would like to offer a dissenting opinion. May I explain that I have a basic worry about the whole concept of a European data processing industry. To have any chance of success it would have to operate some kind of closed procurement policy. It would have to make sure that it was able to sell its products to someone, and that someone would certainly be the public sector, who would have it forced

Dalyell

on them regardless of whether they wished it or not. Otherwise it is very unlikely that there would be any purchasers. Inevitably, governments would have to give such an industry preference in purchasing for the public sector. But a closed procurement policy is not going to help the efficiency of the public sector, be it the government or be it the nationalized industries, in any of our Member States.

Such a policy does not make for wider expertise—and frankly we have some experience of this in the UK already, where, because of obligations to ICL, some computer controls which have been very effective in the Alberta oil field in Canada have simply not been available in the North Sea. Now that is one of several examples, but it is not so much the hardware aspect that bothers me as development and application. Indeed, special exemptions have had to be made, for example, for British Rail to go to IBM for their experiments on the Southern Pacific on the scheduling of trains and indeed for London Airport's documentation system. There have been other examples where for efficiency's sake, in the end we had to go to IBM.

Some people may say that is dreadful, but I take a different view, particularly as regards the political aspects. If it were true that IBM was simply an American company, perhaps one could go along with a great deal of what Mr Cousté and Mr Kaspereit said. But the fact of the matter is that IBM employs a great number of the nationals of our Nine States. I wonder if colleagues really know that IBM in Europe employs 77 000 of our compatriots. They have 12 manufacturing plants in Europe and four major research laboratories employing 4 000 researchers. Now these are run by our compatriots and the point is that much of their most important research work is in fact done in the international divisions. I hope that, before we take too much of a stand on this, our Dutch colleagues are going to feel some obligation to go along to the electors of Amsterdam and explain why those who work, Dutchmen mostly, at the great research laboratory at Uithoorn should be biased against IBM. Again I would like to say to Mr Kaspereit and Mr Cousté, that I hope they are going to go along to Nice and explain to the electors there why the great laboratory outside Nice should be discriminated against, because this is run by Frenchmen, and yet Mr Cousté talks about IBM being an American company. There are a lot of people in France who would not quite see it that way.

Perhaps Mr Cousté would also explain to us why CII, with the blessing of the French Government, have decided to link up with Honeywell. That does not quite fit in with the rest

of the argument. Anybody who has studied the history of Machines Bull knows the facts of life, namely that American expertise is far ahead, for one reason or another, of what we can offer in Europe. To put our industry at this kind of disadvantage seems to me to be a very odd stance for this Parliament to take. But there has not been a word from our French colleagues about why CII did it. I know why they did it. Because they found it absolutely necessary to get the American expertise and the whole history of Machines Bull surely should teach us some caution.

I turn to our German colleagues and my friend and committee chairman, Erwin Lange. I hope some of the Germans are going to go along to Stuttgart and explain how it is that Sindelfingen, the great IBM laboratory in Germany, which is run by Germans, is going to be discriminated against.

Incidentally, I have to offer an apology to colleagues that the meeting of 4 December was the one meeting of the Committee of Budgets that I missed. But I do think it is a pity that, for reasons we all understand, and he has my total sympathy in this matter, Mr Spinelli could not come to explain his thinking in detail to the Committee on Budgets. After the sort of agony that we have been through on the Regional Fund, on shortage of money for the Social Fund, on overseas aid, and many other matters, it seems to me that to allocate scarce European resources for this kind of project to try and compete with IBM is a very odd use of resources.

The expansion of the use of data processing in the Community is already being hindered by government procurement, by preference practices contrary perhaps to the terms of the Rome Treaty, which are limiting the public sector's freedom to choose the equipment and services best adapted to its needs. In these circumstances, to use scarce resources for this raises very serious questions. To say that 67 million u.a. should be used for real-time language, money that could be spent on other urgent projects—not least the nuclear fusion project—and doing this when we have to close the Dragon project down, seems to me to be very odd. Finally, what I do admit, and what Tom Normanton touched on, is the importance of a European procurement policy. Rather than trying to tackle IBM on its own ground, our governments might think about how we could have some meaningful procurement policy.

(Applause)

President. — I call Mr Fletcher.

Mr Fletcher. — Mr President, may I say that it is a very great pleasure to address Parliament

Fletcher

for the first time. And may I be so bold as to mention my very first impressions? This is perhaps a dangerous thing to do, but nevertheless these are of a Parliament sure of its ability to serve Europe's future, in contrast to some of the older institutions to which some of us belong, which occasionally give the impression that they are struggling hard to keep up with the present. I have the privilege of representing at Westminster the city centre of Edinburgh, and Edinburgh is of course the capital of Scotland. And I am happy to report to you, Sir, that Edinburgh is still intact despite the invasion and the victory of the French rugby team at Murrayfield last week-end.

(Laughter)

Mr President, Scotland has a large interest in the computer and in the electronics industry. The per capita investment of that industry in Scotland is second only to that in California. Tam Dalyell, a fellow Scot, mentioned the impact of the industry in Europe, and I would mention in passing that all of the multinational companies are in Scotland and manufacturing there, where they employ many thousands of people. IBM, of course, are there and also Honeywell and National Cash and Burroughs and Philips. And the involvement of these companies in Scotland is a great credit to the success of both, Labour and Conservative British Governments' regional policies over the past 20 years or so. But may I say, Mr President, that I doubt if the Commission's proposals are likely to achieve their objective of giving Europe an independent computer industry, at least in any significant way. And the first reason that I say this is because the approach, as I understand it, involves the Commission in an area where the industry itself has not made efforts of any great distinction. In fact, the industry still shows no particular enthusiasm for doing so. And, secondly, the money proposed is so far short of what the American giants spend, as my colleague, Lord Bessborough, and other speakers have pointed out. IBM spends 23 million u.a. on research and development in a matter of weeks rather than the years that are proposed in this proposal.

But I think another and perhaps an even more important reason for the question that I raise about the proposal is that it may well be that the kind of programmes that are being proposed are already available or under advanced development in other parts of the world, particularly the United States. And these programmes are likely to be available, and available for purchase, on the market, and for considerably less than the 23 million u.a. that are being asked for in this budget proposal.

I would therefore suggest that the way to compete with the Americans fairly and squarely is to study and perhaps to copy how other American companies—the smaller companies—compete with the giant IBM in the United States itself, something many of them are doing with growing success. Of course, they have to tackle precisely the same sort of problems in software and interchangeability as the Commission has been examining in this report. I do not think that research projects covering ground which may have been covered already would even scratch the surface of the industry's problems in Europe.

I would hope that the industry in Europe would set the pace and reveal the determination and enthusiasm to work together against what is admittedly a massive American monopoly—a monopoly in technology and also a monopoly in marketing. And, as in any other industry, marketing is just as important as advanced technology and it is in marketing techniques as much as anything else that I think many of the European companies have failed to make the grade. The Commission, with all the good will in the world, Mr President, cannot even begin to do this sort of job for the industry itself.

(Applause)

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington. — Mr President, as a Member of Parliament of some recent vintage, I would like to be the first on the floor to congratulate my colleague, Mr Fletcher, on his maiden speech. Not only for the cogency of his argument, but also for the very calm and deliberate way in which he delivered it, which made many of us who have faced the ordeal before feel slightly envious of his composure.

Mr President, the issue before us this afternoon and raised so ably by Mr Cousté and supported by the Earl of Bessborough and Mr Lange and others, is of fundamental importance to the Community. It goes far beyond the particular sector of a highly specialized industry which is dealt with in the report itself and in the report of the Commission. It goes right to the very vitals of the Community.

Mr President, in the course of a referendum campaign in my own country many months ago, which has long passed into history, one of the things that I think helped convince my fellow-countrymen—and I say one of the things only — was that it would be a very good thing indeed to go into Europe because we were told that only together could we effectively counteract the private monopoly power faced by the Community in the form of the large multinational companies. Now we are facing it. I must dissent from my

Lord Bruce

colleague, Mr Tam Dalyell, who seemed to think that the suggestions that we should organize some effective competition for IBM would mean that we should somehow be discriminating against that company.

Mr President, I know very little of IBM. I have no reasons to suppose that their employment policies in the countries in which they conduct their operations do not fully conform with the requirements of the Member States themselves. Certainly, Mr President, I wouldn't wish to lump them together with, for example, ITT in Chile. But, Mr President, the arguments that my colleague Mr Dalyell used in support of what he described as non-discrimination against IBM could in fact be used to defend the interests of any multinational operating in Europe. All multinationals employ citizens of the countries in which they are established. All multinationals have local boards composed of the nationals of the particular countries in which they operate. All the arguments produced by my colleague, Mr Dalyell, could be used in their support.

But, Mr President, Articles 85 and 86 of the Treaty lay down one of the basic principles of this Community, and that is that free competition should be encouraged; we shall be seeing in the months that lie ahead, Mr President, when we come to consider in detail the Commission's paper on the subject of the problems of inflation, just what the effect of large private corporate power is on the whole industrial structure of Europe, and also what role it plays as regards inflation. Now, it is beyond doubt—and my colleague, Mr Dalyell, did not deny it—that IBM are rapidly assuming a position of absolute monopoly power. Indeed, he described the power as being so wide and so extensive that, in his opinion, it would be quite useless in financial and technical terms to combat it.

Now, Mr President, the Council in its resolution of July 1974 said that it was not 'acceptable to users or the public interest for a single company to dominate and control not only the classic world of central processors but the new world of distributed computing'. And, Mr President, this provides the entire basis for the support that my group will give, and which is indeed being given by other groups, to the comparatively modest proposals that have been put forward by the Commission. A start has to be made somewhere. Together with Mrs Walz, I would have liked the effort to have been considerably greater. One thing is absolutely certain. If this Parliament and this Community fail to tackle monopoly on the scale that has been described to us, it is failing in its whole fundamental purpose and in a fundamental service that it has

solemnly undertaken to provide to the peoples of Europe.

(Applause)

President. — I call Mr Lange.

Mr Lange. — (D) Mr Dalyell has asked whether I would be prepared to go to Stuttgart to discuss what we are talking about at the moment. I am prepared to do this because none of the premises you have used, Mr Dalyell, for your arguments, are true. Nobody wants to discriminate against an undertaking here, nobody wants to put an undertaking at a disadvantage, even if it does have a strong position on the world market.

This undertaking can, therefore, continue its activities. What we want is to give the other undertakings a chance with the aid of the various projects which the Commission has submitted to us, to obtain a share of the market in certain fields of the electronic data-processing industry. That is all. I feel, Mr Dalyell, that you should think again very carefully and then decide if the arguments you have used can be maintained under the conditions that have been discussed here. It is irrelevant whether or not you have an undertaking of this kind in your own constituency. Even then you can with a clear conscience talk about what the Europeans intend to do. Jobs will not be endangered by this. That is the point that should be stressed.

Mr President, I just wanted to make this correction to Mr Dalyell's remarks in order to emphasize once again that I am not afraid of talking with the people concerned in Stuttgart.

President. — I call Mr Spinelli.

Mr Spinelli member of the Commission. — (I) Mr President, I should like, first of all to thank the rapporteurs, as well as the chairmen, and members of the committee and of Parliament for their work, and for their extremely constructive conclusions. The high standard and complex nature of the debate which followed their statements is sufficient proof of the interest in the subject discussed. I intend to comment on them at a later stage, but should like first to explain how these current proposals fit into the development of this sector as envisaged by the Commission.

This development is determined, on the one hand, by the situation in recent years, and on the other, by technological progress which results in the expansion of the field of data-processing applications and the linking of industrial sectors which until now had operated

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almost independently of each other. If we look back, first, on the events of recent years with which you are familiar, we note, especially in the area of medium-sized and large central units two facts: first, the predominance of American technology in general, and of IBM in particular, and, secondly, the weakness of the European sector which commands a rather modest share of the world market and survives only thanks to subsidies or privileged public contracts.

On this point we have had some fundamental criticism, primarily from Mr Dalyell, and partly from Mr Fletcher, according to whom we should not be trying to get rid of IBM and of American technology in general but should accept a position from which we have no practical means of escape.

Here, I should like to stress and clarify the following: the data processing industry is—as demonstrated by the whole tenor of this debate—one whose central importance to the growth of our entire economic system will continue to increase. But no society can accept in the long term to have its data-processing markets dominated by a single, vertically integrated organization which is thus able to supply not only the machinery, the hardware, but also all the remaining elements of the system; such a situation is intolerable because it could become rather dangerous.

This is nothing to do with the fact that IBM is an American firm, because IBM, like all the big multinational concerns is increasingly tending to lose its identification with any particular country. It is because this industrial concern accounts for between 60 and 70% of the market, and not only here in Europe, but also in America. And as you know, Mr Dalyell, the American Government and all those concerned with the defence of fundamental freedoms in America are today fighting against this state of affairs. In America there are court proceedings in hand to oppose this trend. And now we in Europe, too, have to face the same problem. The problem—I repeat—does not lie in the fact that the concern is an American one, but that it is a concern having a dominant position in an extremely important and sensitive sector.

Another point I want to make is in reply to the not altogether accurate statement that we need not concern ourselves with developing research, on a modest scale or otherwise, because virtually all this research has already been done by the Americans and we could probably obtain directly from them, or more specifically from IBM, the results of this research much more cheaply than if we were to carry it out ourselves.

Let me give a few examples: in the proposed research programme on the LTPL computer language we are ahead of the Americans, because there is no such programme on software portability in the United States. The projects we have now begun to propose—and I agree that this is only a modest start to a data processing policy—were inspired by the fact that we have many centres using different methods and different computer languages so that if we now speak of the need to create a common European computer language it is because our firms are now busy developing not one, but at least three or four separate languages.

Let us return to the major danger, consisting in the fact that a single concern enjoys a dominant position both here and in America. Just as the Americans are taking all the possible steps to meet this threat, so we here should be doing the same. And what we should do is not to carry on as before, that is, artificially aid a number of national industries which pursue national policies, using methods and languages specific to their countries, industries which ultimately always end up in a state of permanent stagnation. We should be doing something else.

In this difficult competitive atmosphere an attempt was made, for example, to bring about, within Unidata, negotiations between Siemens, Philips and CII and these raised hopes that a European concern that could become competitive was to come into being. We still think that these negotiations were the right course to pursue and that the establishment of a substantial European grouping is the preliminary to the opening of discussions with American and Japanese concerns.

Finally, the Franco-American group now being created by the linking of CII and Honeywell, deserves close attention as one solution open to a Member State at the cost of sacrificing Unidata. But not enough detailed information is available on this yet, and I should not like to anticipate any discussion and any verdict on this which will have to come at the European level.

From what I have said a number of consequences follow.

Firstly, we think—and here we share the opinion of nearly all the speakers today—that it would be opportune to seek partnership arrangements with the Americans and the Japanese at a certain stage in the building-up of a European data-processing industry, provided that this is not confined to concerns having a dominant position who would inevitably dominate us in the end, but with other minor competitors so as to improve our own competitiveness in the mar-

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ket. We also see the existence within the Community of development and production plant owned by American subsidiaries as a good thing for the Community.

I should like to make it clear that we are not thinking of expelling the American companies, but want to achieve more balanced competitive conditions in an industry which is bound for enormous development and in which there should be room for more than one concern. This better balance can be achieved by the creation of an industrial potential with well-managed and independent European decision centres.

In this way governmental concessions and financial aid could be eliminated and a situation of healthy competition introduced. Indeed, Mr Dalyell, we are not enamoured of a system of public purchasing exclusively confined to European companies but are following the objective of enabling European companies to compete in the market without the need for the subsidies, support and privileges which they now enjoy.

Secondly, the size of the investment needed, the need to maintain employment levels and the structural complexity of this sector do not leave a large margin of freedom for political decisions and dictate extreme caution in all initiatives. The problem before us is to strive for gradual progress towards the objective we have set ourselves through improved use of public funds allocated for this purpose by the various Member States.

Thirdly, I should like to emphasize that the major structural changes now going on need to be fully understood at each stage before we can proceed to laying down plans for Community action.

I go on now to deal with the development and expansion of the data-processing sector.

There is no doubt that the share of medium and large computers in the market will remain considerable in the next few years—it will be about 50% in 1980—but it is also true that we are witnessing a trend of rapid expansion into telecommunications, that is, distributed data processing and network systems. With the passage of time, this trend will increasingly attenuate the distinction between telecommunications and data processing systems, leading to growing development of data transmission systems and hence of mini—and micro—computers and of the peripheral equipment of which Mr Lange spoke, and of the importance of which we are fully conscious.

It should also be remembered that a balanced development of the industrial potential in this sphere implies the parallel development of

design and productive capacity for advanced electronic components, such as large-scale integrated circuits (LSI) for which there will be a large demand not only from the electronics industry proper but also from the future data-processing and data-transmission systems.

In other words, any discussion of industrial strategy cannot be confined to specific aspects of the data-processing sector as we know it today. We should also take account of the data transmission market and of the potential of the electronics industry.

From this survey of likely developments over the next ten years some additional conclusions can be drawn.

First, in view of the extraordinary economic, social and political importance of this technology, I think that there can be no doubt as to the need for the Community to both possess and control an industry capable of competing with the Americans and the Japanese not only within the Community's territory but on the world markets.

Secondly, the size of the problem implies that whenever there is need to support these industries from public funds this should be done on a coordinated basis to ensure the best utilization of such funds.

Thirdly, the possibilities of structural change are no longer confined to medium and large computers. Account must also be taken of the trend towards data transmission and telecommunications, as well as of the crucial role of the electronic components sector.

We need, therefore, to keep these matters under constant joint review, and we need the backing of a resolute political will. In view of all the above considerations the Commission will do its best to submit, in the framework of a multi-annual programme, a series of proposals sufficiently flexible both to create a favourable environment—and here I am thinking principally of standardization and the opening up of public contracts—and to support the European industry by, for example, the use of leasing and of development contracts. The support should be available when it is really needed and expedient. It is obvious, for instance that small or medium-sized undertakings will not be able to benefit from such a system because of excessive costs unless a special body is created to offer such opportunities to the small units as well. That by no means implies discrimination, but, on the contrary, the end of discrimination.

I am thinking not only of the large central units sector, when the situation here has settled, but also of the peripheral equipment sector and

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that of electronic components. This is in reply to the anxieties expressed by Mr Lange.

The proposals being discussed today can be seen as part of the measures for indirect aid to this sector. They were most ably explained in Mr Cousté's report, on a few points of which I want to comment briefly.

On paragraph 1 of the resolution I want to express the Commission's satisfaction that our proposals have been approved. As regards paragraph 3 of the resolution, you should note that the Commission has proposed that the directive now before the Council on access to public contracts, should become applicable to the data processing sector from 1980. I must explain that we had originally proposed that it should become applicable immediately, but in the face of resistance from some of the delegations which wanted to exclude data processing altogether from the opening-up of the public contracts markets, we insisted that the opening-up should start at least in 1980, and possibly earlier for particular sub-sectors.

The working party on public contracts has resumed activity and concentrates mainly on defining harmonized contract forms for the industry (purchase, hire, maintenance), and criteria for the valuation of plant and materials and on formulating a policy of 'unbundling'.

Paragraph 4 of the resolution mentions agreement with non-dominant companies outside Europe. I would remind you that I dealt with that point a short time ago and that, obviously, the Commission is in agreement with the arguments in Mr Cousté's report.

I should like to add, however, that, first the Commission believes that the principal objective of the proposed projects is to have, in each case, partial control, because while there is also the possibility of mere association without any effective control, that involves the risk of being ultimately swallowed up.

Secondly, the Commission has no powers to make concerns conclude any particular agreement, and especially with companies outside Europe.

Thirdly, in proposing a joint fund for the financing of priority projects (interchangeability, contracts for development of particular applications, support for industry), the Commission wants to promote the development of industries that are European but without precluding external cooperation, especially where the acquisition of new know-how and techniques is concerned.

Mr Cousté spoke of the problems of individual rights. I should like to recall here that we have

already invited the Governments to submit their draft legislations on this matter so that these can be compared and serve as a basis for a possible directive. In addition, we are examining the Treaties to see if a legal basis exists for such a directive and we also hope that Parliament will help us by conducting the hearings for which we have asked.

As to the need for a policy on norms and standards, I should like to say that the Commission is aware that a desire for a European set of standards should not be the only reason for this work; it should form part of a more broadly conceived effort.

As regards for example, the proposal for the development of a new language for real-time programming, it is an important consideration that in this particular sector the Community has an acknowledged advantage which it would be desirable to promote.

Of the five projects proposed by the Commission, probably only three will be accepted. These are on systems for the processing of import and export data, on computer-aided logic circuit design and construction management and the proposal on legal document retrieval systems in the Community.

The proposal for a data-bank for organ transplants and blood matching will almost certainly be restricted to the initial, that is, the definition, phase. It seems likely that not much more can be obtained from the Council for the remaining proposals. I should like to say, in concluding, that the Commission agrees with Mr Cousté that these proposals, though modest, are at least on a scale that suggests the existence of a firm resolve to support European data-processing. Should this will be lacking I am certain that the proposals will end up in a vacuum; but if the resolve is there, a more ambitious programme can be worked out and initiated, as when the second group of projects followed the first. In formulating these proposals the Commission is giving proof of the resolve of which I have spoken and I am sure that Parliament will give its support to that resolve. Whether the Council, on its part, will have the same resolve is in the lap of the gods.

One last word to Mr Lange who has taxed the Commission with submitting its proposal too late for it to be included in the draft budget. I should like to draw his attention to the fact that the timing of the finalization and approval of a proposal is not in the hands of the Commission but of the Council, because it is the Council which decides whether it is to be approved or not. So it is rather difficult to guess whether a particular proposal will be adopted in January,

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or June, or December. But there is also another problem: I feel that during this coming year Parliament and the Commission should discuss whether the budget should be a simple accounting record of commitments already undertaken or about to be undertaken, or whether, instead, it should comprise everything that represents the Commission's programme of action which, with the Council's approval, will become a binding programme; because in that latter case it would be possible to draw up budgets as Mr Lange—and ourselves, too—would like to see them drawn up and to avoid the need for supplementary budgets. As long as we go on in the same old way, we shall, unfortunately, be obliged to have supplementary budgets from time to time. I agree with you, Mr Lange, that supplementary budgets are a bad habit to be avoided as far as possible.

I hope that I have now answered the most important of the points that have been raised, even though, I regret perhaps not all of them.

(Applause)

President. — I call Mr Dalyell.

Mr Dalyell. — Mr Spinelli said that he wanted to achieve—I took down his words—a situation of competitive balance through industrial capability. Could he give us a figure on what would be necessary to achieve any kind of meaningful competitive balance through industrial capability? His figure seems to be in tens of millions of units of account. Mine would be in thousands of millions of units of account!

President. — I call Mr Cousté.

Mr Cousté, rapporteur. — *(F)* Mr President, this discussion and the views expressed by the speakers—who have been commendably frank—have been most interesting, and I wish to thank all those who have been kind enough to support by own point of view.

Clearly, this point of view is not so much my own as that of the Committee on Economic and Monetary Affairs, which is why I requested the Assembly to support, following our approval, the resolution on which we are going to vote and which, I hope, will be adopted.

Whatever the outcome of our vote, I should like to make a single comment on the speech by the Commissioner responsible, Mr Spinelli, namely that he seems to be reconciled to the fact that the Council will not change its mind. He mentioned that of the five priority actions proposed by the Commission and adopted in September, only two or three may be accepted: I wish to

make it quite clear that this would be inadmissible. In saying that, I am supported by the Council itself which, in its resolution of 15 July 1974, adopted a specific objective, that of a fully viable and competitive European-based industry by the early 1980's. I ask the Council to remain faithful to its own resolutions.

In addition, Mr President, I wish to point out that the Commissioner responsible said nothing about the possibilities of applying, in 1976, the various projects figuring in the communication which we have now been discussing for nearly two-and-a-half hours, and I emphasize that, even if the Commission has abandoned the struggle, our Assembly is as determined as ever to attain our objectives. By adopting this resolution, we will thus be giving a further example of our determination in political terms.

(Applause)

President. — I call Lord Bessborough.

Lord Bessborough. — Before the Commissioner replies I wonder whether he would make clear to me this question of the supplementary budget. Does he expect that there will be a supplementary budget, and if so when would he hope that it would come forward?

President. — I call Mr Spinelli.

Mr Spinelli, member of the Commission. — *(I)* Mr President, I want to say to Mr Dalyell that his question is typically one of those to which there can be no answer. It is not possible to say how much must be spent to make an industry competitive, but it is possible to indicate those ways in which support can make it competitive. Therefore, it does not at all follow that to make a European industry competitive one should expend as much as one or two American industries are spending.

Expenditure there must be, but the money must be spent wisely. The present expenditure commitment in Europe for product development can be broken down as follows: in France public expenditure for support to the data-processing industry will be between 500 and 640 million u.a. from 1976 to 1979. In the United Kingdom future plans are not yet sufficiently advanced, but overall government support for the period 1968 to 1976 will be 144 million u.a., while in Germany, for the period 1971 to 1975, the amount of support was about 190 million u.a. All this is apart from the expenditure proposed by the Commission.

Now the problem that we must rationally face is that this money spent in this way, spent on

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covering guarantees on national markets—for instance, in France out of the amount I have quoted, 100 to 200 million u.a. is for guarantees for public purchases—this money is being spent badly. This is the wrong way to spend because it does not contribute to increasing our industries' competitiveness. It should be spent differently.

To Mr Cousté I want to say that the Commission has not given up; it will continue the fight. I want Parliament to know this and am glad to hear him say that Parliament will continue to strive for the maintenance of the overall commitment. But, Mr Cousté, would it be the first time that the Council has promised to do something and then failed to do it? I do not think so. However, we must not give up, we must strive for approval of our proposals.

And when you, Lord Bessborough, ask me when the supplementary budget will be submitted I can only repeat my answer to Mr Lange: it will be submitted the day that the Council approves these measures wholly or in part: that day, or the day after, we shall have to submit a supplementary budget because these proposals do not figure in the present budget. We and you together, we are engaged in this battle, but it is the Council that will take the decision that matters. How can you expect me to tell you when we should be submitting the supplementary budget? This is beyond my power.

President. — Since no-one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

10. *Transfers of appropriations
in the 1975 budget*

President. — I have informed the Council and the Commission that the Committee on Budgets has delivered a favourable opinion on the proposals for transfers of appropriations from chapter to chapter within the section II—Council—(Annexes I and III), and in section III—Commission—of the general budget for the 1975 financial year.

11. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, 13 January 1976 at 2 p.m., with the following agenda:

- Guldberg report on the effect of increased energy prices;
- Ellis report on a regulation on an information procedure for oil prices;
- Walz report on nuclear power stations;
- Motion for a resolution on the outcome of the meeting of the Council of Research Ministers;
- Schwörer report on a directive on the taking up of activities in direct insurance;
- Premoli report on the titanium dioxide industry.

The sitting is closed.

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

¹ OJ C 28 of 9. 2. 1976.

SITTING OF TUESDAY, 13 JANUARY 1976

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IN THE CHAIR:
SIR GEOFFREY DE FREITAS
Vice-president

(The sitting was opened at 2.05 p.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. Verification of credentials

President. — At yesterday's meeting the Bureau verified the credentials of Mr Clerfayt and Mr Fletcher, whose appointment by the Belgian Chamber of Representatives and the House of Commons had already been announced.

Pursuant to Rule 3 (1) of the Rules of Procedure, the Bureau has made sure that the appointments comply with the relevant provisions of the Treaty.

It therefore asks Parliament to ratify them.

Are there any objections?

The appointments are ratified.

3. Authorization of reports

President. — Pursuant to Rule 38 of the Rules of Procedure, I have authorized the Committee on Budgets to draw up a report on the Fourth Financial Report on the EAGGF for 1974.

The Committee on Agriculture has been asked for an opinion.

4. Effects of increased energy prices

President. — The first item on today's agenda is the report drawn up by Mr Guldberg, on behalf of the Committee on Economic and Monetary Affairs, on the effect of increased energy prices on Member States' productivity and competitiveness (Doc. 431/75).

I call Mr Guldberg.

Mr Guldberg, rapporteur. — (DK) Mr President, I should first of all like to make some comments on procedure and to point out that when the Committee on Economic and Monetary Affairs

Guldberg

decided to draw up this report and to honour me by asking me to be rapporteur, we discussed the extent to which the report should be a technically detailed account of altered competitiveness in the various branches of industry in the individual countries and between them, or whether it should be more general. I, with the support of the committee, took the view that a technically thorough investigation of the effect of increased energy prices on the different types of production was a task that for two reasons was more than I could undertake or that I felt Parliament should undertake.

The first reason is that a thorough technical analysis is outside the scope of normal Parliamentary duties. The second reason is that, if such an analysis were to be made, more time would be needed than was available if Parliament wanted to give the governments and the Commission a general idea of what action was necessary as a result of the changes that had taken place in our countries' economies, and Parliament could not be expected to take up the problem and pronounce on it much later than the date on which the governments should have taken action.

With the committee's agreement, therefore, my report does not go into details and that may obviously be a matter for regret or criticism. It focuses on the purely political task of making it possible for the European Parliament to give its views in principle on some decisive and actual consequences of the changed economic structure we have experienced since 1973 and 1974 and that we will have to live with in the future.

But I would first like to say that I think it would be useful if the Commission—and I am now addressing Mr Simonet, the Commission representative—would undertake to carry out a thorough technical analysis. If the Commission agrees to do so and can say today how quickly it can be done, I would also find it practical for Parliament to have the opportunity to discuss it. I make these remarks to stress the fact that the report that I have the honour of submitting on behalf of the committee has another aim, namely to make it possible for Parliament to give the governments and the Commission its views on some key problems before they become so acute that action is taken that Parliament might or might not approve of.

I shall not summarize the report itself now but merely point out that the motion for a resolution obviously reflects the fact that it is an own-initiative report and gives some general points of view rather than adopting positions on any specific subject. Nor shall I summarize all the explanatory statement. I shall confine myself to a few short remarks on two problems that I

think are important and that I, as rapporteur, take the liberty of singling out as worth bringing to the attention of our governments and the Commission.

The first point concerns the economy in general. In my opinion, Mr President—and this can be read between the lines—the relative increase in the price of energy and raw materials is in itself technologically and structurally a natural and unavoidable development and trying to fight it will result in defeat. That is true, but it has to be accepted and absolved. To put it the other way round, if we accept that the price of energy and raw materials will, in the long run, increase more quickly than the price of other production factors, it means that we accept that the increase in incomes, including wages, has to be slower.

If we do not accept that, we are fighting a structural change and we will continue to be faced with a development that becomes more and more difficult and that will create more and more unemployment.

If on the other hand we accept not a lowering of the standard of living in the industrialized countries but quicker increases in the price of energy and raw materials than of manpower, then there will be an urgent need for investments and vast possibilities for technological improvements that can promote employment in our countries and be of advantage to us in our obligations towards the rest of the world. That, however, is to assume that our governments understand that if they follow the cheapest and easiest solution, which is for all prices, including incomes and wages, to increase in parallel with the price of energy and raw materials, then the battle is lost.

In my opinion the most important thing about my report is that Parliament can make the governments and the Commission understand this. I do not think there is any lack of understanding in the Commission on this point but it is in the Commission's interest for Parliament to say so. I do not think this is a question that needs to be covered by different political views. It is entirely a technological and structural consideration. The development we are experiencing can be turned to an advantage—to improvements, increased employment, increased demand for manpower, investments and structural changes, provided we follow a policy that accepts that incomes and wages have to increase more slowly than the price of other production factors, energy and raw materials in particular. If we do not accept that, we will not be in a position to extricate ourselves from a situation that is becoming critical.

That in my opinion, Mr President, was the most important point of the report although it is

Guldberg

perhaps expressed more diplomatically there than I have done now.

The other point I would like to mention is contained in the second section of the explanatory statement and deals with energy supplies. Clearly it was not the committee's or its rapporteur's task to repeat or revise a proposal for an energy policy which has the general agreement of Parliament in any case. But it was impossible to draw up this report without stressing the need for an energy policy and without repeating some essential points. That may be criticized but the repetition is necessary. Here again I will take the liberty of singling out what I think is most important although it is not necessarily new; there is no denying that if we are to solve the problems I have described here we will not solve them by reducing production or employment; we shall solve them through growth and a new structure.

But that also means that our need to develop energy supplies remains a prerequisite for solving the economic and employment problems of our countries and having enough strength left over to help to solve other and equally important economic problems in other parts of the world. To do so we must accept that an energy policy is necessary and that it must result in greater independence for our Community. The Community must therefore put emphasis on developing other forms of energy supplies and obviously one of the major contributions possible at present is nuclear energy. May I in parenthesis say that I think I have put much weight on Parliament's using all its power to convince the Council that it should not limit funds for research and development of a new technology that it is possible for us to handle.

I felt it was essential to make these two remarks, Mr President.

In conclusion let me say that there may be some technical details that Members might like to discuss. It is also possible that the view will be put forward that the resolution should be held back pending a more detailed technical report by the Commission. I for my part feel that, since it is an own-initiative report, the resolution itself is not the most important thing. It gives some general points of view but it is important for Parliament to express an opinion and to do so before the necessary action has to be taken. I will wait to see how the debate develops, but I see no reason why we should not first concentrate on the basic points, since for political and economic reasons it is essential for Parliament and the committee to agree on what to say to the governments and the Commission.

(Applause)

President. — I call Mr Bertrand for a procedural motion.

Mr A. Bertrand. — (NL) Mr President, I asked to speak on a procedural motion because I wanted to make a proposal to the Assembly concerning the discussion of the very interesting report which Mr Guldberg has presented to us today. May I begin by thanking Mr Guldberg most sincerely for the great effort he has made in placing an own-initiative report before our Parliament on this very difficult subject. It is, however, apparent that when we come to consider the consequences of the high energy prices on the liquidity and competitive position of the Member States we run up against a number of unknown factors which make it very difficult for the European Parliament to determine its position at this stage on the basis of the debate.

As Mr Guldberg has stressed in his report, we must obtain a really complete document from the Commission on the repercussions of the oil crisis and the resulting rise in oil prices on all the economic, financial, social and commercial aspects of our Community; Parliament can then define its position with a full knowledge of the facts. I therefore propose that our debate on the Guldberg report should not be continued today but referred back instead to the appropriate committee, pending the Commission's report. A definitive report could then be compiled enabling us to adopt our position with a full knowledge of all the relevant facts. My proposal is then that consideration of this subject should be postponed until we have received the Commission's report.

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams, *vice-chairman of the Committee on Economic and Monetary Affairs.* — Actually Mr President, I find myself in something of a dilemma as the junior vice-chairman of the committee and taken somewhat by surprise by the initiative of Mr Bertrand. I have not had the opportunity of taking soundings in the committee but I would like to make one or two points.

The report which Mr Guldberg has very ably introduced was initiated as long ago as the end of 1974 in our committee and I think I am right in saying that on nine separate occasions we have reverted to it and eventually it was passed by our committee by an overwhelming majority, 19 in favour and only 1 against, with 1 abstention. So I think I would not be too presumptuous, as vice-chairman of the committee, if I said the wish of the majority of our committee would be that we *should* have a debate on this very important subject this after-

Rhys Williams

noon and that we should give particular attention to the motion for a resolution that Mr Guldberg has put before Parliament.

On the other hand it may not be necessary for us to proceed to a vote. But I think it would be a pity if we were to stifle our own discussion of this important question and, since we are all met with the intention of discussing energy, let us take the opportunity of doing so. I quite accept the point that Mr Bertrand has made, that we need to hear from the Commission on this subject in all its widest implications, but I think it would be a good start rather than a bad one for the Commission to have the opportunity of hearing the preliminary opinions of Parliament. My recommendation therefore would be that we should not accept the referral back to committee at this stage but that we should proceed with our debate.

(Applause)

President. — I call Mr Normanton.

Mr Normanton. — Mr President, I would have thought that Sir Brandon Rhys Williams' presentation of the view of the committee, incidentally a committee of which I am not a member, was tantamount to an intervention against Mr Bertrand's proposal. I would not have thought it necessary, therefore, to call any other person to speak in opposition to Mr Bertrand's view. May I say personally that I hope the House will support the view expressed on behalf of the Committee on Economic and Monetary Affairs by Sir Brandon Rhys Williams.

President. — Mr Normanton, I recognize you as having spoken against Mr Bertrand's proposal.

We shall now vote on Mr Bertrand's procedural motion.

I put the motion to the vote.

The motion is carried.

I call Mr Normanton to speak on a point of order.

Mr Normanton. — I wonder if you would care to give your ruling on the following. If this motion had been defeated and the debate proceeded, would it be your intention for the debate to be on the subject but not on the motion for a resolution? That indeed was the substance of Sir Brandon Rhys Williams' recommendation. Your ruling on this point would be extremely helpful.

President. — Mr Normanton, it is an interesting speculation what my ruling might have been,

but the question does not arise: the motion has been carried.

5. *Regulation on an information procedure for oil prices*

President. — The next item on the agenda is the report drawn up by Mr Ellis, 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 regarding a Community procedure for information and consultation on the prices of crude oil and Community products in the Community (Doc. 419/75).

I call Mr Ellis.

Mr Ellis, rapporteur. — The draft regulation which has given rise to this report arises from the Council's resolution of 13 February 1975 concerning Community energy policy. That part of the resolution dealing with the hydrocarbons sector presupposes, amongst other things

'a consumer price policy based on competition and the transparency of costs and prices. These principles could contribute to making these price levels, based on actual changes in the conditions of supply, consistent between the Member States.'

This is, of course, an ambitious aim in view of the fact that competition will not be of the purest kind in a field where short-term market response is not easily reconcilable with long-term policies and trends and where governmental and, one hopes Community interventionism is practised. But, however ambitious the overall aim may be, the more particular aim of achieving transparency of costs and prices as part of an energy policy is to be welcomed; and the committee was ready to endorse and to commend to the House the general principle of obtaining better information on oil prices in the Community and to see this achieved through the Commission. Indeed, almost the whole of the discussion in committee centred on the question of the efficacy of the proposals in the draft resolution. That is to say, there was a general desire that the regulation, whatever form it might take, should effectively ensure the attainment of the objects is practical proposals enshrine.

The essence of the regulation is that oil companies representing a very substantial part of the suppliers in the various Member States should furnish those states individually and on a quarterly basis with information on prices for all the various kinds of oil commercially transacted in the state, whether crude oil or refined products and whether the transactions

Ellis

are on a wholesale basis or take place on the consumer markets. The Member States in turn will forward the information to the Commission.

In addition to this, figures for ex-refinery realizations for the various types of oil products are required which will indicate the total realization per ton of crude oil processed, the trend in which can then be related to the c.i.f. prices of crude-oil supplies. The technical accounting problems arising from this latter requirement will be dealt with by a technical committee, which may turn to the industry and to its experts for advice.

A number of issues arising from the proposals were discussed by the committee. The first and perhaps the most important one related to the committee's anxiety that price transparency should in fact be implemented, that we could speedily reach a position where there was genuine transparency on prices available to the Commission.

Discussion also took place in the committee about the respective merits of the system proposed by the Commission, labelled by the rapporteur 'Mechanistic Price Reporting', and the system labelled 'Assessment Pricing'. The fears voiced regarding the Commission's proposals were mainly that in so complex and flexible a field as the oil market in nine Member States the simple return each quarter of completed forms from the oil companies might prove insufficiently comprehensive and flexible to be realistic.

Fears were also voiced about the need to respect legitimate commercial confidentiality. Assessment pricing, so it was claimed, avoided these difficulties.

Here a small permanent team samples the prices at various representative outlets and makes an assessment of the going price of each product. The team, of course, will steadily gain in professional expertise and competence. In fact there are a number of agencies now doing this very work, and the House will have noted that Mr Borschette's report on the oil companies' actions during the oil crisis, which he presented to Parliament at our last part-session just before Christmas, refers to one such agency. If Members read the particular section of the report, they will see what in effect is an implied recognition of the efficacy of the work of the agency. However, after long deliberation, the committee rejected the suggestion that assessment pricing should be the way to price transparency and agreed that the system proposed by the Commission would prove more effective. It accordingly decided to recommend support for the Commission's proposals, but in its motion for a resolution, which is now before the House, it

suggests that the Commission should submit annual reports to the Council and to Parliament on the results achieved during the first 3 years after its entry into force. In the English printed version there is a misprint in the article concerned, which refers to 10 years, and the misprint is to be regretted.

The rapporteur, while preparing his report, found some apprehension in oil company circles about the ultimate objective of the Commission. These doubts may have been inspired by the phraseology of Article 5 (2) of the proposed regulation, which refers to the measures, if any, to be adopted between the Member States and the Commission on receipt of, and the processing of, the information from the companies. The Committee on Energy, Research and Technology sought, received and accepted the Commission's assurance that no one was justified in believing that there would be any misuse of information consequent upon this regulation being enacted. At the same time, I am sure that the House will recognize that in so important a field as oil supplies, governments and the Community have a legitimate concern for the working of the market and a right in certain circumstances to influence its course.

Over two years have gone by since the oil crisis, and little has been achieved in the way of a common energy policy (CEP). Last December saw, however, what I hope will prove to be a major step forward when the European Council agreed to meaningful work being done on such a policy. By a happy coincidence, therefore, this report, recommending a small step forward on the road to a CEP, is being discussed in the light of the Rome meeting.

I have taken great heart from that meeting. I have always believed that there were three influences at work in the Community: firstly, the idealism and vision of men, the impetus that visionaries like Robert Schuman and Paul-Henri Spaak gave to the cause; secondly, the reactionary pressures of men who fundamentally were too attached to the nineteenth-century concept of national sovereignty; and thirdly, the determinism of technology. People used to say that it was one thing to build up a customs union in fair economic weather, but come the storms and even that elementary edifice would come crashing down. We now see that the determinist forces are bringing men into touch with reality even though the winds are strong, and we in the Community are beginning to realize that if we are to secure our supplies of energy, then we shall do so best by acting together as a community.

The report which I now have the honour of presenting to the House on behalf of the Com-

Ellis

mittee on Energy, Research and Technology was passed unanimously by that committee with one member abstaining. I trust that the House itself will see fit to endorse it and to agree to the motion for a resolution.

(Applause)

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

Mr Vandewiele. — (NL) Mr President, allow me to begin by expressing, on behalf of the Christian-Democratic Group, my sincere congratulations to Mr Ellis on his excellent report. He is well versed in the extremely complex problems of pricing in the petroleum sector, as was apparent during our discussions in committee. An attentive reader of his report will soon note that Mr Ellis has some difficulty in concealing his scepticism about the likelihood of the hoped-for results being achieved. On page 15 of his report he points out that although application of the methods proposed by the Commission in no way provides a guarantee of successful results, the rapporteur nevertheless considers that the proposed system is a useful first step. We in this Parliament have repeatedly, if unsuccessfully, made it plain that an energy policy capable of guaranteeing simultaneously in all nine Member States security of supply at economically acceptable prices can only be an overall European or Community policy.

The Christian-Democratic Group therefore supports the measures proposed by the Commission of the European Communities in respect of the information and consultation procedure to be followed for the pricing of petroleum products in the Community.

We recognize the practical difficulties created by the complex nature of the problem and the rapid fluctuations on the oil market, and we are also well aware of the reluctance of the international oil companies to accept greater transparency and publicity of the prices charged by them. In countries which still maintain the conventional commercial practices of a free market economy, serious objections are voiced against the possibility of the traditional confidentiality of trade being infringed.

But even in Member States such as France and Italy, where the public authorities already have a considerable influence on energy policy, increasing intervention by the European Commission will not be accepted without some resistance.

Our considerations in the Committee on Energy, Research and Technology and the present report make it clear that the effort to achieve harmon-

ized prices throughout the Community runs up against stiff resistance and many practical difficulties. A great many obstacles stand in the way of efforts at harmonization; they include the differing economic structures of our countries which import many different kinds of crude oil, work with varying tax systems and have to meet different transport costs while each of them has its own trade balance in oil products. However, let us emphasize once again that this harmonization is not only desirable but also increasingly necessary with the passage of time.

We must not be disheartened by the continuing arguments about the determination of a common price for imports of crude oil and the extremely difficult policy question regarding the future prospects of investments in the North Sea, in the nuclear sector and elsewhere. The Commission will be doing its duty if it puts forward constructive proposals in this sector.

The transparency of costs and prices in the hydrocarbons sector must be increased by frank cooperation between the Commission, the Member States and the oil companies.

As Mr Ellis has rightly pointed out, the confidential nature of the commercial data obtained in this way must naturally be respected.

Mr President, we too would like Parliament to be informed of the results achieved in this area; we therefore support the rapporteur's proposal that Article 8 should be amended and an annual report submitted during the three years following entry into force of the regulation. Our group will unanimously approve the motion for a resolution.

(Applause)

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

Mr Hougardy. — (F) Mr President, ladies and gentlemen, I wish to add my congratulations to those already addressed to Mr Ellis by the previous speakers. The report he was asked to present to us deals with an extremely delicate matter and Mr Ellis has given us a remarkable summary not only in his report but also in his statement just now.

I am sorry all the same that the Commission did not think fit to take account of the remarks made by UNICE, in a spirit of cooperation of course, since UNICE confined its comments to the technical aspects of the proposed system. Let me simply remind you that UNICE had signified its agreement to the general principle of price transparency insofar as it is feasible and meaningful for general political and energy

Hougardy

policy reasons and because of the need to keep consumers informed, provided that this does not lead to measures of intervention and control by the public authorities which might be liable to affect the free play of the market forces and the freedom of action of enterprises. UNICE also rejected all systems of price regulation especially at Community level and any form of dirigistic control of price determination by the companies. In this context one wonders what the intention was in using the term 'measures which might if necessary be adopted.' That is my first remark.

It is, however, reassuring to read that the principle of cooperation with the oil companies has been a positive step, as Mr Ellis stresses. I hope that guarantees will be given to safeguard the confidential nature of the information provided, as the companies want. Finally the report also stresses the need to safeguard the market economy.

Ladies and gentlemen, several questions arise. Will the measures adopted be effective in obtaining this price transparency? That was the purpose of the position adopted by UNICE which I recalled at the beginning of my speech. In my view the Commission should agree to determine in the light of experience which aspects of the information requested are valid and which are meaningless and may therefore be abandoned. Are we to become a paper making machine and engage in what the Germans used to call a 'Papierkrieg' — a paper war?

As to the duplication of the information requested by the International Energy Agency I think it is sufficient to provide the information once only. The compilation of this information by the IEA could suffice even if differences of interest exist with other member countries of the IEA, as that body has the advantage of including the United States, the country in which the greatest number of major oil companies have their headquarters.

I also believe that the Commission is wrong to underestimate the reality of price transparency. For two years at least, the Member States' governments have been sending auditors to most of the companies. Belgium has certainly done so. Mr Borschette's report, to which reference was made just now, recognized that the cooperation provided by most of the oil companies was total during its enquiry. In addition there is a great deal of statistical data on market prices; this information is published in authoritative journals such as the *Petroleum Intelligence Weekly*, the *Petroleum Times* and, in France, the *Bulletin de l'industrie pétrolière*. These publications contain extremely precise

information. Moreover most of the ministries of economic affairs in the Community countries have, I believe, full information.

The suspect conditions under which information has been given must be isolated instances. Mr Borschette's report is adamant on this subject and states that information was always given in an altogether objective manner.

As to the finished products, we have to concede that figures are practically impossible to arrive at. This is an equation with several unknowns and there are an infinite number of ways of establishing the figures. A formula would have to be established once and for all on which agreement might be reached to obtain the desired information; this would of course be done without preconceived ideas.

Before ending, allow me to congratulate the Commission which is rightly asking for final harmonization of prices. Here it should be stressed that this definitive harmonization of prices must include—as its precondition—harmonization of excise duty and value added tax rates.

Those are the remarks I wished to make. Allow me now to make a suggestion to our rapporteur: would it not be desirable for the motion for a resolution to be supplemented by an additional point in which the European Parliament—this might also satisfy the Commission—would ask the Commission to verify with the oil companies the validity of the type of information requested? The particular type of information needed would then be decided on the basis of technical information received; alternatively a group of experts designated by the member countries and also including representatives of the oil companies could consider the question in order to arrive at complete objectivity on this matter of price transparency.

(Applause)

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

Mr Nyborg. — (DK) Mr President, I shall first take the opportunity of thanking Mr Ellis for his report which we consider excellent. The aim of the proposal is to introduce an automatic price-reporting system. There may however be difficulties in introducing such a system because petroleum products reach the consumer by so many complicated and different routes. For a price-reporting system to lead to meaningful price transparency, there are a number of essential requirements, such as precision of definition, comparability and data collection at regular intervals.

Nyborg

There is some doubt as to the suitability of the method. The proposal will initially lead to practical difficulties because of the complicated and speedy developments in the market for petroleum products. Secondly, the introduction of a centrally regulated mechanism directly affects generally accepted commercial practices characteristic of a market economy, such as commercial confidentiality and the free play of market forces.

with these few remarks, Mr President, I would like to say that we in the Group of European Progressive Democrats feel that — although its success is doubtful — this proposal deserves our attention and support and we recommend its adoption.

(Applause)

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

Mr Normanton. — Mr President, I note the presence on the Commission benches of Mr Leonard Williams, the newly appointed Director-General of Energy. I am sure the House would like to place on record its great appreciation of the cooperation which it and the Committee on Energy, Research and Technology have always enjoyed with his predecessor and we look forward to enjoying it with him in the future.

(Applause)

This report is, I believe, a particularly important one if only because it has been drafted with a degree of sober realism which is fairly unusual in political documents. I think the subjective approach which Mr Ellis has constantly followed is one which should be adopted a little more frequently in our consideration of European Community matters.

The second point I would like to make is that we must recognize that the Commission proposals are by any definition minimal. They are minimal, but they are aimed at institutionalizing the collection of information by the Commission. The inference which one might draw from this is that the industry concerned, and a vast industry it is, has manifested evidence of being unwilling to cooperate and provide information to all the recognized institutions at national, Community or indeed world level. However, I see this as a false deduction to make because there is ample evidence that at national level the oil industries operating in Member States cooperate in fact and in spirit with their governments, and indeed some of that cooperation not infrequently is to their disadvantage. This proposal aims to institutionalize the collection

of such information. We recognize that the Commission clearly needs to be well informed on all aspects of energy—production, distribution, marketing, consumption and pricing—a point, of course, which is a key issue in this report. If the Commission is to be enabled to formulate any form of energy policy, information is essential.

My third point is that we should recognize—and individual Members have made reference to this in their comments—that no strictly mechanical formula can ever provide the Commission with all the information on all aspects of oil pricing. The industry, the trade, is far too complex technically, it is far too complex internationally, it is far too flexible, it is far too vast. Therefore, I suggest that the House should insist, as indeed is suggested in this report, that the Commission should restrict its collection of information to that which it needs to know, that which it considers essential to know, and not that which it would like to know out of idle curiosity. Transparency, in other words, is not a goal in itself, yet should be seen as a means to achieving a goal. That goal is and remains the establishment of a truly effective energy policy for the European Economic Community.

My last point is that the Commission and the report appear to lay emphasis on the channelling of information through governments of Member States and to recognize the individual governments of the Community as being the normal channel. May I make the political point, Mr President, that nothing whatever should be allowed to inhibit the ability of the Commission to carry out its duties. If the Commission, and this Parliament, considered that the most effective way would be for agencies and institutions in the oil industry to be linked directly with the Commission, I, for one, and I think many members of my political group would go along with that view.

We, the European Conservative Group, are happy to give our full support to Mr Ellis at the end of this debate.

(Applause)

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — Mr President, allow me to begin by thanking Mr Ellis, the author of the very clear report before us today, and also the other speakers in this debate. I note that on the principle of the need for transparency, which is the Commission's objective in submitting this proposal to the Council, there is general approval on the part of the political groups; I am gratified

Simonet

by this fact because it shows that everyone in this House understands that one of the bases of a common energy policy, must be an adequate information system.

However, without it being correct to describe the comments made as reservations, let us say that some anxiety has been expressed about the possibly too extensive nature of the information which the Commission would like to compile in cooperation with the Member States or about the risk that this information might infringe the rule of confidentiality which must be applied in such a delicate matter. Finally your committee expressed a wish, in the form of an amendment, for the Commission to set down each year, in a report to the Council and Parliament, the results of the application of this regulation or of the rules which will be implemented if this proposal is adopted.

Let me say at once that on this last point the Commission has no objection to the adoption of this amendment. But I wish to return to the concern expressed about the need to set up machinery for regular consultation with the Member States to give the system all the flexibility it requires, and I believe that we share this concern since we intend to finalize with the Member States the regulation or regulations to implement these provisions.

As to the matter of confidentiality—this point has been clearly established by the oil companies which we contacted before drawing up this proposal — we are as aware of the need for it as all those who have spoken on the subject, and we shall see to it, in cooperation with the Member States, that all this data is processed with the appropriate degree of confidentiality.

There remains one last point made by two or three speakers, in particular Mr Hougardy who formulated his remark in the most direct form when he referred to duplication of the information requested by the International Energy Agency.

We were well aware of this objection in advance and we are proposing to organize the collection of this information on a pattern similar to that now being finalized by the IEA. I therefore think that there is no risk of duplication.

However, I am reluctant to go as far as Mr Hougardy would like because if his suggestion were to be adopted as a principle I am very much afraid that this Parliament would no longer have to concern itself with a common energy policy; if this principle were transposed to other fields there might in future be an international energy policy at the level of Atlantic cooperation and cooperation between

the Atlantic world and Japan, but there would not be a common energy policy. I therefore agree—as I have clearly stated—on the need for us to avoid all duplication of information but I have always thought that the measures which, taken together, constitute a common energy policy and that policy itself are needed not only because of the pleasure it gives the Commission to collect information, draft regulations and formulate proposals, but because all this corresponds to specific interests of the Community.

Mr President, I shall end by answering one remark made—or rather anxiety expressed—concerning Article 5. The wording of Article 5 hides no Machiavellian or threatening intent. The two paragraphs of this article are intended to provide for exceptional circumstances such as the onset of a new crisis which would necessitate more rapid, regular and frequent information than is the rule under this proposal. But, I repeat, there is no hidden intention and I hope too that such a crisis will not arise; however, if abuses were noted, the amendment calling for the submission of a report by the Commission would, it seems to me, clearly indicate the action needed to correct that state of affairs. Mr President, I wish to thank Mr Ellis again and all those who have been willing to accept this proposal; without in itself constituting the whole of our common energy policy it represents an important component of that policy.

(Applause)

President. — Since no-one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

6. *Tabling of a motion for a resolution*

President. — I have received a motion for a resolution tabled by Mr Fellermaier on behalf of the Socialist Group, Mr Alfred Bertrand on behalf of the Christian-Democratic Group, Mr De Clercq on behalf of the Liberal and Allies Group, Mr de la Malène on behalf of the Group of European Progressive Democrats, Mr Scott-Hopkins on behalf of the European Conservative Group, Mr Amendola on behalf of the Communist and Allies Group, on the number and composition of the European Parliament's committees.

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¹ OJ C 28 of 9. 2. 1976.

President

Pursuant to Rule 14 of the Rules of Procedure, a request has been made for this motion for a resolution to be dealt with by urgent procedure.

I propose that Parliament shall be consulted in one hour's time on the request for urgent procedure. If urgent procedure is agreed I shall then propose that Parliament consider the motion for a resolution immediately.

Are there any objections?

That is agreed.

I call Lord Castle on a point of order.

Lord Castle. — Mr President, you have mentioned urgent procedure. There must be others in this Assembly besides myself who are interested to know the outcome of the submission to the Bureau that there should be a debate by urgent procedure on the imprisonment of a certain person in Brittany. I was assured yesterday in the Chamber that we should have a decision from the Bureau today as to whether or not this was an appropriate subject for debate.

Are you in a position, Mr President, to tell us whether we are going to have such a debate this week?

President. — In due course, Lord Castle, you will be informed of the Bureau's position on that point.

7. Community policy on the siting of nuclear power stations

President. — The next item is the report drawn up by Mrs Walz, on behalf of the Committee on Energy, Research and Technology, on the conditions for a Community policy on the siting of nuclear power stations taking account of their acceptability for the population (Doc. 392/75).

I call Mrs Walz.

Mrs Walz, rapporteur. — (D) Mr President, ladies and gentlemen, the report before you today deals with a problem which is causing very special concern in our Community countries. For many years there has been no area of modern technology, no technological development on which opinions have been so controversial—and the scientific documentation now available is enormous—as nuclear energy. Not only the scientific documentation as such but also the conclusions which various people feel justified in drawing from it in the light of their own convictions, are as diverse as opinions on questions of faith and conscience. These views are put forward with such reluctance to com-

promise and such missionary zeal, that one sometimes doubts whether the decisions needed in this sector for the future can in fact be taken.

These conflicts must be solved at all costs, because in the foreseeable future nuclear energy will become part of a vital global energy policy—necessary almost to our very survival, because we cannot close our eyes to the fact that our fossil energy resources are being exhausted. In a single year man uses as much of those resources as nature stored up biogenetically in one hundred thousand years.

Fossil energy supplies are running out. At 1972 consumption levels, oil will be exhausted in 35 years, assuming a 4% annual growth rate in 21 years or in 36 years at 2%. According to the latest estimates British oil will only last for 20 years. The same depletion period applies also to natural gas which is much easier on the environment than coal and oil. Assuming 4% growth, the Community's coal supplies will last perhaps another 70 to 80 years. Unless we are to take incalculable economic risks, nuclear energy is therefore essential.

The decision on the medium and long-term use of more nuclear energy in the Community is therefore determined solely by energy policy necessity and by the aim of making energy available in the long term in the form least harmful to the environment, in adequate quantities and under reliable and more favourable price conditions to the economies of the Member States.

Without an energy base of this kind, even zero growth will be impossible to attain and jobs will not be secure, while the developing countries will not be able to count on greater assistance.

A first, decisive step towards the implementation of the common energy policy would consist in joint planning of nuclear power stations by all the Member States. Having regard to the material compiled and evaluated by me in this report, the Commission must, however, be urged first of all to work out as soon as possible detailed and uniform directives on the operational safety of nuclear power stations, on the related questions of ecology and environmental protection and finally on the transport and storage of radioactive waste; where it has not already done so, it must submit concrete proposals.

This is a precondition for objective harmonization of the authorization procedures for the siting, construction and operation of nuclear power stations in the Community countries. The statutory provisions containing authorization conditions must also be harmonized because this har-

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monization is imperative if the responsible national or regional authorities are not to take decisions creating a new kind of distortion of competition.

Guidance must also be given at Community level on the important matters of official supervision and police security for nuclear power stations, and assistance will have to be provided with the information campaigns necessary, at national and Community level, to bring the importance of this technology home to the general public. Only when these conditions have been met by the Commission can it take over its central task—the coordination of the individual activities of the Member States in the nuclear power sector. This vital task can only be performed by a specially qualified Commission office. Reference has been made in this connection to a special agency, but that might be going too far.

Perhaps the title of this report—'Report on the conditions for a Community policy on the siting of nuclear power stations taking account of their acceptability to the population'—may seem too complicated to some of you. However, this long title indicates accurately the problems and aspects which have formed the central focus of our study—and it must be stressed that this is only a first survey of the subject.

From the start we in the committee recognized that there would be a number of material difficulties in drawing up a report of this kind, given the lack of basic documents. The rapporteur was therefore asked first of all to set down in a basic document as far as possible all the facts and data on the siting of nuclear power stations as recorded in the Member States or in third countries with similar problems.

The working document now before you is therefore only an initial summary, in other words the Committee on Energy, Research and Technology has always assumed that this first report would need to be expanded and refined as soon as possible and that instances of practical difficulty encountered should also be covered.

Our starting point can only be the aim of a common energy policy to which I have briefly referred already, namely the medium and long-term security of energy supplies in the Community countries and the concomitant need to reduce as far as possible the level of dependence on the oil-exporting countries.

I also consider it necessary to put paid to the current illusions about possible alternatives, and in reality it is no more than an illusion to believe that all the problems of our future energy supplies could be solved by planned zero growth in the energy sector. That would result in un-

employment in our Community on an unprecedented scale.

We must therefore continue to expect a further, if smaller rise in energy consumption despite all the measures taken, so far with little success, to make energy savings and resort to more traditional forms of energy utilization.

In clear and unambiguous terms this means that we must make provision for the day when the conventional sources of energy are no longer available. In the mid-60s attention was constantly drawn to this need and warnings voiced about the consequences, especially in the light of the population explosion. In the next 25 years it will only be possible to close the resulting energy gap marginally by using new substitute energy sources, on which a great deal more development work is needed, such as solar energy, wind energy and geothermal heat; forecasts by specialists—not by politicians—show that by the year 2000 these new energy sources will only cover 1/2% or at best 1% of our energy needs.

On a number of occasions this House has assumed that nuclear energy must cover 13 to 16% of our overall energy needs in the context of the common energy policy by 1985.

However, as the realization of the environmental risk to all life in our industrial society developed into a central problem and was brought home to the general public, so there developed a passionate discussion of the question of the industrial utilization of nuclear energy which makes objective consideration extremely difficult today. There are reasons for this, because since the USA used the first results of nuclear research with such destructive consequences in Japan in August 1945, the fear of atomic energy has become a kind of primeval fear from which man cannot altogether escape. This is the only explanation of the belief held by many of our citizens that nuclear power stations are little less than attractively packaged atomic bombs.

We must recognize this fact and bear it in mind in all our decisions.

Further enquiry reveals that this fear stems in part from a striking lack of information of the population. From the start the discussion of the peaceful uses of nuclear energy has not been directed at the persons immediately concerned—our population. It has been confined to scientists who had little interest in informing the general public and to energy policy planners. However, in future it will be essential to inform the population differently and more effectively and sooner than in the past. This applies too to the possible risks, difficulties and consequences of any kind resulting for a par-

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ticular region from the construction of a nuclear power station.

It must be made clear at once that no new technical achievement, neither railways, nor aircraft is absolutely safe—life is always a risk. In the Federal Republic several thousand persons die every year through the incorrect use of household electrical appliances.

Ladies and gentlemen; this report deals justifiably in considerable detail and explicitly with the questions and problems arising from existing methods of informing the public and in connection with the legal role of local and regional authorities which must be given a greater say in all decisions.

Before ending, allow me to refer to a number of technical problems which must be considered in the context of common site planning. Great importance attaches here to transport, both of the nuclear fuel as such and of the nuclear waste to its final place of storage.

Careful examination of the current criteria for choosing the site of a nuclear power station and of the habitual authorization procedures shows, surprisingly enough, that both the transport of nuclear fuels and the storage and elimination of nuclear waste have until recently not had a decisive influence on the choice of site.

The conclusions reached in the report under these conditions are therefore clear: transport must receive greater attention as a criterion for site choice.

All the measures necessary to safeguard the population and protect their health must be taken during transport. The same consideration applies to the storage of nuclear fuels, in particular waste materials which must be kept under careful control until an absolutely reliable means is found of disposing of them. In the present state of our scientific and technical knowledge, we cannot be absolutely certain that these indispensable safety conditions can be adequately guaranteed at this stage. Having regard to the present state of research in this area it appears vital to pay closer attention in future to these safety criteria when choosing the site of nuclear power stations to keep the significant remaining risk referred to above as low as is humanly possible.

As the report stresses, a reduction in the remaining risk would certainly be achieved by the creation of nuclear parks in which energy would be generated, fuel reprocessed and waste temporarily stored. Underground installations would certainly be the safest solution although the cost increase would be in the order of 10%.

To sum up, implementation of the Community's energy policy aims and common actions in the use of nuclear energy will be based in the first instance on a common policy for selecting and maintaining the sites of nuclear power stations. This siting policy should not only harmonize the current authorization procedures but also place the emphasis on the urgent requirements to which I have drawn attention, namely information, consultation, transport, storage and elimination of radioactive substances. Apart from the objective reasons for a partial transfer of responsibility for the choice of sites to the Community, which you will find set down in my report, one thing seems quite clear to me: Europe will not be able to find rational long-term solutions in the energy policy sector unless it cooperates within the Community which must have a common energy policy; only then will it be possible to solve all the problems connected with the necessary supply of nuclear energy and the related questions of the siting and site maintenance of nuclear power stations. This implies a great deal of work for all of us, ladies and gentlemen, which must be carried through whatever the personal resistance we may encounter.

(Loud applause)

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

Mr Flämig. — *(D)* Mr President, the Socialist Group has not treated this subject lightly. We have devoted several hours to its discussion and we must say that what the rapporteur has modestly described as an annexed 'working document' is in reality a most careful analysis and in our view represents the heart of the matter.

We have just heard that this document sets out, in consultation with the national authorities, all the provisions existing at present in the Member States on the siting of nuclear power stations, the criteria which must be met and the safety requirements which must be observed. The Socialist Group welcomes the fact that the committee and now Parliament are addressing themselves to this subject.

The Socialist Group agrees with the rapporteur that this report naturally only reflects the present position, that the situation is changing rapidly and that our House must keep all developments in this sector under close review, continually collect the latest data and consider the subject afresh from time to time.

What then is the actual subject? Let me first say what it is not, because that needs to be made clear. It is not a report which looks into the

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pros and cons of the peaceful uses of nuclear energy; that question has long since been settled. Several years ago with the creation of Euratom and the decision to set aside large sums for the peaceful utilization of nuclear energy, the European Community chose the direction to be taken and the point of no return has long been passed. The risk has been calculated; as Mrs Walz just emphasized, the need for the peaceful use of nuclear energy derives from the limited stocks of fossil fuels such as coal, oil and gas and from the limited availability of hydro-electricity.

In considering the subject of site planning we are unfortunately not in a position to answer the key question. The key question is this: where are the sites in Europe at which nuclear power stations may be built? The citizens of Europe would like to know the answer and the governments and parliaments of our Member States would no doubt also be interested. But we know that, however desirable, we cannot at present, for political reasons, prepare a precise plan of the siting possibilities. We regret this fact but we are realists.

A report on the siting criteria also cannot be—and here I would like to say a small word of criticism—a text book or guide to all the problems of nuclear energy. Where breakdowns or difficulties relate to the site they should probably be discussed in this report but where they are due to technical or human failure I cannot see their relevance here.

We cannot see the link between substitute forms of energy and site planning, even general economic and energy policy considerations are perhaps only peripheral to the question of site planning as such.

The subject is in fact closely defined. The rapporteur herself just said what it was: to lay down the criteria for a common siting policy for nuclear power stations, having regard of course to their acceptability to the population. The Socialist Group believes that this involves the questions of safety, economy and also technical problems. This also shows, Mr President, the limits of the effectiveness of a politician, because it is asking too much to expect us to solve technical problems. How are we to determine which type of reactor is the best, or why a nuclear power station is feasible or not at a particular site for technical reasons? We must rely on expert advice. But one thing we have grasped as politicians: safety first, safety must take precedence over economic considerations. Safety to us implies protection against external interference, sabotage and acts of war; safety also means reactor safety, radiation protection in the broadest sense, and protection against

disturbance of the ecological balance; it means prevention of unacceptable stresses on the environment including problems of the transport of nuclear materials to and from the site and all that we understand by the fuel cycle.

Then there is the question of economy and the need to determine which types of reactors are the most economical. At present, light-water reactors are being built and consideration of the siting of new reactor types such as high-temperature reactors which the experts say have a higher inherent level of safety, is perhaps a little premature. The same goes for all the problems connected with fast breeder reactors. As laymen it seems to us that a great many technical and safety problems will still arise in the future.

Looking at the report in detail, we see that the rapporteur and the Committee on Energy, Research and Technology have made a whole series of concrete proposals. The creation of nuclear parks is discussed. In our group the question has been raised as to whether this is desirable for military reasons.

A modern power station has a generating capacity of 1300 MW and a nuclear park with three such power stations 3900 MW; to the energy expert that is an enormous figure and if it were taken out of service at a single blow the resulting problems would be considerable. It is easy to imagine how great the dependence of the entire electricity grid in a country like Belgium or the Netherlands would be on such nuclear parks.

Mr President, we are not entirely favourable to the idea of building these nuclear parks on platforms or islands.

Not that we consider it impossible to build such centres on platforms and islands; the British and Norwegians are showing us at this very time what can be done with islands and platforms, given a great deal of money and engineering skill. It is not so much a question of establishing the nuclear power stations on such sites as of transporting the electricity generated there in an economic manner. That requires further thought.

On the other hand the Socialist Group is moderately favourable to the proposal of creating underground nuclear power stations. The experts are constantly telling us that this is impossible because it is far too expensive, at least 30% more expensive than overground construction. We have also heard that there are new considerations and that the technicians are working on entirely new systems. Developments must be kept under review and if, as the rapporteur

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has suggested, we consider this question again from time to time, underground construction deserves close attention. If I may raise the subject of safety once again, the additional costs of this solution are certainly fully offset by the resulting benefits. That at least is how it seems at present.

The rapporteur's comments on the need for transfrontier, European cooperation in site planning are extremely important and opportune. This is a genuinely European task on the same footing as a uniform European energy policy, if I may be permitted to make that point yet again. However, it also implies harmonization of authorization criteria and coordination of site plans. It is a sorry state of affairs when a European country builds its nuclear power stations at a site where they cannot be used at all by neighbouring countries. The lack of coordination cannot be tolerated in future; action must be taken on a basis of consultation not only in the Community but also, as the rapporteur has said, with neighbouring countries. All these points are clearly made in what the rapporteur has so modestly called a working document.

But they are not made so clearly in the resolution, Mr President. The resolution is not a particularly elegant and faithful reflection of the basic document; on the contrary we have the impression that too many cooks sometimes spoil the broth during parliamentary drafting. There is some confusion here. In our group it has been pointed out that reference is made at one point to substitute energy forms or nuclear energy in general, elsewhere to the environment, to economic growth and a common framework, then again to transport, subsequently to new technologies and then back to transport, after which we return to the subject of siting only to diverge again to the subject of external safety and a paragraph dealing with information; then we are back with the common framework, the authorization procedures and the environment, to close with cooling problems and the energy programme as a whole. All this could probably be arranged a little more rationally. Colleagues may then ask: that is all very well, but why did you not do so? After all the committee is there for that very purpose. Mr President, the House must know how this resolution came to see the light of day. It was not drafted and adopted en bloc in the committee in a matter of hours; on the contrary it was compiled over a period of months and each part was voted on separately. I shall be betraying no secret when I say that many, a great many amendments were proposed. A good number of them were adopted but others were rejected with the result that the final text does not correspond entirely to the content of the excellent basic document. We in

the Socialist Group would therefore welcome it, Mr President, if at the end of the debate—we must first hear the observations of our colleagues—we might consider the desirability of referring the resolution back to committee again for reformulation so that it provides a genuine reflection of the position which this Parliament wishes to convey to the European public.

(Applause)

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

Mr Vandewiele. — *(NL)* Mr President, ladies and gentlemen, I wish to make a preliminary remark following on from the pertinent observation by Mr Flämig. The Walz report and above all the valuable working document do not deal with the subject of nuclear energy but with the problem of the siting of nuclear power stations and European regional planning. The aim is to determine in overall terms the sites at which we wish to construct these nuclear power stations, overcoming as far as possible the barrier of frontiers in the Community.

In 1974 the Committee on Energy, Research and Technology took the initiative in compiling this report on the need for a Community policy on the siting of nuclear power stations, having regard to the interests of the population.

The members of the committee were not fully able to envisage the scale which the problems considered by us were to assume. The question of the siting of nuclear power stations in the Community has become a question of conscience to many of us in the Community. Some sectors of our populations oppose through petitions, demonstrations and even strikes, any extension in the number of nuclear power stations on the grounds that public health and the environment would suffer serious damage. Vigorous campaigns are undertaken and sometimes the horrifying spectre of Hiroshima is raised again. On the other hand it is rightly held in other quarters that our future economic growth and even the maintenance of our present level of prosperity stand or fall by the extension of nuclear energy supplies. Each of us in his respective national parliament is faced with a number of questions. Some of us have to fight against doubts despite the fact that we have repeatedly and almost unanimously spoken out here in the European Parliament in favour of the massive use of nuclear energy.

The relevant proposals by the Commission and Council have always met with broad support. Mrs Walz has devoted several months to an intensive preliminary study of the problems

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under discussion today. She was given encouraging support by the Directorate-General for Research and Documentation of the European Parliament. On behalf of our group I would like in my turn to pay a real tribute to the working document and report drawn up by Mrs Walz.

The new strategy in the area of energy supplies confronts us suddenly and on a massive scale with the urgent need for a rapid extension of nuclear power stations in the Community. I personally was impressed by certain figures in Mrs Walz' working document. In the Federal Republic she points out that in addition to the 10 nuclear power stations which are already operational, a further 13 are under construction and there are plans to build another 17.

This makes a total of 40 power stations. In the United Kingdom important projects are in preparation under the second and third nuclear programmes.

France plans to have some 50 reactors by 1985 spread over 20 power stations. For the year 2000 it is proposed to build 200 reactors grouped in 40 nuclear centres. Italy has already ordered 4 new power stations and is considering the construction of 12 to 16 more in the next five years.

According to estimates of the European Commission, by 1980 there will be 100 to 112 nuclear power stations in the Community and some 200 by 1985. That, ladies and gentlemen, is the scale of the problem confronting us. The construction of the first power stations encountered little opposition but now that fourteen times as many are to be built at an accelerated rate our populations are worried—to some extent rightly.

Nuclear energy is still a subject of debate among our citizens. The opponents of nuclear energy draw attention with increasing vigour to the problems of safety and the consequences for public health and our living environment. The Christian-Democrats cannot remain insensitive to this concern. I therefore wish to draw your attention briefly to three main points in the Walz report.

Firstly, the consultation and information of the population concerned and in particular of the local authorities. Mr Flämig has already drawn attention to the need for this. Mistaken views will be avoided if we provide the necessary information in good time and in complete objectivity to the population of the areas concerned.

Secondly a clear legal basis must be provided for the authorization procedure at all stages—local, regional and national. In various countries public hearings are organized in the initial stage of the prescribed consultations. The time has come for all the Member States to harmonize

and standardize as far as possible their prescribed authorization procedures. The Community approach is particularly important in frontier regions. Transnational, regional consultation must become an obligation when the construction of a nuclear power station is planned in the vicinity of an internal frontier of the Community. We read for example reports in the press that two power stations are to be built on either side of the frontier between Luxembourg and Germany at a distance of a few kilometres from each other on the Moselle. There are differences of opinion on this subject and according to press reports practically no agreements have been reached.

How is this possible? For years we have been talking about transnational agreements but we are still unable to achieve them.

Thirdly there is the question of the harmonization of conditions for site authorizations. We should like to hear from the Commission what action is being taken and what proposals are in preparation for harmonization of the generally applicable siting criteria. We believe that in each case allowance must be made for the following criteria: the power stations must be necessary for energy supply purposes. They must be justified in social and economic terms. The Community programme must be an overall plan. In the context of the regional planning policy of the nine Member States, priority must be given to the protection of public health and the environment.

Is population density a relevant factor? This is an important question. Mrs Walz constantly returns to it in the working document. I am asking this question on behalf of the small countries. In the Netherlands and Belgium extensive conurbations have grown up. We do not have large areas with a small population. The question of population density therefore remains one for our parliaments to resolve. Other problems are the use of land for agriculture, the microclimate in the area concerned, the water balance, the fauna and flora which must be protected and the landscape as a whole. These are not minor considerations!

Ladies and gentlemen, in a wide open landscape or in a mountainous area it is not so difficult to site a few cooling towers on a big river, but in smaller areas this may ruin the entire landscape. This objection cannot be overlooked. Planning policy and the way in which nuclear power stations are sited and grouped together is enormously important and liable to give rise to resistance and opposition.

Finally there is the problem of research in the nuclear sector. The Community and all its

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Member States must do all they can to find a solution to the problem of reactor safety and the development of new technologies which make radioactive waste materials harmless. In view of our geographical and demographic situation the Community must encourage research into the possibility of the underground construction of nuclear parks and the construction of groups of power stations on natural or artificial islands.

The Christian-Democratic Group approves the proposed motion for a resolution and hopes that the remarkable report by Mrs Walz will be an important contribution to the compilation of a genuine Community plan for the establishment of safe nuclear power stations which create prosperity and are acceptable to the population.

President. — I call Mr Premoli, draftsman of the opinion of the Committee on Public Health and the Environment.

Mr Premoli. — (1) Our discussion today of the siting of nuclear power stations implies that a choice has already been made regarding the inevitability of the growth of this technology. If we are considering where these power stations can be built we must expect them to be progressively used. Their development is indeed inevitable and a natural phenomenon unless we are willing to make a different choice for our civilization and block its progress, while it continues to flow like a great river all around us. A few examples will suffice to demonstrate this: the Soviet Union and the United States—two nations whose size and structures are comparable to those of the European Community—will be able to meet half their energy requirements from nuclear power stations by the end of the century, within less than twenty-five years.

France, a Community country, will see its energy requirement increase from 300 to 700 million tons coal equivalent in the last quarter of a century: where can guaranteed supplies be found on fair market conditions, without any risk from ideological terrorism and the financial aggressivity under which we have suffered since the end of the Yom Kippur war? There is only one answer: by increasing our use of substitute energy sources. Since it is becoming increasingly difficult to find workers willing to go down into our mines we must count above all on nuclear energy, Dutch natural gas and oil from the North Sea.

To the extent that we shall have independent supplies sufficient to cover fifty per cent of our needs, we are convinced that the front of the oil producing countries will weaken and confrontation will give way to dialogue.

Let me return now to the theme of today's debate. In the pluralist democratic systems which we enjoy in the Community countries, it is unthinkable to impose on a particular population group the need to live near nuclear power stations: the only possible solution is to obtain their consent. That consent forms the basis of our entire concept of democracy today. But to convince the local authorities it is essential to undertake a programme to inform public opinion, thus overcoming the barrier of unfounded anxiety about the possibility of accidents, above all by explaining how such accidents can be limited or rendered harmless.

This task of information may well have been underestimated by the responsible bodies. It seems to me that it can only be performed properly by an institution of proven independence and objectivity such as the European Commission. Governments are suspect in the eyes of the man in the street because they reflect unstable majorities; the Commission on the other hand combines representatives of the major political forces of our continent and is not subject to electoral requirements and dates which are liable to lead to demagogic distortions.

In our view, the Commission should emphasize the main features of the problem of nuclear power stations, for example the problem of recycling radioactive waste whose stockpiling causes such concern to the public. We have long maintained that a special agency should be established with responsibility for the transport, storage and recycling of radioactive substances whose long life and danger are liable to constitute a real barrier to the multiplication of nuclear power stations unless the substances concerned are properly treated to render them harmless using the latest techniques.

A further problem which requires study now, even though it will not arise in practice for some years, is that of the closure of obsolete power stations, i.e. power stations which will cease to be competitive once more economical ways have been found of producing nuclear energy. The problem arises above all in terms of safety and the need to avoid incidents such as the release of radioactive substances or the use of reactors by terrorists whose imagination is boundless. The problem of obsolete power stations also arises in ecological terms since an installation of any size comprises 300 thousand cubic metres of concrete, 4 thousand tons of metal structures, 45 thousand tons of machinery and piping and 300 kilometres of electric cables. Plans for dismantling such power stations should therefore already be drawn up now if we do not wish to run the risk of being faced one day with vast unusable "cathedrals" which will be a further

Premoli

blot on our environment and deprive our citizens of useful land thus tending to heighten to their detriment the damage of an urban development which will be even less human than today.

Where then should these modern dinosaurs be built?

It is generally agreed that the sites chosen should be remote from urban centres to prevent the latter from being exposed to possible explosions and the risk of ambient radioactivity.

Qualified and well-informed scientists consider this approach to be correct because safety has up to now been guaranteed and the precautions taken have prevented any incidents or sabotage from affecting the actual reactors. Measures must of course be taken to ensure that in future, when the number of nuclear power stations is much greater, the same stringent conditions are still respected. In this context I believe one desirable policy would be to standardize the common parts of reactors, thus also enabling their cost to be reduced.

Attention should now also be given to the feasibility of siting these stations closer to the centres of consumption and big cities which would enable the problem of the great masses of heat discharged by nuclear power stations to be solved. Instead of obtaining cooling by means of watercourses whose temperature may be raised by as much as ten degrees centigrade, the available heat could be used for urban heating purposes.

The problem of siting nuclear power stations brings to mind an example of an unfortunate decision, only a few kilometres from this House. Unless measures are taken to prevent this development, two nuclear power stations will be built at a distance of twenty kilometres from each other along the Moselle, in France and Luxembourg. This seems absurd but the absurd development can still be prevented if a consortium is set up to solve the problem. This would provide an example of healthy European cooperation in regional planning and nuclear energy by promoting at the same time a broader agreement to limit otherwise inevitable conflicts with countries outside the Community because of the evident temptation to discharge nuisances onto adjoining regions and nations. Experience has shown that egoism leads nowhere and only solidarity can prevent the risks of ecological damage.

In conclusion, may I remind you that a period of ten years is necessary for the design, construction and commissioning of a power station; the needs must therefore be programmed in good time and an area of territory made available to

house these vast power stations which may be inconvenient but are certainly essential to our economic and social development because, as we know, the alternative is unemployment.

(Applause)

President. — I call Mrs Kruchow to speak on behalf of the Liberal and Allies Group.

Mrs Kruchow. — *(DK)* Mr President, as a relatively new Member of Parliament I should first like to thank those Members who first took the initiative for drawing up this report and on behalf of the Liberal Group express our special thanks to Mrs Walz, who has drawn up the report, the motion for a resolution, the meticulous explanatory statement and the ample annexes.

The report reveals that seven Community countries are so experienced in using nuclear power plants and planning new ones that in 1985 there will be about 190 nuclear power stations in the Community. It is therefore high time that a harmonized common policy on the siting of power plants was drawn up. Since countries bordering on the Communities also have or are planning to build nuclear power plants, it is also important to arrive at some arrangement whereby the other countries of Europe would accept the safety and environmental requirements that have to be set before a site is chosen. It is to be hoped that cooperation with the Community will also influence the future development of international rules, including a check that they are complied with.

The vast growth in the number of nuclear power plants throughout the world is obviously caused by the increase in oil prices in 1973 and the simultaneous interruption of regular oil supplies through the years. The industrialized countries including Western Europe have therefore had to attach importance to security of supplies as well as taking high oil prices into consideration. This is also the reason for the energy policy objectives agreed by the Council of Ministers in December 1974, which require the Community to reduce its dependence on imported energy by more than 50% in 1985. Even though the Commission and the Council are aware of some of the points mentioned in the report and the Council, as far as I have understood, recently adopted a five-year programme on the treatment and storage of radioactive waste, it is becoming increasingly clear that people in regions where power plants are located or planned are quite rightly demanding more information on all the environmental and safety problems involved. They are particularly anxious that the problem of rendering radioactive waste

Kruchow

harmless has not yet been finally solved. The report stresses the need to provide the people with regular information on all aspects of nuclear energy. I feel there is reason to put forward the method used to inform the people of the United Kingdom which started its first reactor operating in 1962.

I see no reason now for going into the details of the various problems that require special safety and environmental protection measures. They have been described at length in the report; the rapporteur, Mrs Walz, has discussed them and Mr Premoli also mentioned them in connection with environmental protection. But I do want to stress that it is not first and foremost a question of adopting a position for or against nuclear energy but of noting the fact that nuclear energy will be used increasingly in Europe in the rest of this century and that it is imperative that the Community establish common rules for the siting of such plants. I therefore recommend on behalf of the Liberal Group that we vote for the motion for a resolution in the hope that Parliament will also give its full support.

Some Community countries have not, however, committed themselves to using nuclear energy. I personally will therefore refrain from voting on individual points of the resolution such as points 2 and 5 that regard nuclear energy as necessary, but I shall vote for the report as a whole. A common energy policy is absolutely essential and the motion for a resolution before us is an important step towards one.

(Applause)

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

Mr Krieg. — *(F)* Mr President, allow me to begin by congratulating Mrs Walz on behalf of my group on the report she has placed before us; it is an excellent report on a difficult technical subject but the conclusions she has reached are particularly far-sighted. I shall shortly ask the Assembly on behalf of my group to adopt those conclusions.

We must not forget that recourse to nuclear energy is both indispensable and inevitable. Since the beginning of time, man has sought assistance of every kind, first from animals and later from machines; in future he will inevitably need to fall back on nuclear energy.

Ladies and gentlemen, energy has always been an important, indeed a decisive, factor in economic and social policy. It has enabled man to reduce and in some cases eliminate physical

effort. Energy has enabled working hours to be shortened but it must not be forgotten that there is, in our modern societies, a direct correlation between economic activity and energy consumption. Energy supplies have, however, now become a world problem because in addition to the growing needs of industrialized countries such as ours, the economic take-off of the developing countries will lead in years to come to a considerable increase in world energy demand.

Supplies to Europe are a vital problem today and will remain so in the future. Europe imports over 60% of its energy requirements and almost all its oil. Europe is therefore particularly vulnerable and this energy dependence has inevitable economic, social and political consequences. The necessary security of energy supplies for the European economy not only requires a far-reaching diversification of the imported forms of primary energy but also the vigorous development of all new or substitute energy sources—geothermal energy, wind and solar energy, but above all thermo-nuclear fusion.

In the medium term these new energy sources cannot make a significant contribution to Europe's energy balance. We are therefore bound to resort to nuclear energy which, as the rapporteur has pointed out, is not without certain risks. But we must also examine the other parameters of the problem, namely the risk of a breakdown in energy supplies, dependence on foreign countries and the slowdown in growth. The most harmonious possible balance must therefore be struck between these different factors.

There is, however, another form of dependence from which we must escape. Everyone is aware that the considerable power of the oil companies holds our economies in a serious state of dependence; Mr Borschette's report makes that plain enough. We now know that those same companies, whose role is nonetheless extremely valuable and whose merits are real, are themselves pursuing a policy of investment diversification and have begun to explore the nuclear sector. While there is still time we must therefore ensure that the public authorities have the means of making themselves heard and, where appropriate, of controlling operations in the nuclear sector. The importance of the nuclear programmes set up by the Member States—which we naturally welcome while regretting the little progress made towards a genuine Community policy—raises two acute problems: that of informing the public and that of establishing a genuine Community policy on the siting of nuclear power stations. The development of nuclear energy in fact requires exhaustive and continuous information of the general public.

Krieg

Who can say today that it is not precisely the paucity and insufficiency of this information which has fostered the outburst of hostility by some of our population to nuclear energy—a feeling of hostility to which previous speakers have already referred? The sudden acceleration of our programmes and the growth in the number of power stations therefore require not only good information of the public but also and above all a genuine Community policy on the siting of these power stations, and that is our affair.

I shall not dwell on the problems of harmonizing the authorization procedures at present followed in the different Member States, to which the rapporteur has already referred, nor on the question of harmonizing the criteria for the choice of sites. All these problems have been discussed in detail already. The rapporteur and other speakers have dealt with them with great clarity and realistic solutions are proposed in the report now before us.

Another factor must also receive our attention—that of safety. The development of nuclear energy requires above all equipment which is reliable from the safety angle. It must be conceded that very stringent standards have been worked out—much stricter than in other sectors of industry—and, under normal operating conditions, nuclear installations have proved no more dangerous to the population than a good many other industrial plants—quite the contrary.

However, certain risks remain to which the civilian population may still be exposed as a result of aircraft crashes, fires, earthquakes and sabotage.

Techniques and possibilities for surveillance of nuclear installations must therefore be improved. In this respect, while the construction of nuclear parks grouping together a number of power stations and other installations, thus avoiding in particular the dissemination of such power stations in close vicinity of each, seems an interesting proposal which might provide a good solution. On the other hand, we do not believe that underground construction is feasible or a favourable solution in the present state of technical knowledge.

We should in fact achieve results which would be extremely harmful to our environment through the need to construct high cooling towers—and I do not believe that the protection of man necessarily involves the violation of our environment. The Group of European Progressive Democrats wanted to make these few observations in this debate. While hoping that the draft report now before us will be adopted, it believes that at the

start of 1976 the time has come for us to move beyond the stage of tentative studies and enter at long last the phase of practical achievements.
(*Applause*)

President. — I call Lord Bessborough to speak on behalf of the European Conservative Group.

Lord Bessborough. — Mr President, my colleague, Mr John Osborn, who studied these matters in the Committee on Energy, Research and Technology, is unfortunately not here at present to speak for the group, and so I have collected my thoughts in the last few minutes in order to replace him. I regret to say that I do not have the benefit of his notes; however, I have some thoughts of my own which, I think, are certainly the views of my group.

Together with Mr Vandewiele, on behalf of the Christian Democrats, Mr Krieg, on behalf of the European Progressive Democrats, and also with the Liberals, we in the Conservative Group certainly support the motion for a resolution tabled by Mrs Walz: we have studied and read with great interest the very comprehensive and very useful report which she has drawn up. It is true that we have been discussing this, as Mr Flämig said, for months in our committee.

Speaking personally, I would like to say at the outset that I sympathize with some of the remarks which Mr Flämig made in this respect—although, as I say, we support the resolution as a whole and will indeed vote for it, and what I have to say are only very minor provisos.

First of all, the motion does not seem to me to substantiate the claim that the development of nuclear power is in fact at risk without this kind of policy which is proposed. Existing measures of control do exist under international agreement, but the motion tends to give the impression that there are shortcomings in present security arrangements. I certainly do not think this applies in the case of Britain, and I am very doubtful whether it applies in the case of other countries. British and European observers at the International Atomic Energy Agency on the safeguarding of nuclear materials have ensured, I think, that proper safeguards have been taken. Certainly Britain has not experienced any particular difficulty in the transportation of fuel and radioactive waste from the large number of nuclear installations which are widely dispersed throughout the country. The United Kingdom and indeed all Member States must, under Article 37 of the Euratom Treaty, submit details of plants for the disposal of radioactive waste to the Commission for an opinion before the operation of any nuclear installations.

Lord Bessborough

This, I think, is being observed, and therefore I have no great fears on the physical protection of power stations. The reinforced-concrete vessels which contain nuclear reactors are several feet thick and provide protection against both radiation and sabotage. Senator Noè and I recently visited Windscale and observed what tremendous security precautions are taken, and I think the Senator was as impressed as I was by what has been done. Certainly appropriate security precautions are already taken to safeguard all nuclear installations. I am, of course, glad to see that Frau Walz recognizes that Britain is a country where the public is kept informed and involved in a truly satisfactory manner.

There is a question I should like to address to Mr Simonet concerning the report by Mr Tindemans. Under the protection of the environment. Mr Tindemans states this:

'The European Union should possess a common body responsible for regulating and controlling nuclear power stations with identical responsibilities and powers to those of the Nuclear Regulatory Commission in the United States. Control should be exerted over the siting, construction and operation of the powerstations, the fuel-cycles and the disposal of radioactive and thermic waste. The psychological reactions throughout the whole of Europe against the setting up of nuclear power stations can only be calmed by the existence of a supervisory body.'

I should be very grateful to Mr Simonet if he would tell me whether he in fact agrees with the suggestions made by Mr Tindemans.

Finally, Mr President, I should like to make the point which I made in committee and which Mrs Walz has fully taken into account, and that is that safety measures are different for each reactor. They are different, whether they are the original Magnox reactors of the early sixties, the advanced gas-cooled reactors, boiling-water reactors, pressurized water reactors, the high-temperature gas reactors, steam-generating heavy-water reactors or fast reactors. We cannot have—and Mrs Walz fully recognized this after discussion—identical safety measures for all these different designs, and I hope the Community and Member States of the Community will continue to go ahead with different designs of reactors.

I agree with Mr Krieg that nuclear energy may well be safer than other forms of energy. Coal-mining and oil-drilling in deeper waters certainly have more, I regret to say, disasters to their name than has nuclear power. But overall, Mr President, as I say, my group fully welcomes Mrs Walz's assiduous work on this matter, namely her visits to all the different countries, her excellent and lengthy report and the very

comprehensive motion which is before us this afternoon.

(Applause)

8. Number and composition of the European Parliament's committees

President. — Just over an hour ago I announced from the Chair that I had received a motion for a resolution tabled on behalf of all the political groups with a request for urgent procedure under Rule 14. I explained that it concerned the number and composition of Parliament's committees. The motion had been distributed as Doc. 484/75. It was agreed then that I would consult Parliament on the request for urgent procedure in an hour's time.

Lord Castle at that time asked me what the Bureau had decided on the urgency of the question under Rule 47. I remind the House that the question concerned the detention of Yann Fouéré.

I am grateful to Lord Castle for giving me the opportunity of making a short statement. According to Rule 47, questions are submitted to the enlarged Bureau, which then decides *inter alia* whether they are to receive written answers or be placed on the agenda, with or without debate. The Bureau considered the matter and decided to place this question on the draft agenda for the February part-session.

Now I am sure Lord Castle, and indeed all my colleagues will realise that if the President or a vice-president has to answer from the Chair questions as to what happened in the Bureau, it could interfere considerably with the smooth running of our debates. For this reason the secretaries of all the political groups attend the Bureau and they can give information to members of the group in appropriate cases.

I must point out that what I have said concerns the question submitted under Rule 47. It is therefore entirely distinct from the submission of motions for resolutions with request for urgent debate under Rule 14, and that is the kind of resolution which we shall now deal with.

As I said, I shall now consult Parliament on the adoption of urgent procedure with regard to the motion for a resolution tabled by the political groups on the number and composition of Parliament's committees.

Are there any objections to the adoption of urgent procedure?

I call Lord Castle.

Lord Castle. — Mine, Sir, is not really an objection to the procedure. In fact it is an

Lord Castle

attempt to thank you for the urgent procedure you yourself have adopted this afternoon in giving us such a speedy decision on a matter which was of great concern, I am sure, to Parliament. But I want to draw attention to what seems to me a contradiction in the procedural possibilities which can be exploited by Members in this House.

Sir, I would have thought that, when by general consent a matter was raised under the Rules of Procedure for oral debate yesterday and submitted to the Bureau, it was for the Bureau, having been acquainted with the concern that is felt about this person in jail in one of our member countries, to say it would perhaps be better for this matter to be discussed under urgent procedure rather than as an oral question for debate in a month's time. We are not here dealing with the arid mechanics of running Parliament. Strange it will seem to some Members of this Assembly—not all of them Celts—down-to-earth, unimaginative Anglo-Saxons like myself...

(Applause)

Strange it will seem to them that it is an urgent...

President. — Lord Castle, really this topic is not on the agenda. Therefore, I do ask you not to pursue it. The point that is on the agenda is whether this matter—which is under Rule 14 and not Rule 47—is an urgent matter. So please bring your remarks to a conclusion. Whether you are Anglo-Saxon or a Celt doesn't really matter. You must be in order.

Lord Castle. — Then, Sir, I seek your guidance on how this matter, which has a tremendous element of urgency about it, can be discussed and how the decision of the Bureau can be reversed.

(Applause)

President. — Any Member of this House choosing a rule of our House which is in order can make an application. But the matter you refer to has already been dealt with, Lord Castle.

You were kind enough to congratulate me on making a speedy ruling, but I gave no ruling; I merely reported what the Bureau had decided. But I will certainly see that your comments on this question of procedure are brought to the attention of those who are responsible for keeping our procedure up to date.

We are now considering procedure under Rule 14.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — One obviously does not want to go over what has happened, and what the decision of the enlarged Bureau was is irrelevant to this particular discussion. The point being put forward by Lord Castle and others is a matter of deep concern for all of us but not something which necessarily requires an urgent procedure. I would have thought it would be much better for this House to consider this matter very carefully when the full documentation has been brought forward for it. We want to know the full history, the full facts, of this particular case. This House, Sir, is not a court of appeal for individual injustices; but I think we have to consider this matter more carefully and more deeply and, therefore, Sir, I would oppose a motion of urgency.

President. — May I again remind the House that we are dealing with the motion for a resolution on Parliament's committees?

I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — Mr President, could I ask a question which is in order and does relate to the motion which you have referred to and does relate to Rule 14 of the Rules of Procedure?

If the motion on urgent procedure is adopted in respect of this resolution on the number and composition of committees, may I ask whether it is your intention to interrupt the debate on nuclear energy or to take it immediately thereafter?

Paragraph 3 of Rule 14 says that questions to be dealt with by urgent procedure shall be given absolute priority over other items on the agenda. I think I am right in saying that is normally construed as meaning items which are on the agenda and have not yet been embarked upon. Would it not be more convenient to conclude first the debate on nuclear power-stations, which after all has proceeded on a good deal of its course, and then turn to the motion on committees, which presumably will be very short in duration?

President. — It was my intention to propose that we deal with this matter immediately. It was my hope that that would be done very rapidly and that we could then get back to the main subject of debate. But let us take it in stages.

I put the adoption of urgent procedure to the vote.

The adoption of urgent procedure is agreed.

President

That having been decided, I propose that Parliament deal with this item immediately.

Are there any objections.

That is agreed.

I call Mr Fellermaier to move the motion for a resolution on the number and composition of the European Parliament's committees (Doc. 484/75).

Mr Fellermaier. — (D) Mr President, ladies and gentlemen, I hope that the confusion has now been completely dispelled and that we can now address ourselves solely to the question of the internal organization of parliamentary work from March 1976 onwards.

In recent weeks the groups—yesterday with the Bureau—have been considering how our parliamentary work can be improved against the background of the strain of the dual mandate; we would like to achieve more political and practical efficiency with a smaller number of committees but fuller participation by members of those committees—the burden on our colleagues would be relieved by reducing the future number of committees. This was the theme underlying discussions between the groups. The participants on behalf of the six groups did not of course find it easy to eliminate for example the Committee on Cultural Affairs and Youth. They did not find it easy either to put an end to the Associations Committee formed only last year with responsibility for dealing with Greece and Turkey. But throughout the discussions we sought to ascertain how work could be improved without interfering with the political exigencies. We reached the conclusion that the Associations Committee and the Committee on Cultural Affairs and Youth should be dissolved, leaving the twelve committees listed in our motion for a resolution; the title of the Committee on Social Affairs would also include education, while the Committee on Public Health and the Environment would also deal with consumer protection. It is also proposed to constitute two independent delegations with a membership corresponding to the respective strength of the political groups: a delegation for the Association with Greece and a delegation for the Association with Turkey.

Mr President, a number of questions then arise regarding the respective terms of reference of these committees. This matter will be discussed in the Bureau. It is not for the Parliament as such to decide precisely what terms of reference should be given to each committee. A directive on the subject will instead be adopted by the Bureau in the next few weeks following a communication by President Spénale. Today we are asking Parliament to approve the new committee

structure so that the groups can then immediately begin negotiations on the chairmanships, the composition of the delegations and the members of the committees. Since committees 1 to 11 will each have 35 members and the two delegations 18 each, we are assured that each Member of Parliament will have two full seats on committees leaving aside the delegations. This arrangement will also provide a fair solution for those colleagues who do not belong to a political group. I believe then that this is the maximum that could be achieved by way of a genuine compromise between the groups. I ask the House to approve this motion.

President. — I call Mr Schuijt.

Mr Schuijt. — (NL) Mr President, I wanted to speak briefly because I cannot with the best will in the world view this as a realistic policy for our Parliament. I consider the attitude of the groups inconsistent and lacking in cohesion. Inconsistent, because a number of technical reasons have been quoted here for pushing politically important matters into the background. I view the inability to find any other solution to the technical problems as yet another example of the organizational incapacity of this Parliament.

Last year Parliament expressly recognized that a start must be made on the overall Mediterranean policy, and at a time when policy regarding the countries to the south of the Community is coming to play an increasing role in the Community—the reasons for which Parliament set up its Associations Committee last year—these arguments are now being completely disregarded by the same Parliament. I consider this particularly unacceptable from the political angle. We are familiar with this Parliament and know that our delegations as they exist at present and have existed in the past, are Greeks with the Greeks and Turks with the Turks; perhaps this points to our good-will but in reality we should always be Europeans with the Turks and Europeans with the Greeks. Everyone knows that an Associations Committee is a genuine necessity but now we are to disregard the fact. Parliament is thus breaking apart again its overall Mediterranean policy and I greatly regret this political decision. You must consider what the reaction of third countries will be to a decision such as this.

We all know that the European Community enjoys much more prestige beyond its frontiers than at home. How will other countries react to this decision of Parliament? They will say: 'Last year the European Parliament considered the associations important but now it is writing them

Schuijt

off again' or 'it is quite clear that the associations no longer have a political rôle.'

I do not see this proposal as desirable against the background of the overall association policy of the Community and of the European Parliament. I therefore protest most emphatically against the abolition of the Associations Committee and I wanted to do so in public.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, I wish to support Mr Fellermaier on the proposal before the House. I do not think we need to go over all the arguments which have taken place over recent months concerning the Associations Committee and the Committee on External Economic Relations. I can understand Mr Schuijt's difficulties in accepting the proposals but I really do not believe his predictions will come true. I believe that the southern part of the Community—the Mediterranean area—will be equally well looked after and all the necessary decisions and debate concerning that area will take place within the competences of the Committee on External Economic Relations. Indeed there will be the two joint delegations dealing with Greece and with Turkey separately. I would have thought that within the ambit of what is being proposed by Mr Fellermaier in this motion, we shall be able to deal with all the problems in that area without any detriment to them. And so on behalf of my group, Mr President, I support the proposal put forward by Mr Fellermaier.

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — There is only one small point I would like to raise arising out of what I think I heard Mr Fellermaier say in introducing his motion.

I thought I heard him say that the question of the competence of the committees was not a matter for decision by Parliament, and that it was a matter for the Bureau. I fully accept that the Bureau is the right body to make a study of the subject and to make its recommendations, but surely Parliament must ultimately be sovereign over questions of its own procedure. We cannot accept that the Bureau is in some way a superior body with powers to dictate to Parliament. I think that would be an undesirable innovation, so undesirable indeed that I took the point up at once. I hope Mr Fellermaier may have an opportunity of explaining whether I have perhaps misheard what he said.

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington. — Mr President, in the course of the discussions which led the Bureau to arrive at the conclusions incorporated in the resolution, it was thought at one time that the terms of reference of one of the committees should be changed. The particular change that concerns me relates to the transfer of questions concerned with competition from the Committee on Economic and Monetary Affairs to the Legal Affairs Committee. I would like to have formal confirmation that this proposal has been abandoned and that in point of fact all questions concerned with competition will continue to be dealt with by the committee that is now dealing with it.

President. — Lord Bruce, this is not a Bureau document at all. This is a document submitted by Members to the House.

I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — May the Parliament take it that the questions of the competence of the committees and the subjects to be assigned to them are exclusively matters for consideration by the Bureau, including, in particular, the question of the appropriate committee for dealing with matters of competition. On this question there may be two views, and indeed there are two views, both of which will have to be studied by the Bureau. Constitutionally speaking, I would have thought, as Sir Brandon Rhys Williams has said, that the Bureau's decision would be in the last resort subject to endorsement by Parliament in the ordinary way.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) I have a great respect for colleagues who put the question as to who has the last word. The answer is of course the Parliament. But if the Parliament were to take it upon itself to discuss in plenary sitting the directives specifying how responsibilities are to be divided between our committees we should be in for a marathon sitting. Our Parliament would then become the exact opposite of what it is supposed to be—a centre for the clarification of political issues.

The motion for a resolution proposes the formation of twelve committees. The chairmen of political groups or their representatives do not negotiate in a vacuum but after consultation with their respective groups and on the basis of the negotiating mandate given to them by those groups. We have managed by a process of compromise to agree on the terms of reference of the different committees. The plenary assembly cannot deal with the whole issue of respon-

Fellermaier

sibility for development, cooperation and external economic affairs or determine who is to take charge of the Maghreb and Machrek negotiations, depending on whether development aid or customs tariff questions are involved. If the six political groups cannot reach agreement on the questions of principle it is naturally open to each group to invite the plenary assembly to take a decision.

I would therefore ask those colleagues who feel concern to initiate the process of clarification in their own groups after which the groups can reach a proper compromise among themselves which can then be placed before the whole House.

President. — Since no-one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted ¹.

9. *Community policy on the siting of nuclear power stations (Resumption)*

President. — We now return to the debate on the report by Mrs Walz.

I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — Following this interesting and agreeable intermission, I am grateful for the opportunity of making a brief intervention in this debate.

I am not a member of the Committee on Energy, Research and Technology and I certainly have no claim to any expertise in the technical aspects of nuclear energy. I speak against the background of a long interest in matters of land use planning and public participation therein.

The siting of nuclear power stations is in fact only the most striking example of the difficulties and complexities of land use planning and procedures for large and specialized undertakings. Though their special characteristics make them to some extent a special case, nuclear power stations, from the point of view of appropriate and acceptable site selection and planning, share, even if in an exaggerated form, the problems inherent in the siting of all such large and specialized undertakings, conventional power stations, oil refineries, major chemical works, airports and the like. All of these have great economic importance. All have great technical complexity and all to a greater or lesser extent have an adverse impact on the environment because of pollution, hazards, noise and the

like. Nuclear power stations have special characteristics owing to the presence of radiation and in particular in connection with the transport and storage of radioactive waste, although, as Lord Bessborough has said, our experience in the United Kingdom over the years has been reassuring in this regard. Conventional power stations and indeed a large part of chemical and heavy industry cause considerable atmosphere pollution through the emission of sulphur dioxide and the like. And yet all such installations, nuclear and non-nuclear alike, are necessary to the maintenance of the material standards accepted as necessary in the last quarter of the twentieth century.

The basic problem, so far as acceptability is concerned, has its roots deep in the imperfections of human nature. Everybody, as a consumer, wants to have the benefit of the products being produced, but equally everybody, as a resident, feels that these products can most appropriately be produced in somebody-else's neighbourhood or at any rate at no inconvenience to himself. It is a very human feeling but it does not make the task of site selection easier. It is particularly difficult in the case of nuclear power stations because of the technical complexities involved, the constraints placed upon their siting by the risk factor, by water supply and other material considerations.

It is not surprising that the procedures evolved by the Member States to try and solve this complex problem are, as the working document says, divergent and very complex. I found the catalogue and analysis of the various procedures of great interest and I was particularly glad that it included the procedures of the United States and Switzerland, which are of great value for comparison and reference. There is a common pattern, a recurrence of common features in the procedures, dictated of course by the fact that the problems, allowing for differences of population density, extent of coastline and alternative sources of supply, are basically the same.

There is, in each case, a licensing machinery normally operated as a function of government by the Minister of Industry and Trade, for example in Italy, and the Secretary of State for Energy in the United Kingdom, including technical and safety assessment by expert bodies but allowing also for local consultation in most cases and the right of objection and examination by public local enquiries. We can see the thoroughness of the procedures in the Netherlands for example, where there are three phases, and in Switzerland no fewer than four different authorizations are necessary for the construction of a nuclear power plant.

¹ OJ C 28 of 9. 2. 1976.

Walker-Smith

All this of course is very time-consuming. The introduction to the working document specifies that the authorization procedure should be suitably organized to avoid as far as possible excessive and costly delays, and secondly calls for the establishment of a sound and constructive dialogue with the public. Of course these two requirements are necessarily to some extent in conflict and I think it is significant that in Italy, where as far as I can see there is no provision for local objections and public hearing, the licensing procedure takes about 2 years, while in the United States, which has provision not only for public hearings but exceptionally a right of appeal to the courts as well, two years is required for the preparation of the application and another two for the issue of the construction permit by the Atomic Energy Commission. It is clearly sensible to try to expedite processes but not, I would hope, in such a way as to deny public participation or to do away with opportunities for local objection and representation.

In fact circumstances will tend to emphasize and increase the importance of public participation, for two reasons: first, increased experience and sophistication in these matters makes possible a more relaxed siting policy and thus less emphasis on the remoteness of the chosen location. The possibility of siting such plans closer to concentrations of population adds to the importance of local consultation and local rights to express an opinion. Secondly, the development of dry cooling tower techniques will also extend the range of possible locations, again with similar implications for local consultation and public participation.

I think it is of great interest to note the different experiences in the trend of objections. In Germany, for example, there has been a great increase in the time required for these procedures, if we compare 1974 with 1969. In the United Kingdom, on the other hand, there has been a marked diminution of objections and need for public enquiries.

I do not know the reason, but several reasons suggest themselves. Obviously the greater acceleration of the programme in Germany, as shown by the table in the report, is one reason. Another reason perhaps stems from the reasonably successful techniques of public participation which are referred to in the report, where it says the United Kingdom would seem to be the only country at present where the public is kept informed and involved in a truly satisfactory manner.

Such differences give some indication of the way in which the Community and its institutions and machinery can help in this field, for

example, by analysis of the various methods and procedures, by acting as a sorting house, an information centre and an advisory body to the Member States, drawing on and collating experience from outside the Community as well as in, and, if I may borrow the words of the Council's resolution of 22 July last, acting as a catalyst for initiatives on a broader international plane. Perhaps the Community's most valuable role would be an advisory and educative one.

The compulsory standardization of procedures, based on regulations for the harmonization of law, would be difficult to achieve, certainly it would take time to do so since procedures are so complex and varied and planning in the Member States is necessarily committed so far in advance. The Tindemans report suggests something in the nature of the American Atomic Energy Commission as a model. But, of course, it must be remembered that the circumstances are very different. The Atomic Energy Commission in the United States is over 20 years old and was started on the threshold of nuclear development, not in circumstances of such diversity and complexity as face the Community today. But undoubtedly, Mr President, much can be done on a Community basis, including the matters mentioned in Part II of the working document, such as the evaluation of the relevant criteria and methods of public explanation and education and not least common procedures for transfrontier situations, both within the Community and where third countries border on it.

I conclude by saying this. All these proposals, I am sure, can be very valuable, building on the foundation of not only national procedures but on the Euratom Treaty and the International Atomic Energy Agency. The expansion of nuclear energy programmes, with the added stimulus of escalating oil prices, will ensure that the importance of this matter will grow and, since we have the good fortune to live in democratic societies, the matter is not only one of bureaucratic planning, and state planning, it involves also public assent based on a proper understanding by the citizen as well as by the expert of the balance between economic benefit and impact on the environment. There is already, I believe, widespread awareness of the nature of the problem involved and Mrs Walz and the Committee on Energy, Research and Technology, are to be congratulated on the guidance given in these valuable documents and the suggestions made for further progress in this important and challenging task of combining technical development with the protection of the environment and the understanding and assent of the peoples of the Community.

(Applause)

IN THE CHAIR: MR YEATS

Vice-President

President. — I call Mr Pintat.

Mr Pintat. — (F) The very interesting report by Mrs Walz enables us to reflect on the most important problem facing mankind between now and the end of the century.

The oil crisis has now been with us for two years. It broke out when, during the Israeli-Arab war of October 1973, the Arab oil exporting countries decided to pursue a policy of reducing their exports to the industrialized world. This policy, which has since been converted into a policy of systematically increasing the price of crude oil, has had effects which extend far beyond the energy sector and give rise to new thinking in a great many areas, including the one we are considering today.

There is a close correlation between economic growth and the accelerating demand for energy in the world.

The curves representing as a function of time on the one hand the growth rate of the world gross national product and on the other the increase in the demand for energy run almost exactly parallel. To escape from this dilemma, many people say that we have only to cut our energy consumption but let us have no illusion about it: the energy crisis will be with us for a long time to come. The world's population will double by the end of the century and the underdeveloped countries are going to want to increase their standards of living; they will need a great deal of energy to produce the fertilizers essential to the expansion of their agriculture if they are not to face famine. And in the countries of the western world the populations still want a higher standard of living; their governments propose quite rightly to pursue a policy of social progress. There is therefore no alternative to growth and consumption if we are to escape from the devastating crisis.

Incidentally, the improvement in the protection of the quality of life and environment by which we too set great store, will also lead to the consumption of more and more energy. We have only to look at the energy consumption of each new purifying plant set up in our towns or the process of removing sulphur from crude oil in the refineries, a process which requires 10% more energy.

In 1970 the world consumed 5 thousand million tons oil equivalent. Even supposing that the consumption of energy ceases to double every ten years, it seems likely that by the end of the

century the world will be using some twenty thousand million tons of oil each year. Known oil reserves which are workable under acceptable financial conditions at present total 90 thousand million tons. That then is the abyss facing us. If we were to use oil alone, we should need to find between now and the year 2000, five times the total quantity extracted to date. That may be possible but the technical costs will increase, as we are seeing today in the case of Alaska or North Sea oil.

It is also quite clear that the inflation of consumption will cause the problem of relations between the producer and consumer countries to become increasingly acute. The experts all agree that the energy shortage will be solved by the development of fusion reactors. But there is a serious handicap: it will be at least thirty years before this technique reaches the industrial stage. That is why we support all those who in this Chamber have asked for the research appropriations earmarked by the Community in this sector to be maintained, in the context of the well-known JET project referred to in this Assembly and which must be supported as there is a gap of at least 50 years to close. One thing is quite certain: fossil fuels will not be enough. Other sources of energy can of course be envisaged, such as solar, wind and geothermal energy, but none of them can solve our problem. All the countries of the world, regardless of their political regime, must resort to nuclear energy. COMECON recently took the revealing decision in Warsaw to construct 200 nuclear power stations in the East European countries of the same types as those we are building in the West.

In the present state of our technological knowledge it is quite clear that only energy from nuclear fission can meet our energy demand for several decades to come. Use of this form of energy also has the advantage of being economically the most favourable. The price per kWh of nuclear electricity is about one half the price per kWh generated in conventional oil-fired power stations. That is why the report by our colleague, Mrs Walz, is so interesting.

My only observation to her is that I do not agree on one point of detail, namely on the idea of building underground nuclear power stations. Soil mechanics are often difficult to master and the risks of soil movement sometimes impossible to foresee. Moreover, the demolition of these underground stations which would be necessary one day would present very great problems. In addition, the cost of these projects would be much higher than the cost of an open air nuclear power station.

Pintat

Finally, I consider safety problems extremely important. But the relatively dangerous nature of the nuclear industry has resulted in far more precautions being taken in this than in any other industrial sector. Fortunately there have been no fatal accidents due to the production of electricity by nuclear energy, whereas hydro-electricity for example has caused many victims following the collapse of dams: 500 in France a few years ago at Malpasset. And coal has also killed 600 miners only a few days ago in India. What would have been the reaction of the public if these persons had been the victims of nuclear energy rather than conventional energy sources?

We therefore approve the excellent report by Mrs Walz, who has drawn attention to the problems linked with atomic energy and to the imperative need to use this form of energy if we are to maintain our general standard of living and avoid social troubles.

We therefore endorse the conclusions of this highly interesting report, rich in vital reflections for the future not only of Europe and Europeans but of all mankind.

(Applause)

President. — I call Mr Evans.

Mr Evans. — The report we are discussing today is about the conditions for a Community policy on the siting of nuclear power stations and while, in the main, the report has addressed itself to that subject, it does discuss a much wider range of topics. We have brought into the debate the whole question of nuclear power.

In any discussion on the subject of nuclear power, many people, indeed most people, become emotionally involved and generally speaking the less knowledge they have on the subject, the more their passions are aroused. And I say that, Mr President, in no critical way. The reason that people do become emotionally involved and their passions aroused, is quite often because the scientists, the politicians, the administrators who are involved in nuclear programmes have not taken the people into their confidence. So it is essential that the people are consulted on the subject. It is, of course, a subject of vital importance to the future of mankind and it is essential that, if we are to proceed with a nuclear programme, the people not only understand but also agree with the proposals which the politicians and the policy-makers put forward.

Mr President, in the House of Commons when we have a large constituency interest we declare it and, in case I am accused of arguing the case

from a purely constituency stand point, let me make it clear at the outset that I have in my constituency the headquarters of the Reactor Group of the UK Atomic Energy Authority; I also have the headquarters of British Nuclear Fuels and the headquarters of the Nuclear Power Corporation. I have also on the other hand, to balance that, two very large coal mines and I have in Fiddler's Ferry the largest—or one of the largest—and most modern coal-fired power stations in the United Kingdom. So I think most people will accept that I have a pretty wide cross-section of energy interests.

I said earlier that this is a highly emotive subject. Invariably when nuclear power is mentioned people do think of Hiroshima and Nagasaki. They think of the nuclear bomb tests of the 50's and 60's and they have a tendency in their minds to equate nuclear power stations with those dreadful programmes which certainly threatened mankind at that time. It is not surprising that this is the case, Mr President, and I hope that when we are debating nuclear energy we can ensure that our debates are public and I do hope that the press of Europe, in fact, is covering this debate and will make our observations, as politicians, clear to our constituents.

Mr President, it is right that the public at large should be involved in any debate about the future of any nuclear programme, not only of the EEC but throughout the entire world. Certainly the people must be involved in any discussions about the siting of nuclear power stations and to that end it is essential that similar criteria be laid down everywhere as to how the decisions should be arrived at and how the people and their representatives should be consulted before the decisions are made. I say that because the one thing that must be recognized is that nuclear power is here to stay and that its use will continue to grow in the years that lie ahead. How much it will continue to grow is a matter for legitimate debate and that is one criticism that I would like to make of the report, namely that it does not attempt to discuss this question.

There are some who suggest that we should in fact abandon the whole concept of nuclear power stations and that there should be a great debate on this subject. As every one in this Chamber appreciates, there are some who are implacably opposed to any further extension of the nuclear programme. But could I point out, Mr President, that such a debate in fact should have taken place 25 years ago when the western world embarked upon a nuclear programme for peaceful purposes. To suggest that the debate should take place now is in fact begging many

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important questions. But there can be no real doubt that the world will have a growing dependency upon nuclear power. Whilst I recognize that some people would suggest that we should investigate other methods of creating power, such as solar power, wind power, tidal and wave power—and I recognize that this is a legitimate argument and indeed I would suggest that the Community should, in fact, finance a programme in this field—it cannot be under any circumstances suggested that any of those possibilities, important though they are, can in fact ever replace nuclear power as far as the future is concerned. That will be where our main thrust must lie, at least to the end of the decade, for the power that we require as an industrial society.

There are many who raise the issue of the health and safety of the workers who are involved in the nuclear industry. Could I make it clear, and this applies particularly in the United Kingdom, that the record of the nuclear industry is without parallel. Its safety record, its record of recognition of the environmental problems, its record of protecting the health and safety of its workers, cannot be equalled by any other industry. I would ask Members, and some I am sure will disagree with me, to draw a parallel between the nuclear industry and the other industry which in fact supplies so much of our power requirements, namely the coal mining industry. The previous speaker referred to the fact that in India only a few short weeks ago hundreds of miners were killed in an appalling accident. In my own country over the years thousands of miners have lost their lives, thousands of them have been maimed and crippled in dreadful accidents. Many, many thousands more have been crucified by diseases such as pneumoconiosis and when we talk in terms of environmental pollution in the United Kingdom and particularly in my part of the world, thousands of acres of land have been laid desolate by waste pit heaps. So I think we should recognize that if we are going to compare industries, we should compare for instance the coal industry, with the appalling problems that it has created for the men and the women who work in that industry, and an industry which, although still in its infancy, has in fact a very proud and admirable record in safety.

Could I also make, however, one other major criticism of the report. Like every one else, Mr President, I commend Madame Walz on the quality and calibre of her report. But one of the reasons why I would urge, in fact, that this report be referred back for further consideration is that it has not touched on the role of the International Atomic Energy Agency, in which all countries who are involved in nuclear

programmes are represented. We should examine in detail the work that that agency is doing and the work that it is proposed that the Commission do and ask ourselves whether we are not in fact in danger of costly repetition, whether we are not in fact setting up an organization to compete with one in which all of our countries are already represented and are already doing valuable work. The problems that exist in the nuclear industry and the problems of the future do not apply simply to the EEC and the nine members of Europe. They also apply not only to the countries who at present have nuclear power stations, but the many countries throughout the world who hope, in the next few years, to acquire nuclear power stations and I would suggest that this is a major omission from the report—valuable and excellent though it is—and that for this reason if for no other we should in fact refer this document back.

There is one other area which the report should have dealt with, namely whether or not it is desirable to have a European nuclear programme based upon European technology, European know-how and European ideas. This is important because at the moment we have a proliferation of systems and unfortunately, from my point of view, many of our continental colleagues are in fact embarking on programmes which are a result of American design and American know-how, and different criteria are laid down for the erection of different forms of nuclear reactors. I think that everyone who has read the report appreciates that point.

In these two respects, Mr President, I would say that this report, excellent though it is, well documented though it is, does in fact have one or two extremely important omissions which I am sure the committees themselves would like to consider. Certainly, as a member of the Committee on Public Health and the Environment, there are one or two points that I would like to reconsider and regretfully, because of that Mr President, I will not vote in favour of the report but I make it perfectly clear to Mrs Walz that I support in the broadest possible terms her report but I would ask her, as the rapporteur, to agree to take this report back to consider items I have raised.

(Applause from the left)

President. — I call Mr Müller.

Mr Willi Müller. — *(D)* Mr President, ladies and gentlemen, as one who took part in the committee discussions, first in the Committee on Energy, Research and Technology and then in the Committee on Public Health and the Envi-

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ronment, I should like to begin by congratulating Mrs Walz on the excellent work she has done, especially as the intensity and duration of the discussions did not make it easy for her to retain control of the thread running through the entire report; one reason for the difficulty, and I say this in a spirit of self-criticism, was that a large number of suggestions and proposed amendments were put forward which improved the content of the document but left something to be desired stylistically. Nevertheless this does not lessen my appreciation, even though it must be put on record that the first version underwent considerable modification.

In essence the report is a detailed and well-founded compilation of suggestions, notes, wishes and ideas which are all based on past experience with the peaceful uses of nuclear energy. On the basis of this knowledge, the report proposes possible solutions which may gain considerably in importance with the passage of time.

The report does not stipulate or specify anything—that needs to be said. It is in the nature of a guideline, but it may point the way to more vigorous action by the Commission in this area in the decisive years which lie ahead.

For far too long—this is my personal opinion—the general public has had the impression that those in positions of responsibility have behaved on the subject of the development of nuclear energy like a person tapping his way with a stick in the fog. Our citizens, this deserves to be noted, are not experts, just as most of us in this Assembly are not experts and the discussion among experts, the scientific debates, the arguments for and against and the extreme positions have given our citizens the impression—felt very strongly—that these things are happening on the hidden side of the moon.

The report itself is founded on the observation that traditional sources of energy are threatened because of increasing expense and shortages and that we should use them more carefully and economically—that new forms of energy production must be found or further developed to obviate a further deterioration in the energy supply position and to safeguard the prosperity and welfare of our peoples and of the individual.

The peaceful use of nuclear energy is an alternative solution of this kind. Viewed unemotionally the report now before us simply describes facts. My group welcomes this just as it favours all the agreements so far reached in this area, at national and European level. Because this is so, our responsibility, on the basis of this fundamental observation is to make demands concerning the application of nuclear energy in

its interrelationship to our fellow-citizens' safety requirements. We recognize the concern of our citizens about the safety aspect, we take this concern seriously, we respect it and use it as a yardstick to judge our decisions on the substance of the question and our evaluation of reports.

I wish to speak on several matters referred to in the resolution which are important to public health and the environment. I shall confine myself, partly because time is short, to raising a few points in order to ascertain whether the underlying trend of this report is the right one, or whether—although perhaps with the best will in the world—we have a number of bad eggs here wrapped up in shiny paper.

I referred to the lack of information provided to our citizens about nuclear energy. The report suggests that this deficit should be made good by a rational and complete information policy, readily understandable to everyone. To the extent that such a policy is pursued continuously and not intermittently it may help to meet the public demand for sound facts. A well-informed public will not wish to oppose objectively justified needs; this has been confirmed by many discussions conducted on this basis. If our citizens are considered to be mature, they must be granted rights to enforce their demands effectively but also legally.

The report favours an arrangement enabling associations of citizens and environmental protection groups to assert their wishes by constitutional means when these wishes do not coincide with public or private planning projects.

Provision for complaints by groups as intended here would enable us to avoid in future the sad experiences of the past involving the occupation of sites for various nuclear power stations.

But that is not all. Mr President, this would also create a better climate for negotiations. Ultimately even those people who oppose the construction of a nuclear power station will be obliged to act in solidarity after mature consideration, and opposition which is sometimes based on purely egotistic motives will be shown in its true light. The request made in the report for harmonization of authorization procedures and provisions serves the same purpose and corresponds to the justified interests of the groups of citizens concerned. The individual is entitled to expect the same standards to be applied everywhere. Public unrest is created when different authorization and approval procedures are followed for the selfsame purpose.

A further important feature of the report lies in the demand for research programmes and

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their harmonization with a view to encouraging the control and further development of safety regulations. This too corresponds to the desire of our citizens for safety. It is, however, inextricably linked, as I said previously, with the duty of those in positions of responsibility to provide information. The report calls attention to the need to organize the planning of nuclear power stations not only in close cooperation at local and regional level but also to seek contacts with third countries with a view to reaching appropriate agreements. Having regard to the situation on the Upper Rhine and to our interests as Germans in relation to European frontiers in the East, this seems to be an urgent measure of environmental policy which should be given immediate priority.

Mr President, the points I have quoted purely by way of example from the report, clearly demonstrate that ways must be found of harmonizing the necessary further development of nuclear energy with the requirement felt by our peoples for safety, health safeguards and environmental quality.

To that extent most of the suggestions made in this report are to be welcomed. They do not open any new doors but they could well be useful to the Commission in its future legislative work.

I come now to my closing remarks. If the requests put forward in this report go unheard and are not respected in the practical development of nuclear energy, we shall all soon run up even more painfully once again against tough resistance everywhere in our country, and that would be a great pity. I therefore hope that the suggestions made in this document will be taken seriously and acted upon. I believe that they warrant this.

(Applause)

President. — I call Mr Noè.

Mr Noè. — *(I)* Mr President, I agree fully with the content of Mrs Walz' report and with the resolution and I shall not repeat the points set out in this long document on which I warmly congratulate the rapporteur.

I shall confine myself to three observations which may be considered marginal to the issue. However, before making these remarks, allow me to say in an altogether amicable spirit to Mr Flämig that I was somewhat surprised by two aspects of his speech. Firstly I was surprised to hear him say that a resolution of this kind could not be drafted quickly. We worked at great length—and with Mr Flämig's cooperation—on this resolution. I well remember that in

Rome last October he was fully in agreement and well satisfied with this joint effort which, within the limits of what was feasible, had reached successful results. I therefore fail to understand fully why he and his colleagues are not in agreement today. I do not wish to engage in polemics; I am speaking in an altogether amicable spirit bearing in mind that this resolution is the fruit of the work of all of us.

I was surprised too by his opposition to nuclear parks or platforms offshore. We are only seeking to study the situation and not to adopt a position. We also wish to study—Mr Flämig will agree—underground solutions. On this point I wish to say a few words because there is an analogy with what happened before the last war and afterwards when hydroelectric power stations were built successfully in caves. I myself worked on projects of this kind for power stations in caves and on the basis of that experience I believe that here too a solution of the kind could be arrived at.

This is perhaps the first time that politicians are proposing a solution which the technical experts are already considering and it would clearly be more complicated to build a nuclear power station than a hydroelectric power station in a cave.

Allow me, however, to make a further point concerning this solution. While hydroelectric power stations were linked to the creation of a reservoir so that the geographical choice was limited, in this case the choice is extremely wide; we could for example study our coasts and select the area which is geologically best suited to the siting of a nuclear power station given the availability of sea water for cooling. The choice is therefore very wide and a solution more easy to find.

Having said that, I shall go on quickly to my other remarks. The first is this: there has been a great deal of discussion on this question but in my view it has not been put into its true perspective. This is a problem of an entire system; we are not concerned with the power station alone but must consider organically—as several other speakers have pointed out—the extraction of uranium and its enrichment, the power station which generates the electricity and then everything which happens further down the chain, to which Lord Bessborough has already referred.

The reprocessing of nuclear fuel is thus a system problem and when the choice of a site for a power station is being examined in a particular region, attention must also be given to the question of transport distances from the other centres involved, namely the points at which

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enrichment and reprocessing are carried out; this may place the choice of site in an entirely different light.

Mr President, the chairman of the Committee on Energy, Research and Technology, Mr Springorum, has asked the Bureau for authorization—which he has received—to present an own-initiative report on problems of fuel reprocessing. I spoke of this to Lord Bessborough and subsequently went to Windscale where there is a reprocessing plant; the report on this subject is to be considered in committee next week; only when all the relevant facts have been examined will we reach our verdict. However at the round tables now being held on this subject in most of our countries the fuel cycle as a whole is not being considered because of its complexity; nevertheless it must be taken into consideration, otherwise the examination can only be sectoral and partial. That was my first remark.

My second observation concerns participation. Clearly participation is desirable but it must be based on an adequate level of knowledge. In this connection I should like to draw your attention to an interesting experience. When we went with Lord Bessborough to Windscale, we were accompanied, on the journey by car from the rail station to the establishment, by an engineer from the centre who said that within a radius of ten miles of the centre four thousand persons are resident and work there. I believe that these four thousand persons are evidently familiar, at different levels, with nuclear problems. "Well", said the engineer, "nobody here is opposed to the establishment of a nuclear industry. The centre began its activities in 1948; today in 1975 it is still expanding and all our staff are very pleased to find work in an area with which they are familiar." This is an effective form of participation in decision-making, of guidance of the establishment by persons familiar with its problems.

Along the road, the engineer accompanying us also pointed out waste tips of several coalmines; in one of them a disaster had occurred in one particular year killing several persons, and in another a similar disaster had taken place at a different time! Today the waste tips of these mines are a much bigger blot on the landscape than the Windscale plants, which are essentially concentrated at one single point while the mine waste extends over tens of kilometres.

On my return to London, I met by chance my colleague, Mr Pintat, who had been to visit a prototype medium-power fast breeder reactor in Scotland. He said that the inhabitants of the

area near the reactor were asking the government to build the subsequent high-power reactor on the same site, because they were now satisfied that all the necessary precautions would be taken to prevent disasters and with another establishment in the vicinity their jobs would be assured. However, the British Government wants to build the high-power facility in a less peripheral area closer to the points of consumption; this situation then is the reverse of the one we often encounter in Italy. Our minister, Mr Andreotti, is here and he could tell you how much trouble was created by the decision to build a power station at Molise. The question of participation is thus an important one on which the Community could, Mr President—and here I am also addressing Commission Vice-President Simonet, who I know agrees with me—usefully intervene, if gradually.

I turn now to one last point, namely regulations governing work in this sector; the provisions are in general stringent enough as far as the strictly nuclear aspect is concerned but not in subsidiary areas where improvements are needed. I am not mentioning this without good reason; for example, only six weeks ago in Bavaria two workers opening a valve in a high-pressure duct containing another valve, which they wrongly thought was closed, were struck by a jet of water at high pressure and high temperature and appallingly killed. The died as a result of an accident of what might be called a conventional kind; in dam outlet systems there are ducts with dual valves because in this special sector of hydraulic engineering there is always a servo-system making it impossible to open a downstream valve unless the next one further up the system is closed—except where a deliberate intervention is necessary to override the servo-system.

In this connection I have an important point to make: rather than continuing to discuss the pros and cons of nuclear energy the Community should do all it can to unify standards gradually extending to all the traditional fields and not only to sectors of concern to nuclear power stations.

With that I close my brief marginal observations on Mrs Walz' report on the content of which, I repeat, I have no comments to make because I fully endorse the positions set out in it. Now for what is definitely my last remark: the position we have adopted is not a static one because while we are favourable to light water reactor stations we do not see them as a permanent solution. We want work to continue on other systems and when Mr Springorum's resolution on the fusion question comes up for debate I shall return to the subject, and stress

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that while adopting a position in favour of the existing nuclear power stations we must also make every effort to implement fusion systems which offer advantages over their predecessors. Only then can we state our final position on the subject of their siting.

(Applause)

President. — I call Mr Schwabe.

Mr Schwabe. — (D) Mr President, ladies and gentlemen, I shall begin by respecting our parliamentary rules of European courtesy: I thank you for calling me to speak and congratulate the rapporteur most warmly on her excellent report. I should like to add—something which is not always done during these traditional expressions of thanks—a word of gratitude to all those members of staff who have worked on these reports. I am most grateful to them because if we are honest with ourselves we all know that we cannot do everything ourselves; we rely on many people to familiarize us with the topics on which we have to speak here.

Let me say quite plainly that the question of safety seems vital to me and it seems that safety is a traditional concern of this Parliament. I remember that in the exhibition hall of the Coal and Steel Community at the Brussels World Fair in 1958 there was a wall display on the ground floor with big diagrams and pictures showing the work of this Parliament; visitors could walk from room to room with a short wave receiver and hear in all the languages what was being done. But one aspect is particularly relevant today: in the basement of this pavilion there was a wonderful, ultra-modern system providing an exemplary display of the latest coal-mining methods and placing especial emphasis on the most recent safety methods for the protection of miners. I was enormously impressed by this. But at the time I did not suspect that one day I would myself have the great honour of sitting in this Assembly. This exhibition impressed me so much that I said—I was already a parliamentarian if at a much lower level: they are discussing up there and the results are immediately apparent down here! I thought this was altogether exemplary. It is my belief that these safety methods should be harmonized everywhere and that we should take the word harmonization to mean harmonization upwards at the highest possible level.

We must make the same demand in connection with the design and siting of nuclear power stations because far more persons are involved than those who work directly in the plant; all the people living in the vicinity are concerned as well.

We know—the point has already been made today and I shall be brief—that the production of energy always involves sacrifice and risk. The construction of dams has necessitated the disappearance of whole villages and when dams have burst other villages have been devastated and people killed; over the years thousands of people have died in the coalmines. We hear time and time again with deep dismay of these blows of fate and it is perhaps well for everyone who uses energy to remember on this occasion how many people have been sacrificed or suffered damage to their health. Exploration for oil and its extraction also often involve dramatic struggles and loss of life. One brief example will suffice to show how rapidly ideas are changing on the subject under discussion today. When the committee began its work, underground installations were considered a prospect for the distant future or rejected altogether because of their supposed technical difficulties and high cost. I clearly remember that it was believed at the time that the energy generated in this way would be at least 30% dearer. Today one speaker referred to a figure of 10% and considered even that high. But if we tell our public that a 10% cost increase has led us to reject an inherently safe solution, I believe we shall not be considered good representatives of the people. In 1975 underground installations came to be considered in a much more positive light and today this fact is gaining recognition. But this raises a fundamental question as regards siting, because underground power stations obviously have to be built elsewhere than surface stations. At the sites of surface stations it may not be possible to excavate more than two metres without encountering underground watercourses and other expanses of water. On the other hand we have disused mines and granite or other rocky sites at which underground power stations could be built. I would also remind you that the gigantic concrete footballs—which is what these vast reactors look like today—will be spent after about thirty years; they cannot be pulled down then but will probably have to be supplemented by even larger structures.

Today we all agree that nuclear energy is the only solution open to us. I do not wish to contradict this belief but I am an optimist and hope that our scientists will come up with new answers.

Just think to what extent the surprising discovery of a means of extracting nitrogen from the air influenced all our agricultural production. My optimism leads me to hope that a simple way will one day be found of extracting energy, perhaps from water. Everything we are doing today would have been held impossible a

Schwabe

century ago and we perhaps have no inkling now of what will be possible in fifty years time.

The question has also been raised as to whether we in Parliament can discuss this subject with the necessary knowledge and take a decision on it. It has been suggested that we must rely on the scientists. But, ladies and gentlemen, it has always been known that scientists can make mistakes and they often cannot agree among themselves. There was a time when the earth was believed to be stationary. Galileo thought differently and was almost burnt at the stake. Today mistakes are paid for differently. But we know something about the way in which expert opinions are drawn up depending on the origin of the person commissioning the opinion and the particular position of the expert. I for my part am constantly being reminded of this fact. In my home on the Bergstrasse between Heidelberg and Frankfurt there is the world's biggest nuclear power station at Biblis and it is now due to be doubled in size. The local population is seriously concerned and as an elected representative of the people it is my duty to consider this problem extremely seriously without any form of egoism. The site for this, the world's biggest power station, was chosen quite deliberately: it lies on the great central European electricity grid; to the North there are the big coal-fired power stations of the Rhine and Ruhr and to the South the Alpine power stations; it is decisively important to balance these sources of supply. The site was chosen for purely economic reasons. But in my view the other factors must also be borne in mind, especially the safety element.

Our local population accepted the construction of this first power station very reasonably; but now they are disturbed and worried by the proposed installation of what might be termed a nuclear park, and I must to some extent share their concern, especially as in our discussion today the construction of nuclear parks recommended by some is considered extremely problematic by others. We must recognize and take into consideration these differences of opinion. I also know—intending no offence to Mrs Walz and all those who have worked on this report, including myself—that this question will not be solved today on the 13 January 1976; it will be a matter of continuing interest to us. We shall not have to raise the subject—it will raise itself, we cannot escape from it.

I know the problems of the man in the street and realize that nobody wants a railway because it takes up space and is noisy and cuts fields in half—but everyone wants a station. That is the difficulty with decisions of this kind and we must see to it that we are convincing

and take every possible precaution in the supply of energy and choice of sites.

(Applause)

President. — I call Mr Normanton.

Mr Normanton. — Mr President, Mrs Walz opened her presentation of this report by using the word 'controversial'. She said that she was introducing, after having involved herself in the most intensive consideration, a highly controversial subject. Of course it is. We know it is. But can anyone in this House, with their feet firmly on the ground, deny that other technological events, even in the relatively short of history which we can all remember, have shown that there have been many developments which at the time were deemed to be highly controversial and needed very deep consideration. Within the last 150 years, railways, motor cars, aircraft and their development, their design, their use—all of that was controversial. All change is controversial, and that we as politicians must accept and take the appropriate action. But we must ask ourselves, as politicians, whether we want to oppose change, or to influence the character, the tempo of that change. I know where I stand and I know where many honorable Members in this House have shown by their words and their deeds that they stand. From that premise I see it as the duty of politicians, regardless of their party, to take a lead, to lead public opinion and not be the dog being wagged by the tail. I want the politicians to lead public opinion in the matter of change and not add to the confusion which undoubtedly and naturally surrounds the average citizen of Europe as he watches the process of change taking place. Were we as politicians to abdicate our responsibility, I suggest that we should deserve to stand indicted by future generations for failing to make provision for their future needs.

The report, Mr President, is one of the most detailed and best-documented committee reports which I have seen submitted to this sitting of Parliament, and in that sense Mrs Walz is to be highly congratulated for the work she has put into it. There are many technical points which are raised in the report, and I think it would serve little useful purpose to consider them individually. But fortunately, and I think this is a characteristic of the report, those points have been objectively analysed and presented. I for one am satisfied that the Commission proposals, if taken in conjunction with Mrs Walz's report, provide a fair and reasonable approach to this highly emotional problem. They provide clear evidence that only by deal-

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ing with them at Community level and indeed by the Community can they be resolved.

There is a tendency to be dominated by the principle of safety in isolation from a whole range of other factors which must be taken into account. There is indeed a tendency for some members of the public—I would like to think that few responsible politicians can be accused of this—to judge safety in absolute terms. With regard to siting and a whole range of technological developments and changes, you cannot follow a policy of safety in absolute terms. Safety is a relative term and it has to be seen against a background of a whole range of other considerations. I think this is the key point which Mrs Walz has brought out in her report, and I for one, as an individual and as a member of the European Conservative Group, will be happy to give her and her report all the support which it rightly and richly reserves. We should give it our support with our votes here in this House and above all in our national parliaments and in our local communities.

President. — I call Mr Pisoni.

Mr Pisoni. — (I) Mr President, I shall be very brief and emphasize only one aspect which, although it was referred to in several speeches, undoubtedly deserves our particular attention.

While I am fully in agreement with the report by Mrs Walz, whom I, too, should like to thank warmly for her work, I should like to say that in our search for alternative energy sources we should of course try to eliminate all the dangers connected with the use of energy, but we should also try to combat a danger that is even more serious and more widespread. In our fear of some of these risks, we sometimes underestimate the main and much more serious problem, that of hunger and poverty. It has a direct bearing on the subject of our debate today. It is true that a nuclear power station, like any other energy source, can cause damage, can put persons at risk, but it is also true that today throughout the world thousands of people are dying of hunger and thirst. And it is equally true that hunger and thirst could be quite easily overcome if sufficient low-cost energy was available.

Therefore, if more time is lost, advances in research now in hand will be delayed, the solution of problems arising from hunger and poverty will be put off; if this happens it will mean, unfortunately, that once again we are worrying basically about our own well-being and not about the lives of the many other human beings inhabiting our planet.

Of course these are dangers involved in our current enterprise, but who has counted the dangers of pollution and of the cancers caused by the combustion products of coal and petrol in the air we breathe? The dangers, I say, exist but if we want to transform agriculture we need energy; if we want to bring water to arid regions, we need energy. So all the necessary efforts must be made to eliminate the dangers arising from the construction of nuclear power stations, but do not let us complicate things too much!

Let us by all means strive for improved safety measures, let us encourage scientists to find them; but let us also try not to lose time, not to delay further the installation of these power stations by looking for unobtainable sites, kowtowing to anybody who claims to be an ecologist, a champion of nature and the quality of life. (He may be that, but we do not want to be ruled by dreamers).

We cannot all go back to riding about on bicycles, nor can we live in an environment totally devoid of risks.

In concluding, I should like to invite the Commission and our governments to launch a campaign of information in order to ensure that erroneous beliefs do not delay the implementation of this programme and the solution of the grave problems we face, those of unemployment, poverty and hunger. Even if we cannot eliminate all the negative phenomena and all the shortages that afflict us, at least we can considerably attenuate them if we have enough energy at low cost. And let us not forget that this energy may very shortly prove to be the 'cleanest' available.

(Applause)

President. — I call Mr Springorum.

Mr Springorum. — (D) Mr President, ladies and gentlemen. I should like first to repeat on my own behalf the congratulations and appreciation which I already expressed on behalf of the Committee on Energy, Research and Technology to Mrs Walz. The committee's appreciation and recognition were absolutely unanimous.

What was the objective of this own-initiative report? We, as a political group, wanted to express our own opinion on a problem that scientists and experts have so far not been able to agree on. We therefore felt that the matter could only be finally decided in terms of political responsibility and we felt that it was up to a parliamentary assembly to express an opinion, and it has in fact emerged from the debate here, for which I am extremely grateful,

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that there is a deeply held unanimous view in this House that recognizes the need for nuclear energy.

What are the two lines of argument that the specialists are quarrelling over? I should like to summarize them as follows: one argument runs: if we do not build power stations to-day, we will not have the energy that we need tomorrow. The other argument goes: if we stop building power stations to-day, we will not be contaminated by radioactive pollution tomorrow.

The second of these views, the counter-argument, is the line taken by most of the opponents of nuclear power, who feel that although the environment will not be destroyed by atomic explosions, people will be contaminated by radioactivity from the nuclear power stations. It is interesting that a study was published a few weeks ago giving figures on this. This study is based on what I feel are highly exaggerated assumptions: in the first place it covers a period of 100 years, then it assumes an annual 9% increase in electricity generation with a 4% energy increase. It goes on to assume that 80% of electricity production will be derived from nuclear energy by the year 2075. Even if we accept these extremely high estimates as accurate, it turns out that although there will indeed be a considerable increase in the effect of radioactivity on the environment, it will be far below the borderline. I shall take only one example here, the example of the most sensitive part of a living organism, the thyroid gland of an infant. Over that entire period, the dose will increase from 0.2 mrem per annum to 2 mrem. I know that this amount should in no way be neglected, since it is by no means comparable with other radioactive doses. But even if these unrealistic figures are accepted, it is still far below the permissible level.

It is my view that the environmentalists who fear radioactive pollution of our environment always forget a very fundamental thing: the present state of knowledge in the field of microbiology is of course extremely limited, but we do know that in an organism the size of a human being, millions of cells are being replaced every second and that each new cell gets its quota of genetic material in the form of two chains of deoxyribonucleic acid. With such a furious turnover of cells it is inevitable that there are sometimes mistakes, but one of the wonders of the human body is that there are, as it were, gangs of repair men who are always ready to sort out these mistakes, and it is, of course, the various cell enzymes that do this. They do not work an 8-hour day, they have no trade union organization, they work round the

clock to make good the damage and—and this is the interesting thing—they also repair damage caused by radiation. Of course they can only cope with this kind of damage up to a certain level, but the thing the environmentalists are afraid of, cumulative genetic damage, does not happen. So the stories that were appearing in the world press a few weeks ago to the effect that in a few decades it would be costing the Americans an extra 10,000 million dollars a year for the treatment of genetic disease are not going to come true.

A further point which was repeatedly raised in the debate and which is of considerable importance, is the question of the disposal of radioactive waste products from nuclear power stations. The spent fuel elements have to be removed for final storage and this as Mrs Walz has stated, is still going to cause problems.

The German Federal Government will, I hope, submit its fourth law on Nuclear Power in a few months. This law puts forward what I think is a very interesting idea, the idea of so-called nuclear parks. This would mean that both the processing of fuel and the final storage of the highly radioactive waste would be carried out in the park. This would have the advantage that the dangers inherent in transporting the highly radioactive waste would be practically eliminated. I know the question of where these substances should finally be stored is still a highly controversial one. But I am sure that, here too, many possible methods will be found. If these reprocessing or disposal areas could be installed where necessary, all the dangers that are now being considered in connection with the theft of plutonium, the transport of highly radioactive materials, etc. would lose much of their importance.

I should also like to say a few words on the objections from our Socialist colleagues. It may well be that the presentation of this long resolution with its 23 paragraphs is not one hundred per cent satisfactory. But, Honourable Members, we considered this motion for a resolution in a large number of committee meetings, and I did so again myself this morning. I can simply see no better way of presenting the paragraphs. Mr Evans says that he would like to see two further topics added, but I just cannot see how this resolution could be further improved. I would therefore sincerely ask my colleagues in the Socialist Group to give their full support here in the House, just as they did in committee. A referral back cannot possibly enable the Committee on Energy, Research and Technology to improve this resolution; on the contrary I believe any changes we might make would be for the worse. We would simply argue

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as to which particular paragraphs should be deleted and quibble about their order, and you will know, Honourable Members, if you are at all familiar with the work of politics, that that kind of thing is hardly ever possible in practice. I should like to conclude by referring to a report by a British Royal Commission on the contraceptive pill. I have already said that the contraceptive pill is not without certain dangers. According to the report by the Royal Commission, for every 100,000 women who take the contraceptive pill, 2 die every year. The commission concludes that while certain disadvantages of the pill must be taken into account, in the present state of scientific knowledge, it represents a risk any normal enlightened person should be prepared to take without hesitation. I would say that the same can be said about nuclear energy, that while certain disadvantages of nuclear energy must be taken into account, in the present state of scientific knowledge it represents a risk any normal enlightened person should be prepared to take without hesitation.

(Applause)

President. — I call Mr Burgbacher.

Mr Burgbacher. — *(D)* Mr President, ladies and gentlemen, we have already used up a lot of time and I shall therefore be as brief and concise as I can. When Mrs Walz's report was submitted I suggested to the Committee on Energy, Research and Technology, that Mrs Walz should be appointed general rapporteur on all future work on nuclear energy matters—and I should like to repeat that suggestion here—because there has been no more thorough and informative treatment of this subject than the work done by Mrs Walz.

I can wholeheartedly approve of everything Mrs Walz had to say on the problem of siting nuclear power stations and on taking the interests of the public into account. But I cannot give the same wholehearted approval to the background and secondary material in the report. It is a basic principle of fair competition to praise and display one's own product, but it is not one of the basic rules of fair competition to detract from a competing product. Nor is it even necessary to do so in this case. But the future prospects for fossil fuels have been treated rather too pessimistically in the honourable Member's report. This is regrettable, because I feel that we shall need all the energy we can get, irrespective of its kind and of where in the Community it is located, if we are to master the energy crisis, which far from being over, has yet to reach its climax. Nuclear power stations and money are not enough in

themselves. We must use every source of energy that we can.

The request for referral back of the report and the motion for a resolution is unjustified after what the rapporteur has said. She has stated quite explicitly that this is only the first in a series of reports, and that there are many related problems that have still to be considered. We cannot do better than approach this vital problem in a number of stages. We cannot hope to master everything at once. If this House were to deal comprehensively and definitively with the whole problem it would have to sit permanently and we would all have to take several months leave for the purpose. That is why, if I may say so, it would not be fair to ask for a referral back of this substantial piece of work which, as the rapporteur herself has stated, is only the beginning of an even more comprehensive treatment of the problem.

I said I was sorry that the question of possible combinations of nuclear and other primary sources of energy could not be raised. Perhaps this approach is premature in relation to other problems but I shall refer only to the extremely futuristic example of the use of waste heat from high-temperature reactors in coal gasification or liquefaction. This would be a low-cost forward-looking combination and particularly suited to brown coal and hard coal.

I say again that we need all forms of energy. Today it may look as if our energy supplies are sufficient. This is an illusion. Our energy supplies are inadequate, particularly if, as we all hope, believe and wish, slow economic and industrial recovery is now under way in Europe. We use about 80% of our energy resources in production and only 20 or 25% for consumer purposes.

When the recession has caused production to fall, we must not expect, when we begin to recover from the recession and production picks up, that we will need only as much energy as we did before, but what is this House, what is the European Community, doing to prepare itself for a planned recovery in every country, so that when it takes place there will be enough energy to cover demand? I am afraid—and I intend this to be taken as a warning—that we are wasting time we could now be using to produce the energy we will need when our economies do recover, the more so since we are all aware that economic growth and wages are utterly dependent on the energy resources we have available. I repeat: we need all resources of energy we can get to maintain the levels of economic growth and prosperity we had before and which we all want to keep.

Burgbacher

I therefore say we should approve the report and the motion for a resolution and resolve to submit shortly to this House a further study, Volume II, as it were, of a series, so that we come firmly to grips with the problem.

(Applause)

President. — I call Mr Hamilton.

Mr Hamilton. — Mr President, I would like to say a few words first of all to congratulate Mrs Walz and everybody who assisted in preparing this very impressive report and to congratulate her on the manner in which she presented it to this Parliament. If there are any criticisms that I might make they are no reflection on those who prepared the report, nor on its quality.

I think we all recognize here that the production of sufficient energy to sustain and increase our standard of living Europe, and indeed in the rest of the world, is one of the most important problems we have to tackle and I consider this report makes a small but important contribution to the solution of that problem. Where I would disagree with the report in some measure is in the way in which it presumes, to a greater extent than is warranted by the facts, that the nuclear energy programme can be determined in greater or lesser degree by a European plan for the siting of nuclear power stations. I do not believe you can achieve a harmonized policy covering the whole of Europe, because the geographical and other problems are so vastly different in the different countries of the Nine that what is good for one country is not necessarily good for another.

Another reservation I have about the report—and I think Mrs Walz was aware of this in the short time that I was able to participate in the proceedings of the committee at an advanced stage in the preparation of this report—concerns the lack of emphasis on the safety measures and the risks involved in going forward with a programme involving extensive use of nuclear power. I think it is accepted by the Nine that we have to go forward with this programme but I think the risks involved and the safety factors involved have not been sufficiently underlined for a variety of reasons, some of them economic, some of them political and for other reasons. There are great risks involved that are in no way comparable to those in any other industry. In the course of this debate in the course of the committee proceedings, reference was made to danger in the coal mines, danger even crossing a London street. These are in no way comparable in degree or in nature to the risks inherent in nuclear energy.

Begore I go on to my own personal views on those matters, I would like to say that Lord Bessborough quoted almost verbatim from the brief supplied to him and to us in the UK delegation by the Department of Energy in London, and that is what it is provided for, I presume. That brief went into detail and suggested certain amendments to the Walz report, which is one good reason why we should either refer it back or bring into it the amendments suggested by our department. But the only point I want to make is to emphasize that wherever we site these nuclear stations, we cannot lightly brush aside the dangers that are involved.

The most dangerous civil aspect is the problem of quantities of highly radioactive wastes, some of which will have to be neutralized for 500 to 600 years, but plutonium waste has a life of a quarter of a million years and there is no known satisfactory method at the moment of containing this, except by enclosing it in steel tanks which are constantly cooled. The atomic reactors themselves have a life of between 20 and 25 years—something of that order. But when they reach the end of their working life they will require guarding for approximately one hundred thousand years. Now to pretend that the dangers inherent in coal mining or in crossing the roads in London, are in any degree comparable to that, is deceiving the peoples of the European Community and everybody else. If we are going to embark on this programme, and it is too late now I fear to draw back, the people must be aware of this and when Mrs Walz in the report says that the British public have been fully informed about these things I must deny that. I do not believe that if you went among the ordinary people of Britain and asked them if they knew any of those two or three facts that I have now given, you would find more than 1 in 100 who would be aware of them. We really must tell our people that if their standard of living has got to depend on an increased supply of nuclear energy from nuclear power stations, then this is the kind of price that they and their children and their grandchildren and their great grandchildren will have to pay.

But it is worse than that of course, because—and I end with this point—the big powers in this business, and there are very big companies involved in the United States, in Canada, in France, in Germany and to a lesser extent in my country, are now seeing that there is a very big market for this kind of hardware among the underdeveloped countries. And I think there is some very disturbing evidence that some of the underdeveloped countries, some of the impoverished countries are seeking to obtain this hardware, not specifically for the produc-

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tion of electricity but for the production of plutonium for military purposes. I think these dangers too have got to be spelt out and the Community must seek to take measures together to prevent the spread of nuclear power in that direction for those purposes.

I think I have said enough to express my alarm and say in conclusion to Mrs Walz I very much regret the inference that people like myself are motivated by emotional irrationality. It is not true. There are very highly qualified academics, highly qualified scientists, highly qualified technologists who take the same view as I do on these matters. We are very deeply disturbed by the dangers inherent in this programme. However, as we now appear to be committed to going on with it, it behoves us all to bend our every endeavour to tell everybody in the Community and in the world what the consequences are for the whole of the world's population—not only in Europe but in all the underdeveloped parts of the world as well.

(Applause)

President. — I call Mr Flämig.

Mr Flämig. — (D) Mr President, I should like to speak very briefly since I have been referred to personally.

Mr Noè has objected that since I agreed with the Committee for Energy, Research and Technology, he cannot understand why I am now taking a different view. I should like to make it clear that I was not speaking on my own behalf, but on behalf of the Socialist Group and have simply put forward the outcome of several hours of discussion within the group, and a majority of members felt that there should be certain changes and improvements.

President. — I call Mr Simonet.

Mr Simonet. *Vice-President of the Commission.* — (F) Mr President, I should first like to offer my very sincere thanks to Mrs Walz and the committee on whose behalf she has presented this report. I would stress that my thanks are not meant in the conventional way or as a matter of courtesy, which is the rule in this Assembly, but as an expression of true gratitude: in taking the initiative and tackling all the extremely controversial and also emotionally charged problems that the development of the Community's nuclear policy poses, the Committee on Energy, Research and Technology has demonstrated a form of courage which, unlike common sense, is not generally shown: political courage.

It is in fact easier at the present time for a parliament, for politicians, to follow the course indicated by more or less representative groups which have assumed the right to speak on behalf of the people, basing themselves on what are at times debatable scientific studies to rouse the public, to condemn relentlessly the gradual development of nuclear power stations and thus jeopardize the development of the Community's autonomy with respect to energy.

Without ignoring—and we have often discussed this—the potential of other sources of primary energy such as coal and natural gas, there is no doubt—no one, I think, has seriously disputed this—that efforts to achieve the objective of greater autonomy in the energy sector by 1985 must centre on speeding up the construction of nuclear power stations.

We have never said that this must be done with undue haste or ruthlessly, without account being taken of all the economic, technical and ecological studies, without taking the precautions which, it should be noted, apply to all types of power station and to all activities in the energy sector. In fact, we feel—and I believe that Parliament supports this view—that if the Community is to become less dependent than it has been in the last few years on imported energy, all-embracing internal and external economic policy measures must be drawn up, the potential of other sources of energy must not be ignored, any means of reaching agreement with energy-producing countries of importance to us must be explored, but we must also give preference to nuclear energy in our efforts.

I feel, therefore, that in the introduction to the report and in the text of the motion for a resolution itself, Mrs Walz has shown a great deal of courage and that we must be grateful for this. This is in no way meant to prejudice Parliament's right to re-examine the text of this motion, on which it is not for me to pass an opinion, since all I intend to do is to provide some information on what already exists, which very largely agrees with what is contained in the motion for a resolution and the supporting documents.

If nuclear energy is going to be used to a greater extent and if we are to achieve as a consequence the level of independence or reduced dependence called for in the motion for a resolution, the goal that forms the basis of the common energy policy approved by the Council, we also believe that a major information campaign must be launched at the same time—the Commission itself has just completed a number of studies and set this campaign in motion—and that a fixed and controllable

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framework of criteria which can be uniformly applied throughout the Community and are based not only on economic, but also ideological considerations, must be defined. It would thus be possible every time a decision was to be taken, for a proper preliminary study to be made in all the Community countries, taking account of every aspect affecting the environment, living conditions and the ecological balance of the region concerned.

Sharing the concern expressed in the report, we also feel that this protection must be provided in equal measure for all citizens of the Community, which primarily raises the technical problem that I have just mentioned, of setting up uniform criteria to be applied when a site is being studied and also of harmonizing the administrative procedures governing the issue of permits. On this point my opinion may diverge from that expressed in the report. It seems to me more advisable to tackle the harmonization of technical criteria before going into the administrative arrangements.

The report—and here I fully agree with the text before you—attaches a very great deal of importance to the transport of nuclear materials.

Studies have already begun on, more particularly, the transport and treatment of plutonium. As regards the problem of selecting sites, the Council instructed the Commission on 3 March 1975 to set up a system of planning for the location of nuclear power stations in collaboration with the national experts. I would add that in addition to the conventional siting of nuclear power stations on *terra firma*, the Commission is at present studying the problem of off-shore power stations with a group of electricity producers. It will shortly be signing a contract with an independent society for a study on the structural economic conditions and ecological conditions related to the creation of nuclear parks.

Those, Mr President, were the few remarks I wanted to make, and I would stress that the work already begun by the Commission very largely tallies with the course of action proposed by Mrs Walz

I should like to finish by replying to the question put by Lord Bessborough. The Commission is at present studying the possibility of internal reorganization so as to group all the services concerned with security problems together. I do not know if we will go as far as creating a controlling body like that referred to in Mr Tindemans' report. Whatever happens—and this is in line with what has been said on the need for information—I believe that one of the important elements of the information

campaign will be to propose to our peoples the creation of a body responsible for watching over the implementation, at Community and Member State level, of all legislation aimed at ensuring the safety of nuclear facilities.

I wanted to address one word to Lord Bessborough. I thank him for having called me an old friend and I note the criterion he gave for granting that honorary degree, namely an acquaintance of three years! Thank you very much.

(Laughter and applause)

President. — I call Mr Flämig for a procedural motion.

Mr Flämig. — *(D)* Mr President, on behalf of the Socialist Group. I should like to follow up what I have already stated with the following motion: we move that the resolution be referred back to the committee because our feeling is that the excellent report by Mrs Walz, for which we thank her warmly and which we consider a first-rate piece of work, deserves a better resolution. We do not agree with the chairman of the committee that the resolution cannot be further improved. We feel that the resolution can be tightened up, that the order of the paragraphs should be changed and that certain points should be further clarified.

We feel that we are putting forward a legitimate motion and that requests of this kind have usually been accepted in this House. If the House cannot agree to this request, Mr President, and votes against us, then I must tell you, on behalf of my group chairman, that our group will feel obliged to abstain from the vote on the motion for a resolution, not in any way as a criticism of Mrs Walz but as a criticism of those Members who refuse to grant our request.

President. — I call Mr Springorum.

Mr Springorum, *chairman of the Committee on Energy, Research and Technology.* — *(D)* Mr President, we have been working on this report for about a year, we devoted several meetings to the motion for a resolution. Obviously we had to take the requests of other Members into account and I should like to make it perfectly clear that most of these requests came from Members from the Socialist Group.

I simply cannot conceive in what way this motion for a resolution could possibly be improved by further discussion and I must ask

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this House not to expect more of a committee than it is possible for it to produce. I therefore ask that the motion be rejected.

(Applause from the right)

President. — I call Mr Hamilton who will speak in favour of the motion.

Mr Hamilton. — I just want to say one or two words in favour of the recommendation made by my group. I did refer in the course of my remarks to the brief that we received from the UK Government, specifying amendments which might be incorporated in the report to improve it. We do not seek to destroy it but to improve it, and those amendments came to us too late in the committee. I think there are other reasons why this report as it stands is not satisfactory to the Socialist Group and therefore I think we ought to support the resolution proposed by my honourable friend.

President. — I call Mr Krieg to speak against the motion.

Mr Krieg. — *(F)* Mr President, I am against the reference of this motion for a resolution back to the committee. One can obviously always try to do better, add a paragraph, delete two others, change a few commas, add some semi-colons and so on. But let us admit that if we continue to act as we have already done at the beginning of the afternoon, we shall be condemned to complete powerlessness. And we repeatedly hear European parliamentarians, whether or not they belong to this Assembly, complaining of the European Parliament's powerlessness. We have now been discussing Mrs Walz's report for four hours. I have followed this debate with a great deal of interest. I have heard nothing but words of praise for the report. I have not heard one serious word of criticism. And now they tell us, after the Commission has been having discussions for a year, that the British Government will, it seems, have a number of amendments to make. But did not this British Government, which has been in power for over a year, if I am not mistaken, have plenty of time to make its amendments?

(Loud applause from the right)

I cannot therefore imagine that our Assembly will agree to this request, and I very seriously ask it to take a decision on this.

What would happen if we accepted the Socialist Group's proposal? Such a decision would quite simply be interpreted outside this Assembly, where people may not understand various par-

liamentary subtleties, as a rejection of the report that has been submitted and undoubtedly as the postponement of this Community policy, which we all claim to be so necessary, until some time in the future. Our committee will again spend months studying the same problem, and Mrs Walz will submit to us in six months' or a year's time a report which is as good as the one we are examining today but which, I believe, cannot add anything. I feel, Mr President, that we must now have the political will to take a decision not to put off this problem for six months or a year.

(Applause from the right)

President. — I put to the vote the motion to refer the Walz report back to the committee. The motion is rejected.

I call Mrs Kruchow for a procedural motion.

Mrs Kruchow. — *(DK)* Could we vote separately on paragraphs 2 and 5 of the motion for a resolution, before voting on the whole text?

President. — A separate vote has been asked for on paragraphs 2 and 5 of the motion for a resolution.

We shall now consider the motion for a resolution.

I put the preamble and paragraph 1 to the vote.

They are adopted.

I call Mr Fellermaier for a procedural motion.

Mr Fellermaier. — *(D)* Mr President, I request an adjournment for 15 minutes, as the Socialist Group would like to withdraw for a group meeting.

President. — I am prepared to agree to this and in accordance with Rule 8 the proceedings will be suspended for 15 minutes precisely.

(Protests from the right)

Mr Krieg. — *(F)* But the vote has already started!

(The sitting was suspended at 7 p.m. and resumed at 7.15 p.m.)

President. — We now resume consideration of the motion for a resolution.

I put paragraph 2 of the resolution to the vote.

Paragraph 2 is adopted.

I put paragraphs 3 and 4 to the vote.

President

Paragraphs 3 and 4 are adopted.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

I put paragraphs 6 to 25 to the vote.

Paragraphs 6 to 25 are adopted.

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

The resolution is adopted.¹

(Applause from the right)

10. *Outcome of the meeting of the Council of Research Ministers on 15 December 1975*

President. — The next item is the motion for a resolution with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, tabled by Mr Springorum, on behalf of the Committee on Energy, Research and Technology, on the outcome of the meeting of the Council of Research Ministers on 15 December 1975 (Doc. 463/75).

I call Mr Springorum.

Mr Springorum, rapporteur. — *(D)* Mr President, ladies and gentlemen, since we have devoted so much time to Mrs Walz's report I shall be as brief as I can. We members of the Committee on Energy, Research and Technology were delighted at having succeeded here in the European Parliament in getting the appropriations for indirect research activity restored to the budget and at the fact that Parliament's proposal had been accepted by the Council of Finance Ministers, and we were therefore hoping that a start could be made as quickly as possible with research in important fields, in particular in nuclear energy. We were therefore all the more disappointed to hear that the Council of Research Ministers had failed to reach a decision and had adjourned.

The point of this motion for a resolution is that the European Parliament should draw the attention of the Research Ministers at their next meeting to the fact that it feels that no more precious time must be wasted before a start is made on this fundamental Community research activity. We want to make this very clear with this motion for a resolution and we hope this will have some effect on the Council of Research Ministers. As a committee, we therefore ask the House to adopt this motion for a resolution unanimously.

(Applause)

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

Mr Giraud. — *(F)* Mr President, I should merely like to say on behalf of the Socialist Group that we fully agree with the motion for a resolution, which was, moreover, unanimously adopted by the Committee on Energy, Research and Technology.

At a time when the energy situation is extremely serious, thermonuclear fusion should, though, sad to say, not for some considerable time yet, solve the problems that we have discussed for several hours in this Assembly. We all know, or at least we all hope, that fusion will generally reduce the dangers of pollution that we discussed for such a long time just now.

I should therefore like to say that Parliament has the honour in this field of supporting with its motion for a resolution a Commission that is opposed by the Council, which does not seem to understand that the JET project, which has been submitted to us for our consideration, is one of those rare cases where Europe will be able in the years to come to give expression to its originality, its independence and even, to a greater extent, the lead it has gained in this area over all other world powers.

Consequently, I believe we must try to influence our governments in an effort to have them take as soon as possible the decision that we await, the decision to implement this project immediately and at Community level.

I would add just one more word. We all know that siting problems are behind the hesitation. To the Socialist Group this seems to be something of a secondary consideration. A well-known car manufacturer once said that people could have cars of any colour as long as it was black. We must not say that we agree to any site as long as it is ours. The governments, or at least some of them, must therefore overcome their understandable apprehension and take an active part in this field, which may be one of the greatest assets for Europe's technology, Europe's energy and for Europe as such in the next 25 years.

(Applause)

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

Mr Noè. — *(I)* Mr President, this Parliament has always been in favour of an early implementation of the nuclear fusion programme. The hour is late but I should like to be allowed to summarize briefly the basic reasons for our attitude.

¹ OJ C 28 of 9. 2. 1976.

Noë

The first is this: if the energy of fusion is used, the fuel will be available in virtually unlimited quantities, very cheaply, and will be needed in very small amounts. Therefore all the problems that we now face — let us just think of the enormous quantities of oil that need to be transported — will disappear. This is the principal advantage of the system, because the fuel will consist simply of deuterium, that is hydrogen extracted from heavy water, and lithium. Lithium is present in the sea in unlimited quantities. These two substances are sufficient for the fusion process.

Another, less important, but still considerable, advantage is that there will be no need to transport radioactive material over long distances. Here, then, we have two advantages really worth considering. But the implementation of the project is anything but easy. Side by side with these enormous advantages we have technical difficulties to overcome and here, for once, Europe is in competition with the United States and with Russia but at the same stage. This is why we simply must not lose time.

I want to say that the choice made by the Commission is the most rational that could have been made, because there are two main ways of achieving nuclear fusion: magnetic confinement (on which I shall say a few words in a moment) or by the use of powerful lasers. The Commission chose the first because research on this is more advanced, while on big lasers there is a certain amount of overlap with military research, which means that the information available is rather vague. Nevertheless, it seems, from such knowledge as we have, that to attain fusion, lasers some thousands times stronger than those now existing would be needed. I believe, therefore, that in the present state of the art, the Commission has made the right choice. There are also two major types of apparatus that can be used in the magnetic confinement method: the one called the Tokamak has been chosen. This is a solution originally devised in the Soviet Union, various smaller versions of which having since been designed, and it is a JET device of this type that the Commission now proposes to construct, consisting of an endless cylinder closed in on itself like a doughnut—within which fusion is induced by induction currents. In North America and in the Soviet Union, side by side with work on this closed configuration, experiments are being made on rectilinear cylinders where, obviously, because of the existence of extremities, end effects arise. Both the Americans and the Russians think that these experiments will enable them to develop a method of direct electricity production by making electrons and ions escaping from the open ends of the tube

strike the opposite ends of a large metal plate, thus generating a current. But the outcome of this research remains uncertain. I should think the Commission has done well to abandon this line and concentrate all its effort on the Tokamak.

Let me add at once that the Tokamak now to be constructed under the JET programme will require, as I see it, 135 million units of account, out of a total appropriation of 600 million over 5 years, i.e. it will represent a major part, and indeed the most important piece of apparatus, in the whole programme, though it will not account for the entire programme.

This is why I think that Commissioner Brunner was right when he tried to put the question of site selection in perspective, because basically the programme does not comprise only the JET project, there are also some other items. We should also be clear that the JET project, which will require a considerable effort and several years for its completion, will not solve the problem for us; it will represent an important stage but after the Tokamak JET we shall have to construct yet another, and then one more to achieve, towards the year 2000, the final solution. Therefore most probably if a country chooses the JET solution now, once the cycle is completed, it can go to another country. For these reasons the choice of site is not so critical.

I wanted to speak about what happens inside a Tokamak, but the hour is late. I shall only stress that lithium—the liquid metal in the outer part of the Tokamak—serves to slow down the electrons which are produced inside, and that these electrons, slowed down by the lithium shield, produce tritium which subsequently can be used again as a fuel. Effectively, therefore, the deuterium and the tritium are fuels which regenerate themselves. Tritium, which is radioactive, is always contained within the torus and never leaves it, except perhaps for some minor leak, but what is important is that there is never contact between the radioactive material and the external environment. The three essential parameters are: temperature, confinement time (that is the time during which the magnetic field can sustain the fusion process within it), and plasma density. The plasma must reach high densities and the essential point is that the product of plasma density and confinement time should reach a certain value. The difficulties, thus are very considerable, because the temperature must be of the order of 100 million degrees, that is such as no known material can support: hence the need for a magnetic field as a means of confinement. But some materials are needed to back up the magnetic field and my modest request to the

Noè

Commission is that, in addition to the essential physics research for developing the process, materials studies should be initiated in good time: for it would be most unfortunate if we solved the fusion process problem but did not have adequate materials to hand.

I shall say no more on this, but would like to say a few words on the question of site selection. I know that it is not of dramatically critical importance, but, both logically and from Community considerations, I think that the choice of Ispra could be most appropriate. In fact the siting committee has put Ispra first on the list for a number of reasons: Ispra would represent a Community solution, since the JET project would be developed side by side with a Community establishment, and not a national one; it would also be the least expensive solution for the following three reasons: because the nearby Lake Elio is a source of electric power for high voltage generation, and because there are already in existence there buildings and perfectly suitable general data-processing and documentation services in physics and chemistry. In my opinion, therefore, Ispra because it is a Community centre and because it is cheaper, provides a solution that would not pose dramatic choices before other countries, which instead could meanwhile carry out parallel work so as to achieve a more powerful Tokamak at a later stage. Undoubtedly, too, this solution would be most helpful towards relaunching Ispra activities. I know that we are talking about applied research, falling, in a sense, outside the terms of the establishment's activities but it would represent the advantages that I have described and that I would not have dared mention had not the siting committee itself put Ispra top of the list, and if I did not think myself that this would be a contribution towards relaunching a Community establishment that in the past has caused so many headaches to this Assembly.

(Applause)

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

Mr Hougardy. — *(F)* Mr President, I feel I have nothing to add to the brilliant speech that Mr Noè has just made, except to say on behalf of the Liberal and Allies Group that I fully approve the motion for a resolution tabled by Mr Springorum.

The members of the Commission will, I am sure, do everything that is required to champion research in the manner indicated by Mr Springorum.

(Applause)

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

Mr Krieg. — *(F)* Mr President, not having the technical knowledge of Mr Noè, I shall try to be as brief as Mr Hougardy.

The Group of European Progressive Democrats, on whose behalf I am speaking, fully approves the motion for a resolution before us, all the more so as it regrets the inertia demonstrated in the past and more recently by the Council of Research Ministers.

It therefore feels today that a decision must be taken and that progress must be made. My group therefore also asks the European Parliament to adopt the motion that has been tabled.

(Applause)

President. — I call Mr Brunner.

Mr Brunner, member of the Commission. — *(D)* Mr President, the situation is basically as follows: the programmes are ready. We have been preparing 3 000 research specialists and technicians over a period of several years. The money is available. It was this Parliament that entered the appropriations in the budget. The decision on the programme is now due. All the Ministers have said that they agree to the programme in principle.

Why, then, is it being held up? It is being held up because agreement cannot be reached on a secondary point. The secondary point is the siting of this JET plasma machine. I should not like this plasma machine to become a prestige object. It is not another Eiffel Tower. We do not want to start another dance round a golden calf. All that matters is to get started. And the decision on the siting of the machine is not a programming decision. It is a secondary decision. I can readily foresee an agreement being reached on this matter. We do not need a unanimous decision. The Ministers have therefore been urged to make a definite programme decision at their next meeting on 24 February 1976.

On this occasion the Commission will also make a proposal on the siting of the machine. This will give the Ministers the opportunity to use a voting mechanism which should finally enable us to make progress in this matter.

I thank you for your support. I thank you also for being the forerunners of European scientific research on this matter.

(Applause)

President. — Since no one else wishes to speak I put the motion for a resolution to the vote.

The resolution is adopted.¹

11. *Directive concerning the taking up of activities in direct insurance*

President. — The next item is the report drawn up by Mr Schwörer, on behalf of the Committee on Economic and Monetary Affairs, on the proposal from the Commission of the European Communities to the Council for a directive amending the Council Directive of 24 July 1973 on the coordination of laws, regulations and administrative provisions concerning the taking up and pursuit of activities in direct insurance other than life assurance (Doc. 394/75).

I call Mr Schwörer.

Mr Schwörer, rapporteur. — (D) Mr President, ladies and gentlemen, on 24 July 1973 the Council of Ministers implemented the directive on the coordination of laws, regulations and administrative provisions concerning the taking up and pursuit of activities in direct insurance. This directive contains a definition, in respect of financial data, of the unit of account based on the definition laid down in the Statute of the European Investment Bank. The basis, in accordance with Article 4 is the gold parity. Every Member of this House knows that the gold parity can no longer be used. Article 4 of the Statute of the European Investment Bank is therefore being changed. The Board of Governors decided on 18 March 1975 to use a new definition of the monetary unit for internal purposes. This new European monetary unit was fixed for the first time in the Lomé Convention. It is based on a basket of different amounts of the currencies of the nine Member States. The unit of account changes its value from day to day but the differences are relatively small. This mixture is therefore a real step forward. It is undoubtedly the best of the numerous European monetary units.

This unit of account is being used by various State authorities for the determination of the minimum guarantee fund that undertakings must establish and of the contribution income level which has to be reached before certain mutual associations can come within the scope of application of the directive and to specify certain thresholds relating to the calculation of the solvency margin.

From the point of view of creating equal conditions of competition in the Member States, adoption of the Commission's proposal can be recommended. This will ensure that the actual economic criteria laid down by the directive, that is to say the financial aspects which I have just referred to, will be applied uniformly in all the Member States.

The same objective is served by the creation of more or less similar systems for the protection of insured persons. The proposal should also be considered in the light of efforts to replace the different units of account with a single European unit.

According to the Commission's proposal, the exchange rates applying on the last working day of the year should be used to determine the value of the European unit of account in terms of national currencies. This seems an appropriate solution. On the one hand it ensures that the economic criteria will always be adjusted to the latest developments. At the same time this cannot happen every day. One particular day has to be chosen. The question may well arise as to whether the choice of the exchange rates on the last day of the year could cause the insurance undertakings difficulties in estimating the amount of the minimum Guarantee Fund in national currency at the end of the accounting year.

The Committee on Economic and Monetary Affairs would also like to ask the Commission to incorporate this change in its proposal for a directive concerning the life insurance companies.

The Committee on Budgets has put forward in its opinion a proposal, which the Committee on Economic and Monetary Affairs gladly supports, calling for broadly-based action designed to contribute to a more positive degree of equilibrium between the economies of Member States. This would reduce the variations in national Community currencies in terms of each other to a minimum. We fully support this request since it calls on all European Institutions to make European Economic and Monetary Union a reality.

The Committee on Economic and Monetary Affairs, on behalf of which I have the honour of submitting this report, thus approves the Commission's proposal for a directive and asks that it be passed as soon as possible by the Council.

The Christian-Democratic Group, on behalf of which I can also speak, agrees with the position taken by the Committee on Economic and Monetary Affairs. We are concerned with a

¹ OJ C 28 of 9. 2. 1976.

Schwörer

measure designed to eliminate distortions in competition, but I am happy to see that the introduction of the new Lomé unit of account to the field of insurance activity shows that the Commission is anxious to make progress with the implementation of a single European unit—and I stress here the word 'single'.

I am sure that the House will give its full approval to the positive effects on European political integration of this step.

(Applause).

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

Mr Lagorce. — *(F)* Mr President, ladies and gentlemen, I shall not dwell on the technical and political advantages of replacing the unit of account based on the parity of gold by the European unit of account which takes account of the fluctuation of exchange rates.

I should simply like to make one observation. Mr Fourcade said when the European unit of account was introduced, that the Community was setting out on a course which would eventually lead to the creation of a European currency. That is, I feel, attaching a great deal of importance to what is no more than a convenient instrument for clearing the Community's accounts and for introducing a greater degree of fairness to the financial rights and duties of the Member States. The motion now under consideration is an example of this.

But the growing frequency with which the European unit of account is used raises the problem of its general application, possibly fairly soon, in the various sectors of activity in the Community.

The present situation is in fact having serious implications particularly in agriculture, to name but one field. But this general application presupposes solutions being found to technical and political problems whose complexity cannot be underestimated. Moreover, from the budgetary point of view, the Audit Board has on several occasions referred to the problems connected with the unit of account. I could quote numerous examples that I have collected, but I will spare you.

In my opinion the present situation must be changed, perhaps in 1976. The in-depth investigation required might take place in the context of the reports on the giving of a discharge in respect of the financial accounts for 1972 or 1973, or of the report on the revision of the Financial Regulation. Would that be possible? With that question I shall close this brief

speech in which I have confined myself to raising a matter which I felt to be important, without dwelling on the technical details.

Finally, to revert to the real subject of the debate, the Socialist Group recommends the House to adopt this motion for a resolution in view of the favourable attitude taken by the Committee on Economic and Monetary Affairs and the Committee on Budgets.

(Applause)

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — *(F)* Mr President, I have very little to add to what Mr Schwörer and Mr Lagorce have said. I should like to thank the rapporteur and the Commission on Economic and Monetary Affairs. Replying to Mr Lagorce, I would say that the Commission is endeavouring, whenever possible, to use the unit of account for all the Community's economic activities.

President. — Since no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

12. *Directive on waste from the titanium dioxide industry*

President. — The next item is the report drawn up 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 waste from the titanium dioxide industry (Doc. 457/75).

I call Mr Premoli.

Mr Premoli, rapporteur. — *(I)* Everywhere in Europe, but more particularly in my own country, pollution of the sea by titanium dioxide popularly known as 'red mud', has been a cause of anxiety. The presence of this mud in the Tyrrhenian Sea was the subject of a court case—the Scarlino case—which resulted in heavy fines on the management of Montedison, found guilty of having caused the pollution. Thus an end was put to one of the gravest cases of environmental disturbance in the Mediterranean Sea which, as we know, is particularly vulnerable to ecological damage both because of the density of the population and industry and because of its extremely slight water flow:

¹ OJ C 28 of 9. 2. 1976.

Premoli

a bottle thrown in at Gibraltar would appear near Suez only 80 years later.

We should therefore be grateful to the Commission, and especially to its Vice-President, Mr Scarascia Mugnozza, for drawing up general legislation that meets public anxieties on this sensitive problem. Titanium dioxide is a raw material for the production of paints and varnishes and it has a directly poisonous effect in man, destroys plankton, and repulses or kills fish, causing immense losses to the fishing industry, especially in Corsica which fortunately has found a powerful champion in the doyen of the French Assembly, Virgile Barel.

If we consider that for every ton of the finished product 10 tons of residue are discharged into the sea, we can get an idea of the extent of the damage caused to the environment. To complete this disturbing picture I should like to add that this is one of the few growth industries in the Community: over the next decade a doubling of output is forecast.

The aim of the directive, as you know, is to reduce gradually, until complete elimination, marine pollution due to titanium dioxide waste. Three specific measures are intended to achieve this ambitious objective: dumping of this waste at sea or storage on or in the ground should require authorization from the Commission of the European Communities, after consultation of the competent authority of the Member State in whose territory the industrial plant is situated. Every dumping operation is to be subject to ecological supervision and be accompanied by systematic monitoring of the environment before and after the dumping, to ensure that it is discontinued if injurious effects should be found; finally, there is provision for a planned reduction of pollution and other environmental damage.

On this last point we feel the Commission deserves praise for having wisely opted for differentiated timetables for the reduction of pollution by new and existing industrial establishments. For example, while new industrial establishments will be required to reduce to 30% total pollution due to them by 1978, those already existing are set the target of only 70%.

With this decision we agree, but as representatives and spokesmen for European public opinion we feel we must ask that the overall period allowed for total elimination of this form of environmental pollution should be reduced from 10 to 8 years.

We also approve the fact that the Commission makes no distinction between inland seas, such

as the Mediterranean and open ones, such as the Atlantic, as regards the dumping of slag, because any such distinction could have given rise to grave distortions of competition with injurious effects for the sensitive state of the Western economy.

While adhering to the principle of 'polluter pays', we have wondered whether there is not a case for the rapid drafting and initiation of an improvement plan to remedy the effects of the chaotic industrialization of recent years, and thus we propose that any aids should be granted in the form of credits and, possibly, actual subsidies.

Such aids are likely to accelerate the process of reclamation of the Mediterranean because the cost of anti-pollution measures would load the price of the finished product too heavily, and make the industry no longer competitive. Thus in the French National Assembly a debate was recently held on the alleged uncontrolled discharge of titanium dioxide by Montedison; these residues were said to have been insufficiently treated before dumping in the sea because the treatment process was too expensive.

While we acknowledge that the effort made by Montedison at Scarlino—to go back to the example already quoted—is certainly considerable, we must, nevertheless, point out that only Community legislation laying down equally binding standards for producers in neighbouring countries can achieve the desired effect of making this sea, of such vital importance to the trade, industry and tourism of its coastal countries clean again.

Finally, it is to be hoped that equally drastic measures will be applied to other forms of pollution, such as the 'yellow mud' (of which 4 ½ tons a day are discharged into the estuary of the Seine) and carbon dioxide, which have similarly damaging effects to those of titanium dioxide.

(Applause)

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

Mr Della Briotta. — *(I)* Mr President, on behalf of the Socialist Group I want to say that we shall vote in favour of this directive which in our opinion is important, because it indicates a line of action in all matters concerning environmental pollution—though it might seem at first sight that titanium dioxide is a problem of interest to only a few areas in the Community.

As Mr Premoli has already said, titanium dioxide is a pigment used particularly in the

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manufacture of varnishes, plastics and inks. In the last decade its consumption has doubled and, consequently, so has the quantity of wastes discharged into the sea (supposedly on the open sea, but under cover of darkness dumped just anywhere, even in estuaries).

Factories accounting for 87% of the European productive capacity in this sector dump their wastes in the English Channel and the North Sea while those representing about 6% of this capacity throw them into the Mediterranean, where the problem is undoubtedly aggravated by the conditions typical of an inland sea, the climate and the density of the seaboard population.

The directive under examination aims to achieve a gradual reduction of the pollution due to these wastes until its complete elimination under the Community programme of environmental action which this Parliament has earlier approved. Tests by various international scientific bodies have proved that titanium dioxide residues are actually and potentially harmful to the marine environment into which they are discharged. They cause a reduction of the oxygen content and of the pH of the sea water, depletion of the plankton and increased turbidity of the water.

Perhaps they represent no danger to human health since they do not seem to be toxic in any way, but they do lead to considerable deterioration of the sea environment with harmful effects both on the flora and the fauna. The marine species which feed on plankton finally abandon the areas polluted with titanium dioxide discharges, while the de-oxygenation of the water makes life difficult, if not impossible for most species. Coastal populations are thus deprived of their principal source of livelihood and there is also the wider problem of preserving the ecological balance between the human and the plant and animal species.

It is relevant to recall here the petition submitted by the French representative, Mr Barel, to the European Parliament in which he drew attention to the protests of Corsican fishermen who had suffered losses as a result of the dumping of waste (the so-called 'red mud') by the varnish factory at Scarlino owned by the Italian Montedison company. France has published a white paper on this and the French Minister for the Quality of Life, Mr Jarrot, at the meeting of the Council of Ministers of the Environment on 16 October 1975 demanded a rapid solution to the problems caused by titanium dioxide wastes, emphasizing that his government attached great importance to this.

The titanium dioxide problem was, in fact, the subject of an extensive debate when, in Corsica and on the French Mediterranean coast, there was something like an insurrection over the dumping into the sea of titanium dioxide residues by Montedison at Scarlino. Mr Corona who, as Italian Minister for the Environment, intervened most resolutely in this affair in defence of the Mediterranean's ecological balance and managed to find a technologically and scientifically difficult solution thanks to the joint support of the authorities, of scientists and of the experts from the very establishments producing this slag, knows all about this and it is to him I am appealing now.

I refer to this case because it can be seen as a model of what happens when environmental problems are dealt with not by means of debates, which change nothing, but by practical decisions which inevitably must be ultimately damaging to the interests of the industries causing pollution and, indeed, to the more general interest, by putting workers' jobs at risk.

In fact, in the Scarlino case we find all the aspects of the problem: the movement among the population protesting against the pollution, the involvement of the press, the action by the authorities which, following judgment by the courts, ordered the company to stop the pollution and seized some ships, the consequent reprisals on the part of the company which first threatened to close its factory and finally actually did so, putting the workers on the dole.

The Minister of the Environment dealt with the problem at national level, with a consequent increase in manufacturing costs of products using titanium dioxide, and the final result was that the Community's authority was challenged, not least because of the distortion of competition which occurs.

That case involved the problem of the waters into which such waste may or may not be discharged and of the diversity of climatic and geographic conditions which exist and hence of the possible differentiation of regulations which should govern these matters.

We should therefore congratulate the Commission and its Vice-President, Mr Scarascia Mugnozza, for tackling the problem within a Community framework—the only appropriate framework for achieving an effective solution which a purely national approach cannot provide.

It is appropriate that the directive should have a general character, obliging all the Member States to observe the same rules aimed at

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eliminating titanium dioxide dumping. At the same time it leaves the enterprises free to choose more suitable sites for disposing of titanium dioxide wastes to eliminate their damaging effects.

As Mr Premoli has already mentioned, the measure contains three types of provisions:

1. prior authorization to be granted by the state where the polluting establishment is located;
2. ecological monitoring of the area where the waste is discharged, with a follow-up to ascertain the degree of environmental deterioration and measurement of toxicity in the sea fauna and any possible toxic effects on human beings;
3. finally, the gradual reduction of pollution by industries, beginning on 1 January 1978 (reduction by 70%) to achieve gradually a maximum permitted level of 5% by January 1985.

I should like to refer here to certain amendments to the text submitted by the Commission proposed by the Committee on Public Health and the Environment. Among these the most important is that to Article 4 which takes account, among others of some objections raised by our British colleagues.

Under the proposals of the Committee on Public Health and the Environment the prior authorization for dumping should be granted by the Commission of the European Communities and not by the competent national authority though it may, in fact, be requested by the latter.

I believe that the directive before us meets one of the postulates frequently put forward by this Parliament which has rightly maintained that the control of pollution can only be effective if carried out at Community level. This is why the Committee on Public Health and the Environment has insisted that the procedure proposed by it should be substituted for that envisaged by the Commission.

In concluding, as spokesman for the Socialist Group and a representative of Italy, I want to welcome this proposal for a directive with the reservations I have just mentioned. We ask the Commission of the European Communities to make the objective laid down in the directive the point of departure for strengthening the Community's powers in this and in other matters, if we are to be able, as I was saying earlier, to deal practically, and not only verbally, with the problems of environmental protection in the Community.

(Applause)

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

Mr Noè. — *(I)* Mr President, I am in full agreement with the attitude stated by Mr Premoli; I believe that the achievement of this harmonization in eight, rather than in ten, years is desirable, and, while congratulating the rapporteur, I express the Christian-Democratic Group's support for the resolution.

(Applause)

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

Mr Spicer. — Mr President, could I first of all thank Mr Premoli very much for the way in which he has approached this within our committee and, indeed, thank our chairman for the way in which he has taken the chair at what could have been an extremely difficult session.

Mr Della Briotta has in many ways stolen my thunder, but I am delighted that he has done so, because he has illustrated quite clearly the problem that we face when dealing with many by-products from a product like titanium dioxide. There is, of course—and we all must accept that—a world of difference between the situation that obtains in the Mediterranean and the situation that obtains in the North Sea. And I think that the amendments that we propose and that were accepted in committee by Mr Premoli have made it quite clear that what we wish the Commission to do is to lay down quite clearly the standards they wish to see observed and then leave it to the Member States to follow them up each in its own way.

The point I would like to make particularly is that we can only really work efficiently in this matter of pollution of the sea if we compare like with like. And in this respect, Mr President, I think that the British way has some merit. Our British method of administrative control of pollution has been to concentrate on the proportion of pollution in the receiving element, be it air or ground or water, rather than on the quantity of noxious substances emitted by any one factory, sewage works or other potential polluter. On this basis different emission standards have been accepted for a fast-flowing river with a single polluting factory and for a sluggish river with a dozen potentially dangerous plants along its banks. That really sums up the situation of the Mediterranean as opposed to the North Sea, and I am extremely grateful that the committee were able to take that into account.

This must surely be a sensible approach, and the ministers responsible for the environment

Spicer

recognized it to be so when they met in Brussels on 9 December. The principle of the quality objective was accepted at that meeting, and I would only ask the Commissioner to confirm that in future proposals from the Commission will take account of, and indeed accept, the general principle that quality control can produce environmental standards at least as high as those obtained by a blanket control at the point of emission. I think this is a very important principle. If it has been accepted by the Council, I would certainly hope that it could be accepted by the Commission too in all future subjects that come before our committee for discussion.

May I finally say that we in the European Conservative Group approve this report wholeheartedly and approve the work of the Commission in this respect as well.

(Applause)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — *(I)* Mr President, I should like to join in the expression of thanks to Mr Premoli who, with his typical ability and accuracy, has drawn up an excellent report on an initiative which, though it is difficult and sensitive, has already produced positive results.

I only want to say that I am somewhat disappointed that while the Commission has received congratulations from all parts of the House, the resolution 'deplores' the delay in the submission of this proposal. I do not think we deserve to be addressed in these terms, when the directive has been submitted with a delay of barely six months and when the technical report annexed to it bears witness to the obvious difficulties and the huge task faced by the Commission, in dealing, in addition to this, with a whole series of other problems due mainly to shortage of technical and administrative staff.

But aside from this comment, which is largely political in nature—because it seems to me pointless to emphasize short-comings which after all are not due to any lack of good will on the part of the Commission, but to the difficulty of the work itself—I should like to add that, as the last speaker noted, the decision adopted last December by the Council of Ministers on permissible levels of toxic and harmful matters which may be discharged by industrial plant into water is a relevant factor in the discussion of the directive before us. And, obviously, the principle laid down by the Council of Ministers in Brussels is now a general principle which the Commission and all other Community bodies must evidently observe in the future.

Now that, thanks to the good will of the British Minister and also of all the Ministers of the Member States, this extremely difficult and sensitive point which led to a postponement from October to December of this decision has been solved, we are now able to embark on a legislative programme for environmental protection which is much more extensive and more practical than what we could have imagined possible even a few months ago.

In these circumstances I am now able to accede to the request from the rapporteur and from the chairman of the Committee on Public Health and the Environment that the directive, once it is approved, should become the point of departure for more legislation which should be increasingly strict so as to preserve waters from the pollution that today can, in some cases, lead even to death.

Having said that, Mr President, I must make clear that on the two amendments submitted I am not in agreement with their proposers: firstly, because the Commission is being asked to undertake dispersed action which in this case is absolutely impossible. It is not possible because the Commission must, as indeed has been claimed in this House on earlier occasions, lay down general rules to be observed by the Member States as regards areas and matters which lie within the competence of the Member States. Obviously, we are able from time to time, and in very special cases, to check that the standards laid down are being observed, but we cannot take upon ourselves, quite apart from the shortage of staff from which we are suffering, the purely technical task of issuing those authorizations ourselves. I should, therefore, like to ask Members not to press this amendment, which would create difficulties without in the least improving the implementation of the directive.

As to the second amendment, to the effect that the directive be adopted on 1 March 1976, I wish to point out that the Council of Ministers has undertaken to adopt all the directives on environmental matters within 9 months of the submission of the proposals.

The 9 month period in this case expires in May next. I could accept the amendment and could promise to do my best to see that the directive is adopted in March, but I do not think I can give such an undertaking and must therefore ask Parliament not to press this amendment, either, because work in hand in the Council is already encountering considerable difficulties and I do not believe that it will be possible to have this directive adopted by the Council within two months. Besides, I think that

Scarascia Mugnozza

by March there will be enough material to make it possible to hold a special Council of Ministers on environmental matters, as it has now been decided to do at least once every six months. With these reservations, then, Mr President, and with my thanks to Mr Premoli for his report and to the members who have spoken, I ask the European Parliament to adopt this motion for a resolution.

President. — Since no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted. ¹

13. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Wednesday, 14 January 1976, at 9 a.m. and 3 p.m. with the following agenda :

- Question Time
- Statement by the President-in-Office of the Council;
- Statements by the Council and Commission on the outcome of the Conference on International Economic Cooperation;
- Oral question with debate on the control of concentrations between undertakings;
- Oral question with debate on multinational companies;
- Joint debate on the oral question to the Council and Commission concerning difficulties facing the textile industry; and
- Oral question with debate on medium-term economic policy.

The sitting is closed.

(The sitting was closed at 8.20 p.m.)

¹ OJ C 28 of 9. 2. 1976.

SITTING OF WEDNESDAY, 14 JANUARY 1976

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IN THE CHAIR: MR SPÉNALE

President

(The sitting was opened at 9.10 a.m.)

President. — The sitting is open.

1. Approval of minutes

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

Are there any comments?

The minutes of proceedings are approved.

2. Question Time

President. — The next item on the agenda is the questions addressed to the Council and the Commission of the European Communities (Doc. 474/75), pursuant to Rule 47 a, paragraph 1 of the Rules of Procedure.

I would ask Members to put their questions in strict conformity with the Rules.

We shall begin with the questions addressed to the Council. The President-in-Office of the Council is asked to reply to the questions and to any supplementary questions.

I call Oral Question No 1 by Sir Geoffrey de Freitas:

'Will the Council ask the Commission and the Parliament to join them in setting up a small *ad hoc* committee to study the Tindemans report in conditions which would not in any way com-

mit either the Council, the Commission or Parliament?'

Mr Thorn, President-in-Office of the Council. — (F) Mr Tindemans has now forwarded his report, as agreed, to the Governments of the Member States. It will now be necessary to study what procedures should be followed for the examination of this report. This is one of the questions which the European Council will examine at its next meeting in Luxembourg in March.

Sir Geoffrey de Freitas. — May I be the first, Mr President, to wish you every success in the important months ahead. Will you ask the Council to pay particular attention to finding the highest common factor of agreement between the governments, the members of this Parliament and the Commission so that the good points in the report may not be forgotten by too much discussion of the particular points of disagreement?

Mr Thorn. — (F) This proposal is not only interesting but useful. May I tell the honourable Member that I fully share his point of view.

President. — Its author being absent, Question No 2 by Mr Zeller will receive a written reply¹.

I call Oral Question No 3 by Lord Reay:

'Now that the Council has refused to increase its allocation of skimmed milk powder in food aid for 1976, what steps does the Council intend to take to dispose of the Community's surplus stocks?'

¹ See Annex.

Mr Thorn, President-in-Office of the Council. — (F) Mr President, the Council is aware of the problem of the Community's large stocks of surplus skimmed milk powder and is willing to examine various measures to speed up the disposal of these stocks.

Included in the proposals recently submitted to the Council by the Commission for fixing agricultural prices for 1976/1977 is a range of measures designed to rationalize the market in the dairy sector. In particular, the Commission proposes a short-term expansion of the market for skimmed milk powder by making its use compulsory in all compound animal feedingsuffs. It also proposes increasing the skimmed milk powder allocation in the food aid programme for 1976 to 200 000 tonnes. Other measures involve changes to the support system for skimmed milk.

The Council believes that, after examining the matter in depth and taking account of the opinion of the European Parliament, it will probably be able to state its views on the subject at its meeting in mid-February 1976.

Lord Reay. — Given the fact that Community stocks of skimmed milk powder are currently in excess of one million tonnes, and given the fact that the Council, in the 1976 budget, proposes to give as aid only 55 000 tonnes, the same figure as last year—even though in April of last year the Commission reported that it had received requests from developing countries for aid in the form of skimmed milk powder to the figure of over 200 000 tonnes—would the Council not agree that it is time that the Commission's proposal of last April for a very substantial increase in this kind of aid should be acted upon without delay?

Mr Thorn. — (F) This is one of the questions which the Council will have to examine between now and February.

Mr Brøndlund Nielsen. — (DK) The President-in-Office of the Council mentioned that it was proposed to mix skimmed milk powder with animal feedingsuffs and that it was intended to introduce a number of regulations so that the surplus could be partly disposed of in this way. I should like to ask the President of the Council whether this course of action is not perhaps a step backwards or in the wrong direction and whether it would not be better to enable the skimmed milk to be returned to the farmers who could then use it for feedingsuffs themselves, rather than having it converted to powder and then compulsorily mixing it with feedingsuffs? After all, this is a very round-

about way of doing things. Would it not be easier to use the direct route, so that the farmers themselves could get the skimmed milk back and use it as feedingstuff?

Mr Thorn. — (F) Dare I tell the honourable Member that in spite of the omniscience attributed to me I do not have the necessary specialized knowledge to answer him. Opinions differ on this matter. I have been receiving various whispered pieces of technical advice from colleagues who set great store by pleasing you. I shall pass your point of view on to those persons who are highly qualified in this field, but I cannot—I am terribly sorry, but I am honest enough to admit it—answer this question.

Mr Fellermaier. — (D) Mr President of the Council, it is of course true that you are not responsible for these agricultural questions, but the President of the General Assembly of the United Nations is surely, by virtue of his position, able to judge that hunger in the world is an extremely influential factor and that against the background of the efforts to help the developing countries, the poorest countries in the world, no one can understand how we can be building up skimmed milk powder mountains, and planning new regulations designed to dispose of skimmed milk in the form of milk powder, while at the same time the Council is adopting a restrictive attitude to the Commission's proposals to make more efforts to dispose of the milk powder mountains here in Europe in the feedingsuffs sector?

Mr Thorn. — (F) All I can say is that the President of the General Assembly of the United Nations and the President-in-Office of the Council share your views and I shall see to it that considerable attention is paid to your opinions on this subject.

Mr Broeks. — (NL) Is the President-in-Office of the Council aware that Parliament has further increased the amount fixed by the Commission for food aid in the form of skimmed milk powder? I should be very grateful if he would take note of the answer which Mr Lardinois gave Parliament regarding food aid in the form of skimmed milk powder at the part-session in Strasbourg last December.

Mr Giraud. — (F) Mr President, I am no more of an expert in animal husbandry than you are, but I think I am right in saying that it is difficult to produce calves without at the same time producing milk. Does not the practice of using milk powder to 'manufacture' calves which in turn give rise to a new milk mountain

Giraud

remind you of the labours of Sisyphus? Should not the feeding of human beings have absolute priority over the feeding of animals?

Mr Thorn. — (*F*) I have the impression that this balance you appear to be seeking should be at the very heart of the study which the Council will undertake on the basis of proposals—highly expert as always—from the Commission.

Mr Howell. — Mr President, may I ask the minister if he is aware of the fact that many farmers think that the proposal to re-circulate 800 000 tonnes of skimmed milk powder is totally absurd, and also that they will feel deep resentment at being dictated to as to how they should feed their livestock.

Can he tell me what the value of skimmed milk powder is on the world market and, if it is virtually valueless, is there any sense in continuing to process skimmed milk?

Mr Thorn. — (*F*) I am sure, Mr President, that you and Parliament will share my personal view that discussion of this last question would necessitate a fairly technical debate on agricultural policy in which the President-in-Office of the Council could not successfully argue the Council's point of view, since he is not a specialist in this field.

(*Applause*)

Mr Brugger. — (*D*) Does not the President-in-Office of the Council think it would nevertheless be better to use milk powder which is beginning to go off as animal feedingstuffs rather than using it as food as long as farmers are demonstrably using good quality foodstuffs for their animals?

Mr Thorn. — (*F*) Speaking as a layman, I would say that opinions differ on this subject. The matter will be considered jointly by the Council and the Commission.

Lord Bruce of Donington. — Is the Council aware that this question was put down in specific terms: it asked specifically what *steps* were going to be taken. It did not ask what was going to be considered.

Will the Council please answer directly the question that has been put by Lord Reay?

Mr Thorn. — (*F*) As I have just said in reply to Lord Reay's question, the Council expects to be able to make a pronouncement on this subject at the mid-February 1976 part-session after

thorough examination of the issue. I can give no further details on this matter.

President. — Its author being absent, Oral Question No 4 by Mr Vernaschi, will receive a written reply in accordance with the political cooperation procedures.

I call Oral Question No 5 by Mr Dykes:

'What is the Council's latest attitude, following the Rome meeting of the European Council in December, to the notion that some Member States may wish to delay the initial implementation of direct elections to the European Parliament beyond the generally agreed target of 1978?'

Mr Thorn, President-in-Office of the Council. — (*F*) The European Council agreed that elections to the European Parliament would take place on a single date in May or June 1978.

However, according to the communiqué issued after the conference in Rome, any State which is unable to hold direct elections on that date may appoint its representatives from amongst the members of its national Parliament.

It is too early to say whether any Member State will wish to avail itself of this possibility.

I should like to add that I personally hope that this will not in fact be the case.

Mr Dykes. — May I particularly thank Mr Thorn for the final part of his answer and say how one will appreciate any efforts that can be made collectively by the Council to make sure that the Member States now really begin to get on with this exercise. Would the representative of the Council therefore confirm with as much emphasis as he can command—which is considerable—that there is no reason at all now why there should be any single Member State delaying beyond 1978 if the organizational and constitutional preparations in each country are commenced this year?

Mr Thorn. — (*F*) In view of the fact that the Rome communiqué was sufficiently explicit on this point, I have no wish to repeat myself unnecessarily. We left the Rome conference with the idea that these elections would take place in all the countries on the same day around May or June 1978.

One country has reservations regarding the possibility of participating in these elections at that time, and added that since it wished to be represented it would probably be so by means of members appointed by the national Parliament.

Thorn

This will all be discussed again at the next meeting of the European Council when we hope to arrive at a final decision. As far as I and many of my colleagues are concerned, we will strive to see that real elections are held in the nine countries.

Mr Fellermaier. — (D) Mr President of the Council, can you assure us that during your period of Presidency the Convention regarding direct elections will be adopted by the Council of Ministers so that the ratification procedure in all nine Parliaments can begin early enough to allow the various political groups in Europe to do all they can to prepare directly for the elections and to make the people of Europe aware of the issues involved?

Mr Thorn. — (F) I can assure you that I personally will do all in my power to see that the decision is taken at the soonest possible opportunity, i.e. at the next meeting of the European Council in March.

It appears from initial talks I have held with certain other Heads of State and Government that they share the same point of view as you and I.

Mr Patijn. — (NL) Apart from the question of the number of seats per Member State, does the President of the Council anticipate any other problems in the European Parliament's draft convention which might prevent a decision being taken in March of this year?

Mr Thorn. — (F) It is perhaps a little early to give you an official answer to this question. I can tell you, however, that I do not personally anticipate any problems.

President. — Its author being absent, Oral Question No 6 by Mr Osborn will receive a written answer¹. We now proceed to the questions addressed to the Commission.

I call Oral Question No 7 by Lord Bethell:

'Will the Commission undertake a thorough examination of the reasons why air fares within the Community are much higher than those for comparable distances within the United States?'

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) Mr President, the honourable Member asks why air fares within the Community differ from those elsewhere. I should like to say on behalf of the Commission that several studies have been carried out with a

view to explaining the differences between intra-Community air fares and internal air fares in the United States, the most recent of which was published by the AEA (Association of European Airlines) in 1974 and the results of which are still, generally speaking, valid today.

It should be borne in mind that there are great differences between the way in which air transport is organized in the United States and in Europe. I should like to quote just three examples: firstly, in contrast to the United States, the majority of services in Europe are international and are therefore subject to controls and restrictions which result in increased running costs. Secondly, all the work in the United States is carried out in one language. Thirdly, in terms of passenger-kilometres, there is six times as much air traffic in the United States, and apart from all this, Mr President, there is the fact that the aircraft themselves are of American manufacture and therefore spare parts are much more readily available than in Europe.

For these reasons, we feel that the differences between air fares in the United States and in Europe are justified.

Lord Bethell. — I wonder if Mr Scarascia Mugnozza is aware how wide the differences are between fares of internal flights in the United States and fares of international flights in the Community. For instance, a single ticket, economy class, from Copenhagen to Rome costs \$206, whereas a flight from New York to Memphis, the same distance, costs \$82. Likewise, a flight from Brussels to London costs \$68 and a flight from New York to Hyannis, the same distance, costs \$37, about half.

The Commissioner mentioned Europe. I wonder if he is aware that the single fare from London to Malaga, economy class, is £83, but the fare from London to Gibraltar—a slightly longer distance—is £61. Has he considered the fact that these high fares on international flights, as opposed to internal flights, are caused by the protectionist fare structure imposed on airlines by IATA—the International Air Transport Association—and that if only we could get our EEC flights on an internal basis we would be able to reduce these fares considerably and do away with the severe hindrance to free movement within the Community and the barrier to trade which they entail.

(Applause from various quarters)

Mr Scarascia Mugnozza. — (I) Mr President, the Commission is fully aware of the difficulties described by the questioner and this is why it has drawn up an aeronautical action pro-

¹ See Annex.

Scarascia Mugnozza

gramme to enable the European Community to have its own airspace, and hence within this airspace companies which will be able to look after intra-Community traffic in conditions comparable to those applying to internal flights.

Mr Normanton. — In view of the reply both to the original question and the supplementary question which the Commissioner has just given, may I ask him to consult with his colleagues and see whether his reply is not added evidence of the need for re-evaluating the structure of the European aircraft manufacturing industry. His reply highlighted this glaring void and I would like him to press his colleagues to rethink and rethink urgently the need for such restructuring.

Mr Scarascia Mugnozza. — (I) The Commission has already submitted a document on this matter. We hope that the resultant Parliamentary debate will help the Commission to develop its ideas further.

Mr Noè. — (I) Does the Commission not think that if the European airlines had followed the suggestion made by this Parliament in January 1973 to pool their fleets, i.e. to operate on a circular flight basis rather than bilaterally as at present—I am of course talking of Europe and not of intercontinental airspace—this might have led to a reduction in costs and, consequently, a reduction in air fares?

Mr Scarascia Mugnozza. — (I) Yes. However, one must bear in mind that the airlines do not make their own policies and are not autonomous—they must work within the framework of governmental policy. This is precisely the reason why the Commission is making the necessary contacts with the governments of the Member States with a view to evolving a Community air traffic policy.

Mr Seefeld. — (D) Mr Commissioner, do you agree that a common air traffic policy as advocated by the Commission with the support of the European Parliament, would also have a considerable influence on air fares within Europe and hence be in the interests of the citizens of our Community?

Mr Scarascia Mugnozza. — (I) I fully agree.

President. — I call Oral Question No 8 by Mr Hamilton:

'Is the Commission aware of the feeling within the Community that there is discrimination against women in employment opportunities

within the Commission and in other European institutions, and what steps are being taken to rebut such charges?'

Mr Borschette · *Member of the Commission.* — (F) If there is in fact a feeling that there is discrimination against female officials within the Community, the Commission does not regard it as justified. If one examines the distribution of officials and other servants of the Commission—both men and women—over the various grades, it will be seen that there is no discrimination within grades C, D, B and LA. On the other hand, the percentage of female officials in grade A is still very low, of the order of 7%. The Commission's policy cannot, however, be held responsible for this situation since it applies identical criteria for the recruitment and promotion of both male and female officials. The situation is due to the small number of women entering all the competitions for A grade posts organized by the Commission. This is an undeniable fact. Our candidates, both men and women, do not come from an ideal country where discrimination on the grounds of sex was abolished long ago. They come from the Member States of the Community in which discrimination has existed and possibly still exists and, by force of circumstance, there are fewer women than men with a university education.

Having said this, Mr President, I should also stress that the number of successful candidates in the competitions is more or less evenly distributed between men and women. Nevertheless, the Commission has just set up a working party to study how the position of women can be improved. This study will, in particular, make use of a survey which has been conducted by the departments of the Commission amongst female officials in order to ascertain ways in which their situation may be improved, particularly as regards promotion and recruitment.

Mr Hamilton. — I am very grateful for that reply. However, I wonder whether Mr Borschette has read the report on that opinion survey in the very sober and responsible British newspaper *The Guardian* on 2 December last. It had this to say about the results of the survey, and I quote: 'The Commission's salaries are higher than equivalent jobs would command in any member country's capital, but in other respects the EEC emerges from the survey as a callous employer of women, showing all the features of male chauvinist piggery'.

(*Laughter*)

Looking at the Commission's bench would seem to confirm that view; it looks like a bit of a monastery cell. Could Mr Borschette, as the

Hamilton

Commissioner responsible for staff matters within the Commission, indicate what steps are being taken to provide crèches and other facilities for married women, since a high proportion of the women employed by the Commission and the other institutions are married women. What steps are being taken as a matter of urgency to save money. The money used to finance the Christmas party for the kids of Commission employees would be better employed on such purposes; that would be a much more responsible use of public money, would it not?

(Murmurs of impatience)

Mr President. — Mr Hamilton, please try to be brief!

Mr Hamilton. — ... Furthermore, can Mr Borschette give an assurance that, since the survey showed that only 6% of the Commission women belonged to political parties and only 38% were trade union members, the working party will urge women employees to join political parties, preferably the Labour Party, and the trade unions as well?

Mr Borschette. — *(F)* Mr President, I should like to say first of all that I too occasionally get the impression of being in a monastery when I visit other institutions. This is not exclusive to the Commission.

Secondly, I am not quite sure on which report *The Guardian* based its conclusions. I should like, however, to quote a number of conclusions from the official report:

- a) Satisfaction with present work: very satisfied: 21%
- b) Satisfaction on the level of personal relationships: 36%; fairly satisfied: 48%
- c) Satisfaction on the professional level: 54% of women were fairly satisfied.

I do not have the impression that there are any tyrants in the Commission or that there is a 'master race' lording it over the ladies.

As to the last question, I do not think I need answer it.

Mr Hougardy. — *(F)* Do provisions for handicapped persons such as are applied in several countries also exist in the Community?

Does the Community reserve a certain number of jobs for handicapped persons?

Mr Borschette. — *(F)* The Commission is extremely aware of the unfortunate and delicate problem of handicapped persons. We are

currently preparing a proposal, which I shall submit to the Commission in March, to the effect that a number of jobs should be reserved for handicapped persons.

Mr Spicer. — The Commissioner will recollect, I am sure, that we had an exchange of views about the employment of A Grade officials and the proposals to rotate them in the external offices of the Community. In view of the fact that he has already said that only 7% of women are A grade officials, and also in view of the fact that we subsequently corresponded on that rotation proposal, I wonder if he could say whether any modification has been made to those proposals in the light of my question, his answers, and our subsequent correspondence?

Mr Borschette. — *(F)* As stated in the correspondence following the question the situation is satisfactory and nothing needs to be changed.

Mrs Kellett-Bowman. — The Commissioner mentioned in his original answer that the criteria for the recruitment and promotion of women and men were identical. Now in theory, Mr President, this is indeed so. But I understand that within grades and between grades there are two methods of promotion. One is by examination and the other by a form of what we would call the 'old-boy network', or by recommendation. I understand that by a curious coincidence the former applies to very many more women than the latter. Would the Commission be kind enough to go into this very important matter so that women really do get, and are seen to get, a fair crack of the whip.

Mr Borschette. — *(F)* I must deny what the honourable Member has just said. There is no such thing as competition by recommendation. I have never heard of it either for men or for women. It is, moreover, a contradiction in terms.

Mrs Edele Kruchow. — *(DK)* The Commissioner said that the small number of women applicants, particularly for A grade posts, was due to the fact that the various Member States themselves had already been guilty of discrimination with regard to the conditions for women. I should like to ask whether, in view of the large number of persons employed by the European institutions anyone has ever considered the idea of setting up a number of kindergartens attached to the various institutions requiring staff. This would make things considerably easier for women in view of the fact that, whether one likes it or not, in many marriages it is up to the women to see to it that

Kruchow

their children are looked after. If adequate and safe leisure time facilities for children were provided there might well be a greater number of qualified applicants for all grades.

Mr Borschette. — (F) I should like to mention a few more examples of the way in which our competitions are held. We organized six competitions in 1974. Of the 6 132 candidats 20% were women. 17% of the successful candidates were women.

Secondly, we at the Commission and within the Community have a system of half-time work for married women with children. This is one of the most progressive systems to be found within national or international organizations.

Thirdly, at all places where the Commission has offices there are crèches for the children of women officials and I think that this too is an extremely efficient system.

Therefore, I do not see what more we could do at present. I do not, however, wish to pre-judge the results of the work currently being carried out by the Commission's working party which, incidentally, is largely made up of women officials.

President. — I call Oral Question No 9 by Mr Dalyell, for whom Mr Barnett is deputizing:

'In view of the fact that the use of the new Palais du Conseil de l'Europe is likely to involve a major increase in the rent paid by the European Parliament in 1976, does the Commission agree that it would now be timely to make proposals for the fixing of the site of the European Parliament in one place?'

Mr Ortoli, President of the Commission. — (F) I should remind the honourable Member that it is not the Commission's responsibility to propose where the institution of the Communities should be based. According to Articles 216 of the EEC Treaty, 77 of the ECSC Treaty and 189 of the Euratom Treaty the seat of the institutions of the Community shall be determined by common accord of the Governments of the Member States.

Mr Barnett. — Can Mr Ortoli please give the House any information as to precisely what Parliament is being asked to pay for the renting of the Palais de l'Europe, because this must surely be taken into consideration by the member governments in making a decision about the location of the Parliament?

Mr Ortoli. — (F) Mr President, although it would be rather unusual, I could ask you the same question.

The European Parliament has budgetary autonomy and the Commission has no idea what rent Parliament might pay. In view of the budgetary autonomy of the European Parliament, this question has nothing to do with the Commission.

Mr Fellermaier. — (D) Mr Ortoli, you cannot get out of this question quite as easily as you have just tried to in your reply to the remarks made by my colleague, by using the old excuse that the question lies outside the Commission's sphere of competency. With the President's permission I should like to quote from the report of proceedings for the September 1973 part-session, when I asked Mr Ortoli the following question:

'Mr President Ortoli, would you agree that under Article 216 of the Treaty of Rome the Member States have undertaken to determine the seat of the institutions, and that in the spirit and content of the Treaty the Commission is required to be the guardian of the Treaty and that in this spirit it must really take greater action with respect to the Member States in order to bring about this decision in accordance with Article 216?'

The answer of the President of the Commission was as follows, and I would request you all to listen to it carefully:

'I agree with what you say. A seat needs to be fixed and I have replied that, as far as we are concerned—and surely *we* can only mean the Commission—during the relatively short period between now and the time when Europe will progress a stage further and when we shall see more clearly what institutions we have and what our development is to be, we shall make the proposals which we think need to be made.'

When, Mr President of the Commission, do you as watchdog of the Treaties think this proposal will need to be made?

Mr Ortoli. — (F) Mr President, it is little arguments like this which liven up the debates in this Parliament.

If I understand correctly, I was first asked how much was to be paid. I replied that you are the ones who should know.

Secondly, I was asked whether we can make proposals. I replied that it is not our responsibility to make proposals.

Thirdly, one could quote many texts. I do not have the one which Mr Fellermaier quoted available, and I am sorry I cannot refer to it. In

Ortoli

September I gave a fairly complete account, covering two columns of the Official Journal, of the Commission's view, in reply to a question put by Mr Behrendt. I drew particular attention to a number of problems which could arise when establishing single sites for the institutions. I also drew attention to the problems which centralization could cause for your Parliament, and for our organization in general.

In view of this, we cannot make proposals of this kind. We are bound by the Treaty. As you know, it is the Member States who are responsible in this particular case, not even the Council, which is the body with which we have to deal.

As for my reply to Mr Fellermaier, I should like to re-read it. I can say today that under the present circumstances, and in view of the provisions of the Treaty, we cannot make proposals to the Member States. This does not, however, prevent us from adopting certain positions vis-à-vis the Member States, should this prove necessary. However this would not take the official form of a proposal since we would not be addressing the Council.

Mr Patijn. — (NL) Can Mr Ortoli perhaps tell us whether the distribution of the various departments of the Commission between different cities, i.e. Luxembourg and Brussels, over the last eight years has caused any problems for the Commission, given that the relevant decision was taken on the basis of the texts which the President of the Commission has just quoted? Or does this distribution cause no practical difficulties?

Mr Ortoli. — (F) I can answer your question quite simply by saying that no difficulties have ever, to my knowledge, arisen from the fact that certain departments of the Commission are based in Luxembourg.

I should also like to point out that moves are currently being made towards a certain degree of devolution in all our countries. This is what is happening in my own country and I think this is happening in all the Member States.

Mr Burgbacher. — (D) Mr President, does the President of the Commission really feel that the question of the rent in a particular city in the Community can really be a significant factor in deciding this vital issue, or does he not agree with me that the issues involved are almost exclusively political and not petty matters such as this?

(Applause from certain quarters)

Mr Ortoli. — (F) I have no idea what the rent will be and am therefore not in a position to

judge whether it is likely to be so high as to endanger the balance of the Community budget.

I do indeed think that political issues are involved. Allow me to point out to you, moreover, that we are all aware of this fact! The fact that the problem is political is even, in my view, the reason why more complex issues are involved than the purely financial one.

Mr Seefeld. — (D) Mr President, please allow me to remind President Ortoli once more that in September 1973 he stated before this House that a seat needed to be fixed—this is an indisputable fact—and he added that he would make the proposals he felt necessary. No proposals have, however, been made.

I should therefore like to ask you Mr Ortoli, whether you have done anything on your own initiative since September 1973 with a view to settling this question of the seat for the institutions of the Community jointly with the Member States? Do you think there is any chance of this being achieved as soon as 1978 so that the enlarged Parliament will also be able to work under better conditions than at present?

Mr Ortoli. — (F) We have taken no steps towards establishing a single seat and, as I said before, this is a matter for the governments themselves.

Mr Scott-Hopkins. — Would not the President throw caution to the winds for a moment and say that he really thinks there should be a single centre for Parliament and the other institutions together, and is it not a fact that one government at least has said that the initiative should come from Parliament? If it does, will the President then support Parliament in its initiative?

Mr Ortoli. — (F) Mr President, there is a certain amount of shadow boxing going on here. Parliament is preparing to debate this subject—I believe you are all aware of this—on the basis of a report to be produced by, if I am not mistaken, Mr Patijn. Surely if anyone is involved in this matter, it is first and foremost Parliament, and secondly, the Member States—and I mean the Member States and not the Council. Therefore, allow me to join you in waiting for Mr Patijn to present his report so that I will be able to draw the necessary conclusions from Parliament's debates.

Mr Broeks. — (NL) Mr President, I fully agree with the President of the Commission that according to the provisions of the Treaty it is only normal for the Commission to

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make proposals of this kind. If, however, it comes to the notice of the Commission that not only the work of this Parliament but also that of the Commission and of the Council is suffering from the fact that Parliament meets both in Luxembourg and Strasbourg and that, on top of this, its committees meet in Brussels, should it not also do something about it? If it becomes clear that this state of affairs is causing difficulties, the Commission should not, in my view, hide behind the terms of the Treaty, but should accept that it has a right to do something off its own bat to rectify the shortcomings of the existing system. One should not, therefore, always rely upon the very formal provisions of the Treaty which may or may not offer possible solutions.

Mr Ortoli. — (F) Mr President, I am not in the habit of failing to take action which I feel to be indispensable. This situation is probably causing us fewer problems than other people. As you reminded us, the committees meet in Brussels while the plenary sessions are held in Strasbourg and Luxembourg. If this situation was a source of major difficulties for the Commission I would say so. This is, however, not the case.

We all have some difficulties to face—we know this. But how big are they? To what extent do they justify the Commission taking action in a field outside its competency? That is quite a different question.

President. — I call Oral Question No 10 by Mr Thornley:

'Will the Commission indicate if it possesses a view as to the age at which a redundant (a) industrial worker and (b) an agricultural worker ceases to be eligible for retraining for other employment?'

Mr Hillery, Vice-President of the Commission. — Mr President, the Commission has not suggested and does not intend to suggest ages at which redundant workers should cease to be eligible for retraining for employment. The Community regulations governing the Social Fund set no age-limits where eligibility for retraining is concerned.

Mr Thornley. — I do not find the Commissioner's reply very adequate. Would he not agree with me that it is ludicrous to talk of retraining, say, a 50-year-old car-assembly worker or a 50-year-old farmer of a 30-acre farm to become a long-distance lorry-driver and that this is just sheer and utter nonsense, and can the Commission tell me whether it has any plans or any finances earmarked to deal with

the problems of people who become redundant at an untrainable age, or are these redundant people to be left to individual countries to deal with, or are there funds earmarked in the Social and Regional policies? I ask these questions because so many disappointments have occurred in countries like my own in respect of the Social and Regional policies.

Mr Hillery. — No project can be considered by the Commission for a grant unless it has been presented by the Member States, no matter whether its origin is in a private or a public enterprise. Therefore the content and the criteria especially concerning age would be those drawn up by the Member States—any deficiency would lie there. The criteria for eligibility for funds are drawn up by the Commission, and any reference to age does not come into those criteria. The amount of money dispensed through the Social Fund is only a very small fraction of the total money spent on retraining, and we try to use the Social Fund to guide training projects in new directions, but the main bulk of training, thinking and financing is done by the Member States.

President. — Since they deal with related subjects, I call Oral Questions No 11 by Mr Dondelinger and No 12 by Mr Herbert together:

'Is the Commission satisfied with the publicity given the publication of information on regional aid allocated to projects in France, and if so what measures does the Commission intend to take against this unacceptable ban?'

'Is the Commission satisfied with the publicity given to each individual project which has received assistance from the Regional Fund in accordance with Article 14 of the Fund regulation?'

Mr Thomson, Member of the Commission. — The Commission published press-releases after the October and December 1975 Regional Fund grants, giving details, by region, of where the money went, and there was widespread publicity both nationally and locally, most of it favourable. On both occasions the same details were given for France as for other Member States. We also published press-lists of individual projects receiving grants from the Fund.

Under Article 14 of the regulations, we have to consult Member States before publishing these lists, since legal requirements regarding commercial secrecy and administrative practices vary from country to country. This consultation is continuing with all member governments.

We are also now working with Member States on proposals for further publicity for infrastructure projects in the form of notice-boards on the sites.

Thomson

The Commission attaches great importance to providing maximum information about the operations of the Regional Development Fund as a contribution to meeting the need, which Mr Tindemans has rightly emphasized in his recent report, for bringing the Community to the notice of its citizens in meaningful terms.

Mr Dondelinger. — (F) It is undoubtedly true that the French government publishes general information on aid, be it regional aid, the Social Fund or the fight against poverty, but it does not permit this information to be broken down by region—at least this is the impression one gets—in contrast to, for example, the Federal Republic of Germany, the United Kingdom or Italy. For this reason, the regional news media do not mention it nor do they have access to it, with the result that the people in the various regions of France are deprived of an efficient way of assessing Community policy.

Does the Commission think that this practice is in accordance with the spirit of the Treaties?

Mr Thomson. — I think there may be a real misunderstanding here. The distribution figures for the Regional Fund for France are given on a regional basis exactly as is done for the other countries. I think there is a question of how much further you can go in giving details of the individual projects.

These involve legal questions of commercial secrecy and so on and are being discussed at the moment; I am hopeful that these consultations will reach a constructive conclusion.

Mr Herbert. — Is the Commissioner aware that the Irish Government, when questioned in the Irish Parliament, has consistently refused to disclose the amount of recent Fund aid given to individual infrastructural projects and does he agree that this practice contravenes Article 14 of the Fund Regulations? If so, what action, if any, does he intend to take?

Mr Thomson. — The Government of Ireland has, in fact, on both occasions, given fairly detailed information about the individual infrastructural and private investment projects which benefit from the Fund; however, in so far as there is a problem to which the honourable Member draws attention, it arises basically from the fact that Ireland is treated for Regional Fund purposes as a single region. The whole comes within the Regional Development Fund because of Ireland's special needs. I have however, taken note of the point that the honourable Member has raised, and I would like to study it further.

Mrs Kellett-Bowman. — Would the Commissioner not agree that the best publicity the Regional Fund could receive would be the direct provision of jobs for the Community's citizens, and that therefore the Fund should encourage member governments to apply for assistance for widely-spread industrial projects in those areas which are most savagely hit by unemployment, such as, for example, the intermediate areas in the north-west of the United Kingdom? Will he further take all practicable steps to see that member governments do not abuse the Fund by using the aid provided by the Community to offset national budgetary deficits instead of to provide a bonus to the disadvantaged areas, something which, as we all know, the Commissioner himself would dearly welcome.

Mr Thomson. — The Fund is designed to be extremely closely linked to the provision either directly of jobs or, indirectly of aid to the infrastructure, which is closely related to providing jobs.

That is the present situation. As to the actual geographical distribution of projects for grants under the Fund, that is for the member government concerned, and that part of the honourable Lady's question ought to be asked in the House of Commons and not in this Parliament here. With regard to the question of member governments ensuring that the Regional Fund is a bonus over and above what they spend on regional policy nationally, this is of course a matter for continuing discussion between the Commission and the member governments, and I simply repeat that I think the success of the Fund will be judged by the degree to which we are able to show that this has, in fact, happened.

(Applause from certain quarters)

Mr Normanton. — Mr Thomson, I am sure, would like to be advised that on Thursday of last week the Cheshire County Council received notification from the Commission of the approval of Community grants to three specific projects in that administrative area. The Commissioner might like to be made aware also of the fact that the receipt of those grants was greatly appreciated and that immediate steps have been taken by that local government authority to publicize the Community action on the widest possible basis.

Mr Thomson. — I am glad to know about it.
(Laughter)

President. — I call Question No 13 by Mr Laban:

President

What progress, if any, has been made in the preparation of a Community policy on Vocational Training?

Mr Hillery, Vice-President of the Commission. — The Council resolution of 21 January 1974, concerning a social action programme, expressed the Community's political will to implement the common vocational training policy. It was agreed that the approximation of training standards was particularly desirable and that the setting up of a European vocational training centre would help progress in this field as well as in the broader policy area. The European Vocational Training Centre has now been established by Council Regulation (EEC) No 337/75 of 10 February 1975. It will be in West Berlin and its director has been appointed.

The Commission has of course been engaged in a series of actions and consultations designed to provide a basis for a common policy on vocational training. In the past year this work has been focused on the list of 13 priority actions decided by the Council of Ministers in March 1973. The information and ideas emerging from the contribution of the Advisory Committee on Vocational Training, which includes representatives of the governments and social partners, has been particularly valuable. I hope to have a report from the Advisory Committee in June, and I hope that the Commission may submit to the Council and the European Parliament a document putting forward the Committee's conclusions and suggesting the guidelines to be drawn from them.

Mr Laban. — (NL) While stressing that it is all taking a very long time, I should nevertheless like to thank the Commissioner for the information he has provided on this matter.

Does not Mr Hillery think that vocational training is, to a large extent, an educational matter? I should therefore also like to ask to what extent the Directorate-General for Education and Training, i.e. DG XII, is involved in this whole question of vocational training.

Mr Hillery. — The services of the Commission, of course, work together in developing policies; the Commission, of course, is a college. I would like to say that education is quite distinct from training when it comes to people being properly trained for employment, and one of the main difficulties which we discovered in our studies of youth unemployment was the fact that education systems do not prepare young people for the employment available.

President. — I call Oral Question No 14 by Sir Brandon Rhys Williams:

'Is it the Commission's intention to form a new Banking Department to handle negotiations with the purpose of raising loans without recourse to agents: and will the Commission state its policy?'

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, the answer to the first question is no.

Secondly, the honourable Member asked me to explain the Commission's loans policy. I can naturally only give the bare bones of this matter during Question Time. For over 20 years the Community has had considerable success with loans on the basis of the ECSC Treaty. In view of this very positive experience the Commission feels that use should also be made for similar activities of the other possibilities provided for in the Treaties.

Some time ago, therefore, the Commission proposed, among other things, that use should be made of the possibilities offered by Article 172(4) of the Euratom Treaty. The Commission feels that use should also be made of these instruments for promoting Community policies.

The Community is highly respected on the international capital markets. This means that we can negotiate our loans on the best possible terms. This in turn results in considerable advantages for the borrowers for whom we are obtaining this money, i.e. the industries specified in the Treaties.

I should like to draw attention to two more points. The Member States are not required to provide any guarantees for these operations, and in addition, the Community is not required as it is in the case of similar operations by the European Investment Bank to provide funds from its budget, as, for example, when the capital of the Bank has to be increased.

Clearly, the Commission can carry out these operations through the existing banking systems.

Sir Brandon Rhys Williams. — Does the Commissioner not agree that the negotiation of loans in the world money-markets involving very large sums of money is a matter which it is best to leave to specialists and does the Community not need a nucleus of experts who can handle this work? Would it not be appropriate now to proceed to appoint officials to the European Fund for Monetary Cooperation and make them responsible on behalf of the Commission for entering into these delicate and highly technical negotiations on money matters? (Applause from certain quarters)

Mr Haferkamp. — (D) I agree with the honourable Member that experts are needed to handle these matters, but we already have experts of this kind. If we consider what has been achieved over the last 20 years up to very recent times on the basis of the relevant article in the ECSC Treaty, it is quite evident that we have these experts. The conditions on which we have negotiated loans are frequently more favourable than those of other institutions and frequently more favourable than those of the individual Member States.

As far as the Monetary Cooperation Fund is concerned, its primary function, in our view, does not lie in the normal capital market and banking field. It is chiefly concerned, in our view, with currency matters. It should serve above all, as a centre for cooperation and co-ordination of certain operations carried out by the central banks. The Commission has made several proposals regarding this Fund in recent years. Unfortunately, the Council of Ministers have not always fully adopted these proposals.

The Commission would be particularly pleased if this currency fund were given greater power on the basis of existing proposals. We intend, moreover, to submit further proposals this year.

In general terms, I should like to say that the Commission is naturally doing everything in its power to coordinate the activities both of the existing institutions of the Community, and of those still to be set up.

President. — I call Oral Question No 15 by Miss Boothroyd:

'What plans does the Commission have to provide money from the new European Social Fund for occupational therapy for mentally-handicapped as well as for physically-handicapped persons, and to what extent is the Commission restricted in the operation of the Fund by criteria used by Member States in regard to assistance for occupational therapy and re-training for mentally-handicapped persons?'

Mr Hillery, Vice-President of the Commission. — According to the rules governing the new European Social Fund, assistance may be granted from the fund for operations in favour of handicapped persons who may be able to pursue a professional or trade activity after medical rehabilitation, vocational training or retraining. Occupational therapy forms one part of the overall process of rehabilitation and training. Assistance from the fund does not discriminate as to the origin or the nature of the handicap. Since the beginning of its operation, whether under Article 4 or Article 5 of the Council decision of February 1971, the fund has supported projects in favour of both mentally and

physically handicapped persons. For the 1976 financial year a total of 45.93 million u.a. is available for allocation under Articles 4 and 5 for operations in favour of handicapped persons.

Miss Boothroyd. — Does the Commissioner accept that to restrict grants—and I believe that they are restricted under Article 5 of the social action programme—for projects which enable the handicapped to pursue a professional or trade activity after medical rehabilitation is too severe when dealing with the problems of the mentally handicapped? For many of these people, occupational therapy units are their only form of activity for very many years. For other groups the sheltered workshops may well be the only type of employment they are capable of taking on. Projects of this type may well eventually be self-supporting but they are not profit-making, and the individuals cared for there are not able to take their place in normal industrial life. In an earlier reply, the Commissioner talked about the political will in relation to the vocational training programme. I wonder whether he accepts that we should also have a compassionate will so that while we are improving the standard of living of our peoples we must also improve the quality of life of our peoples; will the Commissioner apply greater flexibility when providing aid for occupational units, for sheltered workshops or whatever they may be, for this very deprived section of our community within all the Member States?

Mr Hillery. — The programme for the handicapped was envisaged as taking place in two parts, the first being for people who could foresee being able to work in an open economy. Later it is intended to have a programme for those confined to sheltered workshops, and I think that what the Member asks of me will be soon coming before us for discussion.

President. — I call Oral Question No 16 by Mr Noè:

'Does not the Commission think that the recently established Business Cooperation Centre could be given greater powers both to facilitate mergers and cooperation between firms at the development stage in different Member States and to provide support in times of economic crisis?'

Mr Borschette, Member of the Commission. — (F) A report on the activities of the Business Cooperation Centre during its first few years will be submitted to Parliament in the near future. The Commission is aware that the efficiency and impact of the Business Cooperation Centre depend upon the resources and staff it

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is possible to assign to it. The Commission is not unaware of the benefits which could accrue from giving the Centre greater powers but, on the other hand, it feels that this would be difficult at this time on account of its policy of restraint. The same would apply, to an even greater extent, if it was intended to give this Centre further tasks, particularly preparing and facilitating mergers between firms both within the Community and with third countries, particularly the developing countries.

As regards Mr Noè's last question, I do not quite know what he means. If he wants to know whether this Business Cooperation Centre could provide support to facilitate mergers of small and medium-sized firms, I can say that this is not possible for reasons connected with finance, the regulations and the nature of the institutions. On the other hand, if he wants to know whether or not the Commission has a specific attitude to Member States wishing to grant aid to facilitate mergers between small and medium-sized firms, I can say that we would indeed be in favour of such a course of action.

Mr Noè. — (I) I have been following the commendable work this Centre has been doing to facilitate mergers between healthy firms. Does not the Commission think that in the present economic situation it would be extremely useful—in terms of its effects on the social situation, too—if it also took measures to assist firms in difficulties in a Member State which, if they merged with similar firms in another Member State, might survive rather than being forced to fold?

Mr Borschette. — (F) I can only repeat that in the case of such proposals the Commission would take a favourable view of the granting of certain aid by the Member States involved.

President. — I call Oral Question No 17 by Mr Gibbons:

'As the EEC Directives on farm modernization and disadvantaged areas have now been implemented in all the Member States for some time and experience has shown that many improvements are needed, does the Commission not think that it is an opportune time to review these Directives?'

Mr Thomson, Member of the Commission. — The Commission is preparing a report on the implementation of the EEC structural schemes. This report will be transmitted to Parliament and the Council during the first quarter of this year. The Commission report will, as necessary, contain suggestions for changes in the existing directives.

Mr Gibbons. — Is it not the case that experience has shown that the otherwise admirable schemes at present in operation have shown certain defects that would need to be corrected, and that one of these defects, I would suggest, is the uniformity of application of assistance throughout the Community as a whole? This, in my opinion, has tended to militate against the less well-off areas in the Community.

Would the Commissioner not also agree that the Community financial participation in the scheme should be greater? Lastly, does he not think that in their present form the schemes tend to assist the more prosperous farmers to a greater degree than the poorer ones?

Mr Thomson. — I am aware from my own recent visit to Ireland, where I talked with agricultural organizations in the west of the country, of the dissatisfaction there about the way the scheme is working. I think in general, however, that the schemes have been so recently introduced in most Member States, sometimes after considerable delays, that it is early yet to come to a final judgment about their operation. Nevertheless, the honourable Member's intervention is timely, and I will, of course, draw the attention of those who are preparing the report which I mentioned to the remarks he has made.

Mr Früh. — (D) Is the questioner really right in assuming that the Directives on farm modernization have been implemented for some time, and if so, is the Commission prepared to concentrate the implementation of these Directives on regional requirements to a greater extent in view of the unsatisfactory results which have been achieved so far?

Mr Thomson. — No, as I indicated the actual length of experience of the working of these directives is still a fairly limited one and indeed I am sorry to tell the House that the directives are not yet implemented completely in some Member States.

I think that fact must be taken into account in the report that is being prepared.

Mr Härzschel. — (D) Is the Commission aware that, particularly in areas with a large number of small agricultural holdings, small farms are no longer a viable proposition in view of the excessively high production threshold, which is to be raised even further, and what does the Commission intend to do about this unsatisfactory situation?

Mr Thomson. — This is one of the aspects that is of course being studied in the preparation of this report, but I would draw the honourable Member's attention to the fact that the Commission, in its proposals to the Council in connection with the present agriculture price review, has for example proposed to increase the EAGGF contribution from 25% to 40% in connection with the so-called hill farming scheme.

President. — I call Oral Question No 18 by Mrs Ewing:

'At what administrative level, and in what force, is the Commission represented in Scotland and in Wales; does it consider such representation adequate to the needs of those two countries, and their wish to participate fully in all spheres of Community activity?'

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) I should like to say first of all that the Commission does not have representation offices in the Member States but press and information offices.

As regards the activities, I should explain that we—of course together with the European Parliament—have played a considerable role in the decentralization of information, particularly in the regional sector. In this connection we have asked the Council of Ministers to authorize the establishment of two offices in Cardiff and Edinburgh. We had also asked for regional offices to be set up in other Member States, but our applications were rejected. We feel that these offices will perform an extremely useful function and we also feel that the decentralization of information which the Commission is hoping to achieve may in the coming years further contribute to the general awareness of European problems.

Mrs Ewing. — On a day when the distinguished Foreign Minister of the smallest of the Nine takes office for the third time, would it not be appropriate for the Commission to recognize that when Scotland and Wales—which are not regions but nations—achieve their independence, they may apply for the Nine to become eleven? At this minute a great debate is taking place on the floor of the House of Commons to devolve considerable legislative powers to Scottish and Welsh Assemblies.

Is the Commissioner not being a little debonair, when the fact of the matter is that the staffing is two in Edinburgh and three in Cardiff? How can such a staff be adequate to create the new links that will be required when these Assemblies are set up?

Mr Scarascia Mugnozza. — (I) The Commission hopes to have greater means at its disposal to fulfil staff requirements in the future. For the time being, however, the staffing in Cardiff and Edinburgh is adequate.

Mr Fletcher. — Would the Commissioner agree that regional representation should be seen in the context of the Community as a whole and of the institutions of the Community? Surely, the Members of this House are representing their regions here, and surely we have a similar responsibility to represent the Community as a whole in our regions. I, as a British Member of Parliament, do not expect the British Parliament to open a parliamentary office in my constituency, and my constituents do not expect it either. Finally, does the Commissioner agree that the creation of the EEC as a supra-national authority does not imply that we should now create the means to dismember the nations that comprise the Nine, as Mrs Ewing constantly advocates?

(Applause from various quarters)

Mr Scarascia Mugnozza. — (I) As I have already said, we are in favour of decentralizing information. We must wait and see what we can do about decentralizing the Community.

Mr Hamilton. — Mrs Ewing campaigned actively against British membership of the common market, and the result in Scotland was a substantial majority for membership. On a more serious note, can the Commissioner say when this office in Edinburgh will be established, and will he give an undertaking that there will be no racial discrimination against English people who might want to serve there?

(Laughter)

Mr Scarascia Mugnozza. — (I) There will be no discrimination.

President. — I call Oral Question No 19 by Mr Seefeld:

'How does the Commission regard the following statement which appeared on 18 December 1975 in the highly regarded technical journal "Deutsche Verkehrszeitung" after the last meeting of the Council of Transport Ministers:

"More and more Member States are considering how they can solve their problems alone. A fundamental question is being raised, namely whether the creation of a common transport market could be dispensed with and whether it would not be enough merely to subject trans-frontier traffic to Community regulations. At national level each country could then do what it thought necessary",

and are there any indications that this is so?'

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) Mr Seefeld is quite aware of my personal opinion and the opinions of the Commission on this question. There are difficulties, but we expect to be able to solve them in the future.

The idea of a common transport market is not directly provided for in the Treaties. The Commission, however, is doing all it can by means of directives to translate this idea into reality.

As regards prospects for the future the Commission feels it has valid reasons for not sharing the pessimistic views of the German journal.

I should also like to say that in a few days time I shall be reporting to the European Parliament's Committee on Regional Policy and Transport on the progress made by the Council, and I hope then to be able to explain exactly what is being done.

Mr Seefeld. — (D) Following the last meeting of the Council of Ministers of Transport last December, which did not turn out to be particularly successful, does the Commission intend to continue its efforts towards settling the basic issues underlying a European transport policy, and does it perhaps intend to reconsider the whole matter and have another go with somewhat different proposals?

Mr Scarascia Mugnozza. — (I) Firstly, we shall be discussing a number of social questions with the trade unions in February. Secondly, we shall be meeting Mr Mart, the current President of the Council of Ministers of Transport, to discuss a schedule for future activities.

Mr Giraud. — (F) Does not the Commissioner feel that Parliament's Committee on Regional Policy and Transport fares particularly badly at the hands of the Council of Ministers, judging by the most recent decisions taken in this field?

Mr Scarascia Mugnozza. — (I) It is transport policy as a whole which is in difficulties, Mr Giraud.

President. — I call Oral Question No 20 by Mr Spicer:

'What is the trend of private investment by EEC Member States in the developing countries?'

Sir Christopher Soames, Vice-President of the Commission. — The figures that we have covering the past decade show that the trend of private investment from the Community into

the developing countries, at least until 1974, has been irregular but with a tendency to increase over the years. The figure for private direct investments rose from \$965 million in 1965 to \$1 692 millions in 1974. But the figure for 1974 was some 30% down on that for 1973. The reasons for this recent fall are of course to be found in the general recession through which our economies have recently been passing. Developing countries will no doubt recognize in this yet another demonstration of the high degree of interdependence which we must all recognize as lying at the foundations of the world economic system.

Mr Spicer. — Certainly this does show a generally upward trend. But would Sir Christopher Soames not agree with me that a Community backed guarantee for investments outside the Community would add great attraction to private investment? May I remind him that in September 1973 there was a question by Mr Durieux on this guarantee for investments outside the Community, and this was followed up in March 1974 by this Parliament approving proposals from the Commission in this respect. I wonder what progress has been made since then?

Sir Christopher Soames. — The Commission has submitted to the Council a communication setting out its ideas for a European Export Bank to perform this very function. Industry has now been consulted, there has been a green paper, a number of organizations have been consulted. In principle the Commission feels that this is right, that there are considerable benefits which the Community could draw from such a bank. We will be putting forward a more concrete proposal to the Council of Ministers shortly which will, of course, be sent to this House for debate.

President. — I call Question No 21 by Mr Norman:

How are relations with Rumania developing in the field of reciprocal trade and commerce?

Sir Christopher Soames, Vice-President of the Commission. — I visited Rumania last week as the guest of the Rumanian Association for International Law and International Relations, which had invited me to give a lecture in Bucharest. While I was in Rumania I was extremely pleased to have the opportunity for useful and constructive talks on the development of economic and trade relations with President Ceausescu, with Mr Patan, the vice-Prime Minister responsible for external trade and with the Foreign Minister Mr Macovescu. The Commis-

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sion had previously invited the Rumania Government to enter into negotiations for a bilateral textile agreement within the framework of the GATT multifibre arrangement, and I am glad to say that the Rumanian Government has agreed to do this.

On wider issues of trade and economic relations we found our views very close, and in particular they agree that the development of Community relations with COMECON should neither hinder nor be hindered by the development of relations between Rumania and the Community and between the Community and other countries of Eastern Europe.

Mr Normanton. — The House, I know, and the European textile industry, will be most grateful to Sir Christopher Soames for this statement and the clarity and precision with which he presented it. But would he now confirm the view which is held most strongly by many leaders in all sectors of industry and in the political field that, to the Soviet Union and her satellites, international trade is merely an instrument for furthering political objectives.

Would he therefore, in the light of that, assure this House that he will keep this fact constantly in mind in any negotiations he undertakes to avoid further erosion of European industry such as that being generated by the export of commercial vehicles and cars in growing quantities and at prices totally unrelated to their true cost of production?

Sir Christopher Soames. — Sir, undoubtedly the differences in the trade and particularly the pricing formation habits of the market economies, on the one hand, with all their transparencies, and of the socialist countries on the other, are considerable. There are, therefore, a number of problems, of which this, of course, is the main one; in our view, we will only be able to find satisfactory solutions to these problems if proper and normal relations can be created between the Community on one side and the countries of Eastern Europe on the other.

President. — Question Time is closed. I thank the representatives of the Council and the Commission for their statements.

3. *Welcome to the Turkish Delegation*

President. — It is my pleasant duty to welcome to the official gallery, both on behalf of Parliament and personally, the Turkish Delegation to the Joint Parliamentary Committee of the EEC-

Turkey Association. The Delegation is led by Senator Inan. In welcoming them to the House, I express the hope that the work in progress will lead to the strengthening of relations between Turkey and our Community.

(Applause)

4. *Statement by the President-in-Office of the Council*

President. — The next item is the statement, followed by debate, by the President-in-Office of the Council on the work programme of the Luxembourg Presidency.

I call Mr Fellermaier on a question of procedure.

Mr Fellermaier. — *(D)* Mr President, before the President-in-Office makes his statement, I should like to raise an important point of procedure.

We—and here I speak on behalf of all the political groups—consider that the importance of this statement at the beginning of 1976 is so great that we believe it is Parliament's political responsibility to enable the political groups to hold brief group meetings following the statement by the President-in-Office, in order to make an initial provisional assessment of the statement so that the group spokesmen can reply to it with the full weight of their political opinion, and so that the President-in-Office of the Council, and Parliament can prepare themselves.

Mr President, may I ask that this matter be settled immediately. A break of about an hour after the statement by the President-in-Office would be enough, and this would also fall in with his plans, since I know that later this afternoon he must be in another capital city, where he has further commitments in his capacity as President-in-Office of the Council.

President. — I call Mr Thorn.

Mr Thorn, President-in-Office of the Council. — *(F)* Mr President, if you will permit me to speak in this distinguished Assembly on a question of procedure, I should like to say, simply in order to avoid any misunderstanding—since we are concerned with organizing both your timetable and mine—that, thinking the debate would be over this morning, I made arrangements to leave after lunch.

I now hear that the political groups wish to suspend the sitting, which would result in our having to continue this afternoon.

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The honourable Members' kindness in speaking of the importance of an address which they have not yet heard does me too much honour. Perhaps they will change their minds, but be that as it may, I greatly appreciate this advance approval...

Furthermore, I would point out to Parliament, for its guidance, that I shall not be speaking at length on the North-South dialogue, for obvious reasons: it will first be discussed in the Council, and since the Council has not met since I took office, I do not wish to carry on a debate on these current negotiations. I am letting Parliament know these facts so that it can decide whether the morning sitting will allow them enough time to reply to my modest contribution or introduction to this debate.

I would add that my address has not been distributed in writing. I did not want to be guilty of such an insult to Parliament. One does not give a prepared speech to Parliament: as its name implies, it must be a forum, not for comparing notes, but for real discussion...

(Applause from various quarters)

In the meantime I shall try, through my staff, to contact the foreign capital where I am expected this evening to find out whether I can be got there on time by special plane. However, I cannot give you the answer immediately.

President. — I call Mr Scott-Hopkins on a question of procedure.

Mr Scott-Hopkins. — I do not disagree with what Mr Fellermaier said, but my point of order is not the same, and I would like to make it before President Thorn starts his speech. Do you not think that you might control the number of press and photographers, in the middle here? It is really more like a circus than a parliament. I think there are probably something like 12 or 15 gentlemen walking around there. I would like to see the President-in-Office speaking, but I shall be unable to do so, much as I like looking at the back views of these gentlemen here. Perhaps you might be able to do something about it.

President. — I call Mr Seefeld.

Mr Seefeld. — *(D)* Mr President, I wish to speak on Mr Scott-Hopkins' proposal that the journalists present in the House should be requested to leave. Mr President, I ask you not to do this, and the reason is perfectly simple. The European Parliament is forever complaining about, indeed bemoaning, the fact that the public does not pay any attention to it. Today

a number of television companies are present. If the gentlemen are forced to stay in the centre of the Chamber, it is only because we have not yet been able to provide them with better working conditions. Expelling these gentlemen would mean that this sitting would not be reported.

On the contrary, I urge the television reporters to visit the European Parliament not only today but very often, and I ask you to give this matter your support, Mr President.

(Applause from various quarters)

President. — We must, I think, steer a middle course between these two extreme proposals. These gentlemen will have to record the opening moments of the debate, but after that I hope that they will come to some arrangement among themselves so that only two or three remain and there are no screens blocking our view, television screens though they be!

I now call Mr Thorn.

Mr Thorn, President-in-Office of the Council. — *(F)* Mr President, ladies and gentlemen, you have acknowledged the endeavours of previous Presidents of the Council in improving relations between our two Institutions and in establishing with you a dialogue which, while not always easy nor completely satisfactory to Parliament, has nevertheless helped to inspire greater mutual confidence between Parliament and the Institution over which I currently preside. This, at any rate, is my opinion.

I, in turn, should like to prove myself worthy of this confidence, even if the task of expending the views and the policies of the Council is in itself a difficult one.

Today this task is made easier for me because, since I took over the functions of President-in-Office of the Council, the Council has not yet held a meeting. However, I regard it as a valuable innovation that a President of the Council taking up office for the first time is able to offer his initial reflections to Parliament and freely express some personal views here, so that you can help him to ensure that they do not turn out to be illusions.

Last year ended with two events that were important for Europe and the Community and, in the case of the 'North-South dialogue', for the future of our countries and of the world as a whole.

My predecessor has already given you a full and detailed report on the first of these—the European Council in Rome. I shall not, then, return to this, except to emphasize the excep-

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tional political significance of two decisions taken, namely

- the fixing of a date for elections to the European Parliament by universal suffrage,
- the decision that the Community should participate *with a single representation* in the Conference on International Economic Co-operation.

Dwelling for a moment on these two major decisions, I can assure you that I am resolved to do everything possible to ensure that the Convention, which will enable Members of Parliament to be elected by universal suffrage, is adopted as quickly as possible. I hope very sincerely that these elections will take place at the same time in all of the Member States of the Community, and not just in seven or eight of them.

(Applause)

Parliament has made a very substantial contribution to the discussions currently being carried on in the Council. Without the draft which you prepared and voted on, it would certainly not have been possible to make such considerable progress in so short a time. I gladly pay tribute for this to Parliament as a whole, and in particular to your rapporteur, Mr Patijn.

It goes without saying that Parliament will continue to be associated with this important undertaking.

The Convention will subsequently have to be ratified by each of the nine Member States, and it is already clear that you will have your part to play in ensuring that the national procedures are accomplished successfully and rapidly, within the period proposed.

The fact that the prospect of elections to the European Parliament by universal suffrage is already provoking—sometimes impassioned—political debate is further proof of the great importance of this act.

I would however alert you to the attempts in certain quarters to divert this process. In organizing elections of this kind, we are strictly within the limits of the Rome Treaties. This is an important point which must be stressed, if only to dispel all doubts about the legitimacy of such a move or indeed about the limited scope of this act. Election of Members of Parliament by this method is a development formally provided for in the Treaties and will provide you with that extra authority which is necessary for the normal exercise of your important functions.

It would therefore be inappropriate and unfortunate on this occasion to revive old quarrels

of the kind which occurred not so long ago in connection with another proposed European Treaty relating to a purpose different from the matters ultimately covered by the Rome Treaties, namely the EDC. Here we are concerned with changing the method of appointing the Members of a European Parliament which already has incontestable democratic legitimacy since it is by definition composed of Members of national Parliaments.

For certain of those who will attempt to oppose elections to Parliament by universal suffrage—as they opposed other Community initiatives in the past—the principal concern is to eliminate anything which might further the construction of Europe.

It seems to me illogical to allow the existence of the Communities, while refusing to make them more democratic, or to wish to develop a European identity while refusing to give its Institutions additional democratic legitimacy and hence greater authenticity.

I would even concede that 25 years ago certain people felt a genuine concern to safeguard national identities against the upsurge of what was then called 'supra-nationalism'. Today it is rather the opposite extreme which we have good reason to fear, namely an excessive inclination to magnify national interests, often to the detriment of the common interest of all the peoples of Europe.

It is precisely this common European interest which should be strengthened by direct elections to the European Parliament, and without the slightest threat to national identity. From this point of view, the election of Members of this Parliament by universal suffrage is not only an important step in the construction of Europe but is demonstrably an act in tune with the movement of history and with the common interests of all the citizens of our nine States.

However, I have one other concern, and I hope most sincerely that this is shared by Parliament. It is essential that, when the first elections to the European Parliament by universal suffrage are held, the electorate should turn out in force to ensure that the most representative European parliamentarians are elected. Parliament, Council and Commission, which today all have a valuable role to play in administering Community affairs, have joint responsibility in this matter. To this end, each Institution must realize that its present actions have exemplary value for the future.

Should not then our primary concern be to convince our fellow citizens—through the

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quality of our work, the sense of our responsibilities and awareness of a common European good—that the election of Members to the European Parliament by universal suffrage is a matter which concerns them all, individually and collectively? In other words, the Community Institutions and those who have prerogatives and duties within them bear a large part of the responsibility for the success of this operation.

Parliament will have to discuss the Conference on International Economic Cooperation on many more occasions. It seems to me premature, indeed impossible, to deal with this in detail today. However, from next week onwards the Council will endeavour to develop and define our common position on all the topics which will be discussed at this Conference. This will not be an easy task, as you can imagine. I should like to assure you that the Luxembourg Presidency will make every possible effort to ensure that this tender and vulnerable plant, the common position of the Nine, takes root and flourishes. This will require great creative ingenuity on the part of the Commission and, on the part of Parliament, constant and resolute support for everything which can further such an enterprise.

As for the Council, it has a period of strenuous work ahead of it. This is why I intend to propose next Tuesday in Brussels that in accordance with the wish expressed by the Heads of State or Government the Ministers for Foreign Affairs should carry out the Council's general mission of 'giving impetus and providing co-ordination', a mission which is essential and at the same time becoming more and more difficult to perform successfully.

It is patently clear that the common position which since the Rome Summit we have agreed to adopt can only truly come into being if the Community can make substantial progress internally in working out and introducing precisely those policies which bear a direct relation to the matters to be discussed in Paris: I refer in particular to the policies on energy, raw materials, development aid and the direct financial implications of these.

Consequently, if the Community were to delay further in defining and then developing these policies, a gulf would develop—which would be difficult to bridge—between a common position which, at worst, would end up by becoming a fiction, and an internal reality marred by its deficiencies. The question would then immediately arise as to whether we are able to carry out the promises made in Rome. This is a situation I should not like to have to face. I shall therefore spare no efforts—as my successors

will not—to use the authority conferred on the President of the Council by virtue of his office to remind the Council of the political responsibility it bears in this matter, particularly at the present time.

Parliament would not expect me to comment today on the report submitted to the European Council by my friend and colleague, Prime Minister Tindemans of Belgium. Not that I do not have a number of thoughts on this important document, but my present position as President-in-Office obliges me, more than anybody else, to listen beforehand to the opinion of the Heads of State or Government meeting in that body. But I can assure you that I have not been wasting my time. As I consider that the President should be the 'motor' of the Council I have already started taking soundings, and discussions are under way. Parliament, for its part, will doubtless soon have an opportunity to discuss this report more fully.

However, two observations would seem necessary at this stage. It is natural that a document of this kind should not be greeted with enthusiasm by those for whom the present stage of European unification is one which ought to continue without major changes for a relatively long period, even at the risk of imperilling a number of past achievements.

The fact that the Heads of State or Government asked that this document be drawn up by a figure well-versed in the harsh realities of politics, that is to say the art of the possible, implied from the outset that the Head of the Belgian Government would endeavour to sketch a number of concrete possibilities rather than depict an ideal Community in bold strokes.

Nevertheless, I consider it essential that the concrete proposals contained in this report should not be approached selectively or too restrictively. This could result in a series of measures being taken the minimalist nature of which could completely betray the spirit in which Mr Tindemans' document was conceived, and even the idea of a European Union itself, which must be approached as a whole.

It is my personal view that it is not by making certain detailed reforms at random that the European Council—which will be ultimately responsible for inspiring and guiding the development of the Community system—will be able to achieve the qualitative leap that the Belgian Prime Minister advocates so convincingly. We are a long way, ladies and gentlemen, from averting the risk of finding ourselves in the impasse which would result from insisting principally on affirming distant objectives while satisfying ourselves in the immediate

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future with a few changes superficial enough to meet with rapid unanimous agreement. Mr Tindemans' effort thus calls for an effort on the part of the political authorities in our countries and the Community Institutions, including Parliament.

My personal contribution in the coming months will be principally to ensure that Mr Tindemans' proposals result quickly in a number of coherent decisions so that the impetus he has given is not lost in the byways of procedures and theoretical or even academic discussion.

Touching briefly on the questions which will concern the Council in the coming months, I am delighted to say that after years of difficult discussions the Community's Mediterranean policy finally seems to be achieving concrete results.

The Council will soon be discussing the opinion which the Commission will be presenting in the coming weeks on Greece's application for accession. We were unanimous in welcoming the return of democracy to this country, which is an essential condition for realizing the potential offered by the Treaty of Athens. The time is now approaching when we must decide on the opening of negotiations. We must ensure at the same time that the Association between the Community and Turkey is given its full value—not only with a view to intensifying economic relations but also, and perhaps above all, to enable the Community to play, in this European part of the world, the role which should naturally devolve on it, namely that of an agent of agreement and mutual understanding.

I am also delighted with the happy outcome of the negotiations which the Community has conducted with Tunisia and Morocco. Negotiations with Algeria are due to start tomorrow, and we hope that they will soon be concluded. For our part we shall do our utmost to ensure that this is the case, and I am sure that this is also Parliament's wish.

The approval of a mandate—for the moment only partial—for negotiations with the Mashrek countries will, in the coming weeks, enable the Commission finally to begin discussions with Egypt, Syria, Lebanon and Jordan, with a view to concluding agreements which offer a practical demonstration of the European Community's will to intensify its relations with the Arab peoples of the eastern Mediterranean, in parallel with the agreement concluded with Israel some months ago; it will also be a concrete demonstration of Europe's intention to contribute to re-establishing peace and stability in that part of the world.

Other developments are also likely to occur in our relations with certain Mediterranean countries. It is certainly the Community's duty and in its interests to achieve a *rapprochement* with Spain.

This list must of necessity be incomplete, since it is impossible for me to mention all of the projects currently being carried out by the Community. I should like, however, to express my sincere hope that the Lomé Convention will very soon have been ratified by all nine Parliaments, thus permitting the entry into force in the very near future of this agreement to which we all attach special importance.

(Applause from certain quarters)

As Parliament itself has pointed out on numerous occasions, there remains a disturbing discrepancy between the dynamism shown by the Community in its external relations and the slow and hesitant progress internally.

This situation threatens, in the long term, to affect seriously the process of European construction itself, and I believe that Mr Tindemans shares this opinion.

This situation can, of course, easily be explained by a number of factors—recession, the struggle against unemployment, anti-inflation policies—which constitute at present the principal headaches of each of the nine governments, and, to put it mildly, do not create a favourable climate for developing economic integration between the Nine, something which requires sacrifices on all sides. While recognizing these difficulties, I am nonetheless convinced that there are many important areas in which the development of Community policies is not only still possible, but is becoming more imperative than ever. It would be pointless to list the numerous matters still before the Council, or which are still being discussed by Parliament, on which we cannot escape the conclusion that the Community's dynamism is sadly lacking.

Of course, a number of initiatives developed last year will be continued. Such is the case with consultations between the Council, the Commission and representatives of employers and labour. Once the preparatory work which has been entrusted to the Commission has been completed, a second conference will be convened like the one held in Brussels last November, for the purpose of tackling a number of economic and social problems practically and with a view to evolving a general approach at Community level. We have raised a number of hopes in taking this initiative. It would be a serious, and indeed dangerous matter if we were to disappoint by not making every effort to meet the

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expectations of the various social categories, which hold the conviction, often more keenly than governments, that action in the economic and social field can no longer be a purely national concern.

I genuinely hope that a future Council will also be able to get a number of important projects under way again in the field of research. It is unfortunate that we were not able to achieve this last December, essentially because of the well known difficulty of the location of the important thermo-nuclear fusion programme, a field in which Europe has genuine potential.

I should be wary of regarding as negligible a problem of the kind with which the Italian Government was particularly concerned, and I am sure that the same goes for Parliament. Problems of locating and siting Community activities are in all cases problems of a highly political nature which outweigh by far the operational aspects as such. Parliament, too, is certainly fully aware of this.

Mr President, ladies and gentlemen, as you will have noted, this initial statement to you claims to be neither a stocktaking nor a programme. My intention was to offer you a few observations, very incomplete I know, so that through you those who have invested their faith and hopes in the work which we are carrying out together—and they are more numerous than we often imagine—may realize the enormity of the tasks, the extent of the difficulties, but also our common will to further the construction of Europe.

You will understand that I cannot say more before I have presided over the first Council meeting of this year. But having, for the last few months, occupied a position in which I was able to view Europe and the Community from the outside, I am more convinced than ever that only our efforts to unite and our action as a single entity can offer all our countries an opportunity of confronting the problems of tomorrow's world. The efforts which the Community has made to present concerted positions with a single voice have had a considerable effect, notably at the 7th special session of the United Nations. But I have also noted that too often the absence or inadequacy of common policies is a serious handicap for Europe. Being excessively preoccupied with our own problems, we have perhaps not grasped fully enough that throughout the world other regroupings have come about which are more and more solid and effective in their actions.

As President of the United Nations General Assembly I have witnessed at first hand the—admittedly variable—effectiveness of these

other organizations or groups in taking international action, and have been able to compare it—not without some melancholy—with the difficulties which we Europeans generally experience in reaching agreement among ourselves on problems with which we have long been familiar.

I have also noted that, apart perhaps from the United States, the Soviet Union and China, no country, whether large or small, will henceforth have sufficient power and means to conduct its own international policies alone. Viewed from a certain distance, the disunion of the European States, or the absence of common policies, appears incomprehensible and self-destructive.

(Applause)

Our quarrels and our differences appear anachronistic and, conversely, each time we succeed in our efforts to act as an entity, we gain rapidly in influence and consideration, for the advantage of each of our countries. Only a realization of these truths will enable Europe to play a useful part, and with prospects of success, in the great North-South dialogue which opened recently. For this to come about, our Institutions must also function efficiently. Like many of you I have in the past been unable to conceal my apprehensions and criticisms in this respect. In assuming, for the third time, the great honour of presiding over the Council of the Communities, and for the first time the European Council, I intend to devote all my energies to enhancing the effectiveness and the political authority of our Institutions.

Our procedures are, admittedly, complex and at first sight appear cumbersome. But they represent an irreplaceable guarantee that the interests of all are being given due consideration, whether it be the Member States themselves or the different sections of our populations. I shall therefore endeavour to ensure that the rules and procedures laid down in our Treaties are applied in all circumstances. This is a task in which I rely on the unreserved support of Parliament, just as it is natural that others should expect the same from you. Our common enterprise requires enormous efforts, in the future even more than in the past. We must, of course, be exacting, both towards ourselves and our Institutions. But for heaven's sake let us not take healthy criticism to the point of self-destruction. Let us protect our Institutions from our own failures, the effects of inadequacy or the errors of our common policies. Let us also respect those who work for our common cause—and I am thinking here particularly of the great majority of Community officials, to whose dedication and competence I should like to pay special tribute.

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These, Mr President, ladies and gentlemen, are some of the points which seem to me essential at the beginning of this year. I have been particularly honoured to be able to address these remarks to this Parliament on the benches of which I made by own *début* in European politics and to which—as you know—I remain irrevocably attached.

(Sustained applause)

President. — Thank you, Mr Thorn. I am sure that the applause with which your speech was greeted at several points, particularly at the end, show you how well-disposed and attentive the House was and how much it appreciated your words.

Without going into detail, I should like to tell you straight away that the European Parliament appreciates the commitments which have just been announced in the House by the Luxembourg Presidency. Knowing you as we do, since you served with us for a considerable time, in particular as the chairman of the Committee on Development and Cooperation as well as President-in-Office of the Council on two previous occasions, we know that, with your European conviction and political temperament, you will do everything in your power to fulfil these commitments during your term of office, short though it may be.

Cooperation between the Council and the Parliament will be essential to this undertaking, and you can count on our enthusiastic participation and, if need be, our forceful protest.

We count on you to help in making this first half of 1976 a period which will go down in the history of the Communities as a vital and dynamic one, marked above all internally by a definite decision on the election of the European Parliament by direct universal suffrage, and externally by the definite application of the Lomé Convention and, we hope, by harmonious, fair and necessary arrangements between the countries of North and South. You can count on our help in these matters.

Lastly, I should like to take up a small point in your speech, perhaps simply a small point of terminology but perhaps also a more fundamental one. Referring to the statement you were about to make to Parliament on the programme and intentions of the Luxembourg Presidency, you described it as a 'valuable innovation'. I should like to tell you that your predecessors, Mr FitzGerald on behalf of the Irish Presidency and Mr Rumor on behalf of the Italian Presidency, also came at the beginning of their terms of office to present their programmes and intentions to Parliament. Therefore it is no longer a valuable innovation. It is already a third or

fourth step in what we, for our part, now consider to be a happy and indispensable tradition.

I call Mr Thorn.

Mr Thorn, President-in-Office of the Council. — *(F)* Mr President, we have long been accustomed to hearing each other's point of view. Allow me to explain what I meant by innovation.

My predecessors were fortunate enough to appear before Parliament after a Council meeting: I have come here before one!

(Laughter and applause)

President. — Ladies and Gentlemen, we must now take a decision on Mr Fellermaier's request to suspend the sitting for one hour.

I call Mr Thorn.

Mr Thorn, President-in-Office of the Council. — *(F)* Mr President, I have just been informed that another means of transport has been found, so I shall be able to stay in Parliament this afternoon until 4.30 p.m. If the sitting is resumed at 3 p.m., I shall thus be able to remain for a further hour and a half.

President. — I call Mr Bertrand.

Mr Alfred Bertrand, chairman of the Christian-Democratic Group. — *(F)* Mr President, I propose that we resume the sitting this afternoon at 2.30 p.m. instead of 3 p.m.

This would allow time for a two-hour debate.

President. — I call Mr Durieux.

Mr Durieux, chairman of the Liberal and Allies Group. — *(F)* Mr President, I do not know if there is any point in suspending the sitting. Half an hour would, in any case, be enough; then we could resume proceedings before noon and carry on until 12.30 p.m. at least.

President. — Ladies and gentlemen, in view of the importance of this debate and the number of speakers listed, we shall only be able to finish by 4.30 p.m. if we make use of part of this morning.

I therefore propose that the sitting be suspended for half an hour.

Are there any objections?

The sitting is suspended for half an hour.

(The sitting was suspended at 11.25 a.m. and resumed at 12 noon)

President. — The sitting is resumed.

5. Membership of committees

President. — I have received from the Liberal and Allies Group a request for the appointment of Mr Caillavet to the Committee on Budgets to replace Mr Houdet.

I have also received from the European Conservative Group requests for the appointment of Mr Fletcher to the Committee on Budgets, to replace Sir Peter Kirk, and to the Committee on Regional Policy and Transport, and of Mr Spicer to the Associations Committee and to the Joint Parliamentary Committee of the EEC-Turkey Association.

Lastly, I have received from the non-attached Members requests for the appointments of Mrs Ewing to the Legal Affairs Committee, of Mr Romualdi to the Committee on Regional Policy and Transport and of Mr Clerfayt to the Committee on External Economic Relations, to replace Mr Pierre Bertrand.

Are there any objections?

These appointments are ratified.

6. Change in agenda

President. — The President-in-Office of the Council said earlier that, with regard to the next item on the agenda, namely the Council and Commission statements on the outcome of the Conference on International Economic Cooperation, he was unable at present to make a clear-cut statement defining basic positions.

It appears that the same applies to the Commission.

This being so, we must ask ourselves whether it is appropriate to retain this item.

I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, I imagine that the Community Institutions will be concerned with the North-South Conference throughout the year and that a discussion based on a reasoned report by the President-in-Office of the Council and the President of the Commission ought to take place. Therefore I propose that this item be removed from the agenda but included in the main items on the agenda of the February part-session, and that both Presidents be asked to see to it that by that time reasoned statements by both the Council and the Commission are available.

Mr Scott-Hopkins. — Mr President, I have no tremendously strong feeling about this, as Presi-

dent Ortoli feels that he has not got an awful lot to say to us at this particular moment, but what I do think must be quite clearly understood by the President of the Commission is that what we would like is an interim report when he has anything of interest to tell us. We would like to know as a House what is going on, what progress is or is not being made and where the blanks are, and if he says that there are certain difficulties and that he has not too much to say at this particular part-session, then I would agree with Mr Fellermaier that this item should come forward, and I hope it will, at our February part-session in the form of a constructive, substantive statement.

President. — I consult Parliament on the proposal by Mr Fellermaier, seconded by Mr Scott-Hopkins, that this item be removed from the agenda and included in the programme of the February part-session and that the Presidents of the two institutions concerned be asked to provide as much material as possible on which to base the debate on this question.

That is agreed.

7. Statement by the President-in-Office of the Council (resumption)

President. — We shall now resume the debate on the statement made this morning by the President-in-Office of the Council.

I call Mr Radoux to speak on behalf of the Socialist Group.

Mr Radoux. — (F) Mr President, ladies and gentlemen, we have listened with great interest to the speech made by the President-in-Office of the Council and I congratulate him on the innovation he has made today.

As we have only very little time at our disposal, I think that instead of wasting time in long speeches we should confine ourselves to asking the President certain questions and, where necessary, reiterating some of this Parliament's beliefs.

The first question I should like to raise is that of the election of Parliament by universal suffrage, and in this connection I have two comments. Firstly, it needs to be constantly repeated that the decision to proceed to the election of this House by universal suffrage is in accordance with the Treaty of Rome, and no-one can maintain the contrary. For the record, I think this is a point which should be stressed.

Secondly, it is of the utmost significance for this Parliament that this decision has been

Radoux

taken since it will help us finally to escape from the familiar circular argument, namely that Parliament has no powers so it should not be elected, and it should not be elected since it has no powers.

This is why, Mr President, we are particularly keen that the Council should take a decision as soon as possible, and on behalf of my Group I urge that this be done at the next meeting of the European Council. Only if the Council acts quickly will it be possible for all the necessary procedures relating to the electoral campaign to be got through by our national parliaments early enough for the European elections actually to be held in 1978. In this connection, I would be grateful if the President-in-Office of the Council could tell us here and now the exact date of the European Council's next meeting. I ask this for the reason I have just mentioned, but also for a second reason related to the report drawn up by Mr Tindemans.

My Group agrees with you that a report of such importance cannot be discussed in depth today. As we all know, the 1972 Summit asked each of the Community institutions to draw up a report. This was done, and Mr Tindemans was then requested to produce a comprehensive report, which he has just completed. He was unable to accept an invitation to come and address the European Parliament, nor a similar invitation from a national parliament. We quite understand his desire to address the European Council on the matter first of all, and I would therefore ask the European Council to deal with this issue in March so that this Parliament may hold a debate on it as soon as possible.

So much then for institutional problems.

I turn now to the common policies, to which you referred in your address, Mr Thorn, where you say, as Parliament has often said, that there is an alarming discrepancy between the Community's dynamism in its external relations and the slow, hesitant progress we are making in internal affairs.

We should like to reaffirm our belief, Mr President, that the achievement of the common policies is as important as the progress which needs to be made in institutional matters.

We must concern ourselves with short-term objectives, such as Community measures for economic recovery, the continuation and conclusion of present endeavours to achieve an energy policy and new proposals for the setting up of a European Export Bank and for the implementation of a common policy for the aeronautical sector.

These are only a few examples, but they are examples which show that as well as the institutional questions which Parliament is considering, it is necessary to maintain our efforts to achieve common policies. One issue should not be used as an alibi for not achieving another objective.

You raised the question, Mr Thorn, of joint consultation between the Council, the Commission and the two sides of industry and recalled the fact that they have already had their first meeting. It is our belief that further meetings, provided that they are preceded by preliminary discussions and careful preparation, will lead to the establishment of a new type of relationship between the Community's institutions and the social partners. If this does not come about, if a solution is not found in the course of this year, this will put the Community back a step compared to the progress so far achieved in each of our States as regards the rôle which the social partners play, and have been playing, efficiently and in the general interest, for many years.

You spoke lastly of the North-South Conference, Mr Thorn, and said, as President-in-Office of the Council, that the position of the Nine was still—and I quote—'a tender and vulnerable plant'. You asked for—and I quote you again—'constant and resolute support' from Parliament. This appeal is in our view fully justified and we believe that Parliament should make every possible effort to encourage the Council of Ministers to present a common position on behalf of the Nine in international negotiations. Such a policy is, indeed, consistent with the spirit of the document which the Ministers signed two years ago on what they called the 'European identity'.

I should like to close by thanking you, Mr President, for the spirit of Community solidarity which your statement displayed. In the present state of affairs, given the responsibilities of each of the institutions of our Community, it is fair to say that it is not Parliament, nor the Commission, but the Council of Ministers—and now to a certain extent, the European Council—which is in a position to make sure that decisions are taken in the area of common policies and external relations.

If your speech is backed up by action, if the Council really starts taking decisions in the interests of the Community as a whole, this Parliament will give its full support to the President of the Council and its members. At one point in your speech you seemed to be calling on your colleagues to ensure that the Council really would deal with the matters, far too many in number, still awaiting its attention

Radoux

and make decisions, and that it should make them in a spirit of Community solidarity. This is why we wished to emphasize that in international relations we believe that the Council should indeed, as you said yourself speak with a single voice.

Mr President of the Council, if your statement is really followed by action, you will encounter no hesitancy on the part of Parliament; on the contrary, I am sure that you will receive the support of us all.

(Applause)

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

Mr Alfred Bertrand. — *(NL)* Mr President, the Christian-Democratic Group is delighted that for the next six months the Presidency of the European Council and of the Council of Ministers will be held by the smallest Member State, the smallest country, but a country with great European dynamism. We are also delighted that the Presidency will be occupied by Mr Thorn, a former Member of this Parliament and a convinced European. He is a man of great experience and today he showed exceptional courage in announcing his intentions to this House and the plans which he intends to carry out as President of the Council in the next six months.

I presume that when making this public undertaking before Parliament here today to take certain action and certain initiatives, Mr Thorn was aware that six months is far too short a time to implement such a comprehensive programme. The Christian-Democratic Group would like to use this opportunity to point out once again the disadvantages of this system. It is absolutely vital that the authority of the President-in-Office of the Council should be strengthened by extending the duration of the Presidency to at least one year. Only then will each President-in-Office of the Council be able to play a dynamic role and take initiatives with a view to implementing a specific programme.

Six months is far too short a period and the present rotation of the Presidency has not proved to be the most suitable method of giving the Presidency greater powers or greater opportunities. Mr Tindemans also laid particular stress on this problem in his report.

Secondly, I would ask Mr Thorn on behalf of the Christian-Democratic Group to respect the felicitous precedent set by his predecessors and maintain regular contact with this Parliament by joining us for at least one day of each part-session, thus ensuring a fruitful dialogue

between the Council, the Commission and Parliament.

Thirdly, I would ask him, in view of his heavy political responsibilities at national, world and now European level too, to keep sufficient time available for his European work to allow him to carry it out without undue pressure and to devote the necessary time to the programme he has outlined.

Mr Thorn, you today courageously accepted the responsibilities of your Presidency before this Parliament. We Christian-Democrats will assess your Presidency according to the results which you will announce to us, we hope, at the end of the Presidency in June.

In our view your Presidency is faced with three major responsibilities which we hope you will fulfil.

Mr Radoux has already mentioned the first of these. We hope that on 7 and 8 March, when the meeting of the European Council now seems certain to take place, the final convention regarding direct general elections to this Parliament will be approved. This is essential if we are to have enough time to have this convention ratified in the nine Parliaments with a view to holding the elections in May or June 1978. Any delay will jeopardize this date.

We therefore expect you to ensure that a decision is taken on these elections on 7 and 8 March next. You will have the great advantage of being able to contribute to this decision in two capacities. The Council of Foreign Ministers must prepare the convention under your chairmanship and the European Council, too, must finally approve, sign and submit the convention for ratification with you in the chair. This is an advantage which your predecessors did not enjoy in that they did not hold both offices at the same time. In this regard you thus have a heavier political responsibility than that borne by previous Presidents of the Council, since you hold both offices.

The second point on which we expect you to make political progress is the Tindemans report. We believe that you and your Presidency—and the undertakings you have made today have strengthened this conviction of ours—can ensure that an initial discussion of the Tindemans report is held in the European Council on 7 and 8 March. As the European Parliament meets from 7 to 11 March we hope—and I make this request today on behalf of the Christian Democrats—that Mr Tindemans will make his first statement on his report here in Parliament on Wednesday 9 March, and that this will be followed by a communication from yourself

Bertrand

regarding the Council's discussion of the draft. In this manner we shall be able to cooperate with the Council and the Commission with respect to implementing the objectives of this report.

That is the second point to which we wish to draw your attention, and I support what you said in connection with the elections, namely that if a representative and sufficiently authoritative European Parliament is to come into being, the fullest possible participation in the elections in the various Member States is absolutely essential. You launched an appeal for cooperation between the Council, the Commission and Parliament and for a joint Community effort to achieve this objective. In this respect you can count on the full support of the Christian-Democratic Group.

You have a third and final problem to face to which we attach the utmost importance. You drew attention in your statement to the enormous gulf which exists between the dynamism of the Community's foreign policy and the hesitant progress made in its internal development, and on the need to give added impetus to this internal development.

I quite understand that as President-in-Office of the Council you do not at the moment wish to discuss the delicate issue of the North-South dialogue at the Conference on International Economic Cooperation, all the more since the young shoot of unity is still very vulnerable. But I would point out to you that public opinion will have no confidence at all in the sincerity of efforts to show a united European front in the discussions on the new economic world order which Mr Tindemans mentions in his report, unless it proves possible under your Presidency to solve the Community's internal difficulties by devising a common energy policy and a common policy on the supply of raw materials, and by implementing a common development aid policy. If these three conditions are not fulfilled we cannot possibly present a united European front in the North-South dialogue, because there will be no agreement on the three problems which constitute the very foundation of the discussion taking place at that Conference.

You realize therefore that there is an enormous responsibility on your shoulders and I have the feeling, assuming our information is correct, that the Commission will not hesitate this time to submit the necessary proposals to the Council to ensure that a common energy policy, a common policy on the supply of raw materials and a development aid policy are defined because it is essential that these three requirements are fulfilled if Europe is to speak with a single voice

in the North-South dialogue and take its place in the new economic world order.

Mr Thorn, you are faced with an extremely difficult problem which I think will also largely determine the quality of life and future development of the Community. If we fail in this area I really fear that our presence will not be felt to the desired extent in the new world order which will inevitably grow out of the contacts made possible by this North-South Conference. In this connection I would also draw your attention to the fact that, in addition to these three issues, the problem of internal development also has to be faced. The arguments which are now being advanced to advocate a return to the adoption of all sorts of national measures, namely recession, inflation, unemployment and the lack of job opportunities also constitute arguments in favour of revitalizing the Community's internal development. It is not enough to make emotional speeches about growing unemployment among young people in the Community—we must take action too. I should therefore be glad to hear your views on the tripartite conference, the purpose of which is to achieve coherent cooperation between the two sides of industry, the Commission and the Council with a view to drawing up a practical programme to solve the economic, monetary and social problems with which the Community is so heavily burdened at this time.

In conclusion, I should like to voice my appreciation of the fact that you gave Parliament today the benefit of your experience as President of the United Nations General Assembly. In this office you were able to observe what we Christian-Democrats have long been proclaiming, namely that Europe's influence in the world increases as the countries of the European Community show a more united front and speak more often with a single voice. You were able to observe this in the General Assembly when Mr Rumor submitted his proposals on behalf of the European Community. The other groups suddenly listened with greater attention because a proposal was being made on behalf of the Nine. You also noticed that the African continent, the Middle East, the whole Mediterranean areas and Latin America have greater faith in European cooperation than we ourselves. It is these very groups of countries which expect us to show a united front and contribute to greater stability and equilibrium in international relations, thus allowing these areas of the world to free themselves from the tutelage of the two superpowers which are attempting to draw the whole world into their sphere of influence. These peoples can see only one way of preventing the two superpowers from dividing the world up between themselves and that

Bertrand

is by signing trade, economic and technical agreements with the European Economic Community. This is another major problem with which you will be faced. I therefore understand why Mr Tindemans suggests in his report that the distinction between the ordinary Council of Foreign Ministers and the conference of Foreign Ministers for political cooperation should be abolished, and that they should be combined into a single Council in order to achieve a single common policy.

Mr Thorn, your European convictions are our guarantee that you will do everything in your power to achieve this *rapprochement* during your Presidency. This would represent a significant step forward along the way towards the implementation of a common foreign policy.

Finally, I would like to assure you that the Christian-Democrats are 100% behind you—though there is one further point to which we would ask you to pay particular attention. You said that the Council had at last made a start on the Mediterranean policy and you mentioned the agreements with Tunisia and Morocco, and the negotiations with the Maghreb countries and the eastern Arab States. However, this only means that the Community has made a start with negotiations and association agreements in the commercial, economic and financial spheres. It has, however, not so far succeeded in defining a common Mediterranean policy in the proper, political, sense of the term. Hence the divergent points of view and the tension between Turkey and the Community; hence our inability to exert any influence in Cyprus; hence our impotence vis-à-vis the serious conflict in the Lebanon. All these failures are due to the fact that we have so far been unable to agree on a common Mediterranean policy at political level.

We suggest that you examine the possibility of laying the foundations of a Mediterranean conference between the Community and the Mediterranean countries, at which all the problems of these countries can be thoroughly discussed with the Community. A conference does not commit anyone to anything, but can lead to highly surprising results. You would in any case have set something in motion in the Mediterranean area, where much is still expected of us and where we as a Community could take a valuable initiative.

Mr President of the Council, I must apologize for the fact that we expect so much of you but I am sure you will understand. '*Noblesse oblige*'! You are a convinced European and we therefore expect to see considerable progress during the six months of your Presidency.

Good luck!

(Applause)

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

Mr Durieux. — (F) Mr President, Prime Minister, your former colleagues in the Liberal Group are delighted to see you presiding over the Council of the Communities at such a delicate and vital stage of the progress towards European integration. I am sure that, as Mr Bertrand has just said, convinced European that you are, you will pass the test with flying colours.

The next six months will be decisive for the development of the Community, for the exercise of its responsibilities at international level and for its independence.

We have just received Mr Tindemans' report but we do not wish to give an opinion on it today for the proposals it contains need to be studied at leisure. We are, however, gratified by the hopes placed in this Parliament, the leading part assigned to us in the construction of Europe and the firm resolve to democratize a Community too often accused of Eurocracy.

The economic crisis and recession with which we have been afflicted for the past two years seem to be abating, but the recovery may be only short-lived if we are unable to draw the right conclusions from this hard lesson. There is a ray of hope from Kingston where the developing countries have secured a bigger share of international credits which will enable them to keep at bay the scourge of famine with which they are constantly menaced. But our attention centres particularly on the work of the special committees at the North-South Conference, thanks to which there will be continuous dialogue between areas of the world with complementary interests. Let us not forget that while the western nations have difficulty in selling off their surpluses the poorer countries cannot even afford to buy any. This world conference will not solve all our problems, least of all the problem of the price of oil. But the dialogue taking place will make it possible to face them in a more responsible manner; it will lead to a better understanding of the difficulties experienced on each side and ensure that the developing countries do not bear the burden of the current spiral—the fivefold increase in the price of oil and the increased price of manufactured products.

The Liberal Group has defined its line in this area. We cannot do without substitute energy sources because we run the risk of seeing ourselves reduced to playing the role of intermediaries between post-industrial societies and developing countries. By the end of the century

Durieux

the superpowers—the USSR and the USA—will be meeting half of their energy requirements from atomic power. We must therefore make up our minds quickly if we want to stay in the race. The Community cannot be dependent on the outside world for its basic requirements, i.e. for its defence and its energy supplies, since dependence in these areas would make it impossible for it to maintain its proper role and fulfil its responsibilities in world affairs.

Achieving independence here will require no less than the complete unanimity of the Nine, on which you laid particular stress in your speech. That is why it is of the utmost importance that Europe should speak with a single voice in the North-South dialogue. I hope, Mr President of the Council, that you will always be resolute in upholding this European unity. Similar toughness will be necessary to ensure that the draft Convention on the election of the European Parliament by universal suffrage is adopted, and also in other areas in which full-scale common policies need to be elaborated.

Furthermore, the Community must be given its due place in international relations and, more especially, in its relations with the countries with which we have already signed agreements. We are therefore extremely pleased at the emergence of a spirit of Community solidarity in the energy sphere and the steps taken towards achieving a Mediterranean policy. The Mediterranean area is a crossroads for three continents and this strategic position provides Europe with an opportunity which it should not miss of stamping its identity and securing its proper place in the concert of great world powers. This is a fact of which you are well aware, of course, Mr Thorn, and to which you drew attention as President of the United Nations General Assembly only a few weeks ago. Our absence from the scene of the major conflicts is also due to the fact that we do not have a common European policy. In this connection I should like to quote something from your speech here today which seems to me to be very important: 'I am more convinced than ever', you said, 'that only our efforts to unite and our action as a single entity can offer all our countries an opportunity of confronting the problems of tomorrow's world.' The efforts which the Community has made to present concerted positions have had a considerable effect. And the absence or inadequacy of common policies is a serious handicap for Europe. You went on to say, 'Viewed from a certain distance, the disunion of the European States, or the absence of common policies appears incomprehensible and self-destructive, our quarrels and our differences appear anachronistic and, conversely, each time we succeed in our efforts to

act as an entity, we gain rapidly in influence and consideration.'

I think these extracts from your speech contain some very important points, Mr President of the Council, and we trust that you will draw the attention of your colleagues in the Council to them. As President of the United Nations General Assembly you enjoyed an exceptionally privileged position which made you aware of how essential it was for the European Community to speak with one voice.

I conclude, Mr Thorn, by expressing the Liberal Group's conviction that we need to improve the general climate, be it in the social, economic or political sphere. There is now cause for optimism and it is our firm hope that by the end of your term of office, short though it is, further steps will have been taken along the road to European integration.

(Applause)

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

Mr de la Malène. — *(F)* Mr President like the other speakers before me, I should like to begin with a few words of welcome.

We have known you for too long now, Mr Thorn, we are too familiar with your outstanding qualities, your faith in the construction of Europe and your faith in free societies not to be confident that the six months during which you will be performing your exacting duties will be crowned with success.

But six months is a short time and it is to be regretted that the Presidency of the Council moves around so quickly. Is there not a case for envisaging an extension of the duration of the Presidency? Such a reform would hardly cause a sensation but would, I am sure, be beneficial.

In his introductory speech President Thorn touched on external, internal and institutional problems. I shall follow the same order in these brief remarks.

Priority number one is our external relations. It is putting it mildly to say that the organization of the world—particularly of the free world—in the area of trade, diplomatic relations, in the monetary sphere and many other areas has deteriorated seriously over the past few years. And, of course, this deterioration has been primarily detrimental to the weakest and poorest countries, in other words, the developing countries and, perhaps, the European countries too.

de la Malène

In the field of raw materials, in the energy field, and in the monetary and commercial spheres attempts to move forward are being made or will be made in Jamaica, Paris, Geneva and elsewhere. A great deal depends on the success of these attempts to restore order. Should they fail, the future of our free society, such as we understand it and want it to be, would undoubtedly be seriously jeopardized. Hence the enormous importance which we attach to these negotiations, to these attempts to reestablish law and justice in relations between nations and in the distribution of the world's riches. The construction of Europe is certainly at stake in this area too, as was very clearly felt at the recent Rome conference.

While it is true that these major attempts at reorganization by no means provide solutions to all external policy problems, they are the starting-point for these solutions. You mentioned Greece, and we are all gratified at the developments in that country and hope for its accession in the very near future. But we must not forget Turkey, which might have gained the impression that Europe is no longer treating it on equal terms with its neighbour—this is surely not the case and would be a tragic mistake if it were.

You mentioned the Mediterranean policy, of which we are still unwavering supporters. Developments in Spain have taken a turn which everyone welcomes, even if some would like to see things move more quickly. In that country too, hope has been born. Throughout history the Mediterranean has been alternately a battlefield for rival factions and a haven of peace and friendly encounter. It is obviously in Europe's fundamental interest to do its utmost to ensure that, tomorrow, the second of these two descriptions will be applicable to this area, to which we feel so intimately bound.

Our second priority, which comes under both external and internal policy, is the energy problem. This problem has been in the limelight for many long months now and is likely to stay there for quite some time. We discussed it yesterday and we shall be discussing it again tomorrow and the day after tomorrow. No matter what hymns are sung to the glory of Europe, no matter what is done in the relatively straightforward area of institutional reform, the acid test of the reality of Europe and its ability to move forward will be our success or failure, our progress or lack of progress in solving the energy problem.

Will we really pool our resources, all our resources? Will we pursue a supply policy fair to all? Shall we not be providing some with an

easy living, thus benefiting them but harming others? When the North-South Conference is over, it is the answers found to these and many other questions in the energy field by which we shall be able to judge whether the progress achieved in the construction of Europe constitutes real, and not just verbal progress.

There is a third priority, on the domestic front, and that is the fight against inflation. Inflation is slowly but surely gnawing away at the foundations of our free society. This cannot be said too often, especially in my own country. But, to return to the subject with which we are concerned today, inflation is also gnawing away at the foundations of Europe: it is placing the agricultural policy, the very bedrock of our construction, in serious jeopardy; it has wrecked economic and monetary union, in which work will have to start all over again. All that remains is an 'incomplete' snake, whose relevance for Europe is now even being doubted in some quarters.

If in six months' time, Mr President, when you hand over the torch to your successor, our Community can offer the spectacle of nine countries engaged in a united and effective combat against inflation, then you will indeed have achieved something for Europe. If, on the other hand, in six months' time, inflation rates have dropped in some countries but gone up in others, you can take it from me that your work, all your work, in every single field, will have been in vain.

As well as these three priorities, there are of course all the problems which we habitually discuss every day, problems which I shall not go into now—common policies in the agricultural, social, transport, aeronautical and data processing fields. Think of all the work that needs doing in all these areas!

I come now to my closing remarks. How can all this be achieved? What institutions are needed to do it? You mentioned the Tindemans report, and also direct elections, which you discussed at some length Mr President-in-Office. Well, I myself shall be fairly brief. I shall be brief because, in the first place, we often discuss this topic, because we shall soon be holding a full debate on the Tindemans report, but also because we believe that institutional reform is not a panacea and may sometimes be used as an alibi. We are much more concerned to have practical policies, real policies. We have much greater faith in actual political resolve. We feel that, with or without the institutions, joint and determined efforts would long since have made possible a great deal of progress in many fields and would have spared us the

de la Malène

long drawn-out debate on the creation of a paltry European identity card and a false European passport.

As you said, a Convention will be submitted to our parliaments for the election of this House by universal suffrage. Some of our states—indeed most of them—will probably approve it. But do we really think that in the absence of clear objectives, clear policies in the energy field, in the monitoring of the activities of the multinationals, in external policy and so on, our peoples will feel particularly concerned by it?

Obviously, it is necessary and useful to make progress as regards the means, but an agreement on the ends, on why we want to build Europe, would be far more significant and give much greater cause for hope.

It is on this note of hope, however, that I wish to conclude these brief comments. You have raised hopes in us, Mr President, and I am pleased to see you in the post which you are now going to occupy.

(Applause)

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — Mr President, I was not sure whether you were going to break for lunch or whether you were going to ask me to speak first. I am delighted that I should be able to speak before my lunch and enjoy my lunch much more because of it.

May I join with the other speakers who have congratulated the Prime Minister and President-in-Office for coming here and speaking in the way he has so frankly and so clearly. He has indeed put in a great effort and the programme of work that he has submitted is one that would tax the abilities of any man occupying the positions of responsibility that he does. It goes without saying that I and my group wish him the very best of good fortune during these six months; nevertheless, I would join with the other speakers who have all said that this period is too short a time to be able to carry out the tasks which he himself has set himself—indeed, six months is too short a time for any President-in-Office. I was glad to see that one of the recommendations in the Tindemans' report, which we are not going to deal with in detail in this debate, is that this period of office should be extended to one year. Can the President-in-Office give us some idea of whether this recommendation might be implemented during his present tenure of office, so that we should have the pleasure of his company not only until the end of June but until

the end of December 1976? Is it possible that this might happen?

His is a unique position: he is Prime Minister and Foreign Minister of his own country and therefore President both of the European Council and the Council of Foreign Ministers; at the same time he is President of the Conference of Foreign Ministers. He has the unique ability to take an initiative not only in this field, but in other fields too. I know he has been in similar exalted positions before, so it is with respect that I say that the decision-making process, the decision-making methods of the Council are to be deplored by everybody here, and I sincerely hope that he will be able to really stir things up and get things moving, not only by extending his own term of office but by getting other things done as well.

It is really one of the saddest features of this Community that so many proposals come from the Commission, are debated by Parliament, adopted or amended, and then returned to the Council. Then what happens? I do not know, Sir, but I think you have God knows how many draft directives and regulations waiting for decisions. We look to you to see that by the end of your period of office—12 months, I hope—they will nearly all have been dealt with.

That is one point. As other speakers have already said one of the main issues you have concentrated on has been direct elections. I and my group congratulate you on your determination to get this settled during the initial few months of your Presidency; I hope you succeed. We shall certainly give you all the support we can on this particular matter. By all means, let us have direct elections by May or June of 1978. Let us have a duly elected Parliament in 1978, based on the Convention I hope you will get through. But, without the right powers, that directly elected Parliament will be virtually useless, and if I can trespass just once more into the realms of Mr Tindemans' report, it would appear that decision-making—I don't say power, but decision-making—is going to be concentrated in the Council of Ministers and in the COREPER, to whom power would be delegated. This, frankly, won't do, and I hope that you, Sir, as a parliamentarian of long-standing and great stature, will accept this and will be able to reassure us that you do believe that Parliament itself has got to have more power, more decision-making ability. Own-initiative reports, which Parliament was given the right to draft in, I think, 1961, are not enough.

We want more decision-making ability, Sir. I do not think, either, that this House really wants the Commission, as is in essence proposed in

Scott-Hopkins

Prime Minister Tindemans' report, to become just a civil service apparatus carrying out the executive wishes of the Council. This is not its function today, but it looks very much as though that is the function Mr Tindemans is envisaging. I hope, Sir, you will be able to give us some reassurance that your initiatives will not be along those lines. But I would emphasize to you, Sir, the importance that we attach to this Parliament, once it is directly elected, having the ability to take decisions which will be of consequence in the European Community.

I turn now to an area of your activity which I think is of great importance—political cooperation. As we know, in both your capacities as President of the European Council and of the Council of Foreign Ministers, you have to use your own staff. And it must tax you and your people enormously to have to bear this additional responsibility, whilst managing your own country's affairs at the same time. This is not something new that I am going to say now. But it is something which has concerned us for a very long time. Surely the time has come for you to take the initiative here—it is something I was hoping to hear you say when you were making your speech—in setting up, perhaps under the political affairs Directorate within the Council, a proper directorate to assist you and your successors in carrying out your functions as President of both the Council and in particular, of the Council of Foreign Ministers. I do not believe that the existing system is either efficient or helpful for the European Community. We have all been talking about how we want to speak with one voice, of how we want you, Sir, to represent us in all the important issues of debate with third countries, with the United States, with Russia, and so on. But I would suggest to the House that it is extremely difficult if the staff working for you is changed every six months. Various senior officials who served previous Presidents of the Council have referred to the difficulties that they have faced. But, somehow, things have functioned, though perhaps not as successfully or smoothly as they might have. The preparations for the meetings of the Council of Foreign Ministers are absolutely vital; that is when the papers are prepared, the documentation readied, the research and all the rest of it done. It is this important preparatory work which enables the ministers, when they get together under your chairmanship, to reach conclusions and give you the mandate to talk on behalf of the Community.

I do not believe that the existing system is as efficient as it should be; it certainly is not in the interests of the Community, in my view and that of my group, that this should continue.

So I sincerely hope that you will be able to persuade your colleagues that this is an essential issue which must be resolved.

Another point which has been mentioned by many colleagues who have already spoken concerns the Mediterranean policy. We wish you well here, Sir. I was particularly delighted to hear you briefly mention the Spanish situation, and express the hope that there would be a relaxation and indeed progress in the renewal of negotiations during the coming months. I hope that you will be able to pursue that with your colleagues in the Council. I agree that the whole situation in the Iberian peninsula is changing rapidly, and changing rapidly for the better, in the democratic sense. What we can do here in the Community and what you, with your prestige and authority, can do, will help the democratic forces both in Spain and Portugal to establish a permanent democratic system of government in those two countries, which can but be to the advantage of Europe in the long term. Moreover, we wish you well in the negotiations which will undoubtedly come about, perhaps during your term of office, if you succeed in prolonging it to December, concerning the possible entry of Greece into the Community following the Commission's recommendations. But I would reiterate the plea which I think was made by Mr Radoux or Mr Bertrand, not to forget the Turkish agreement and our Turkish friends, because their intention and their wish to join the Community is just as strong as that of their neighbours in Greece, and I hope that both we and you, Sir, will be able to help them in moving closer to the European Community.

I think most people would wish to wind up this part of the debate now, so I would like to conclude by wishing you very good fortune, Sir. I believe that this is an opportunity which very rarely comes to a man of your stature and your position. I think that the Community is ready for somebody like yourself to take the initiative and get things moving forward again. There are many spheres that I have not mentioned; they may be raised by other speakers. They include economic and monetary union, for instance, moving forward there, progress in the social fields, in the regional field, all areas in which we are rather holding back at the moment. The time has come for a breakthrough to be made, and I and my group firmly believe and hope that you are the man to make it. And we wish you Godspeed in doing it.

(Applause)

President. — I call Mrs Iotti to speak on behalf of the Communist and Allies Group.

Mrs Iotti. — (I) Mr President, I really do not think I can go into much detail within the space of a mere five minutes, so I shall try to be as brief as possible.

Mr President of the Council, I listened closely to your speech and, as a representative of a party which is in opposition in Europe—I think there can be no doubt about that—I must admit that your statement succeeded very skilfully in covering a wide variety of questions and in highlighting effectively the problems of Europe.

Nevertheless, Mr President of the Council, may I be allowed to make one remark on your speech: it is true, as I said, that your statement dealt with the problems of Europe, but I nevertheless had the impression that the seriousness of these problems and their complexity—which I feel are becoming critical—were rather glossed over. I realize that this was your first speech since taking office, but I do not think that we are in a position today to give you a positive answer—insofar as our respective positions would allow this—by supporting the solutions you have outlined.

I am sure we are all aware of the gravity of the situation in Europe, and I should like to draw particular attention to the seriousness of the economic crisis, and also of the political crises.

For we must not forget that there is also a political crisis within the Community between the stronger and weaker Member States; this is a major problem, a serious question mark hanging over the Community.

But the primary problem, in my view is the economic crisis which is affecting the living standard of the European masses with unemployment in all the countries of the Community—even in the strongest such as West Germany—at the highest level for a very long time. The countries of full employment thus once again have a very large number of unemployed.

This is a problem none of us should lose sight of and one that should be central to our considerations, as it affects the lives of millions and millions of Europeans.

For this reason, Mr President of the Council, we approve the proposal in the last part of your statement regarding the continuation of the tripartite conference; we welcomed this conference as a positive move by the previous Presidency, but we can hardly say that the November meeting produced good results. In our view, this failure was due to the lack of concrete proposals which the Commission ought

to have submitted to the Council of Ministers at this conference, since only concrete proposals can provide the impetus to overcome the economic crisis and hence the fears of such a large part of the population of the European Community.

Let me turn now briefly to two other points which are essentially political. In the short time available to me I should like to reaffirm the Italian communists' approval of elections to the European Parliament in 1978; this is not simply because we think that this Parliament would then become genuinely democratic, in that—if only at one remove—it would find its justification in direct elections and would thus acquire true democratic sovereignty; it is not just that we think its democratic sovereignty would be confirmed by direct elections, but also because we feel that direct election of the European Parliament by universal suffrage is essential if the entire Community policy is to be given a new impetus. It is thus a political factor of extreme importance.

We thus welcome the direct elections to the European Parliament in 1978 and we feel that this will initiate a dynamic process of major importance for the Community. However, we must also point out—as we have done on other occasions—that we intend to insist that the European Parliament should be elected by proportional representation, since we feel that this system best reflects the modern concept of representation of the people. We realize that it will be extremely difficult to achieve this, but we also realize—and this is an institutional problem which the Council of Ministers cannot ignore—that the European Parliament must be elected under a uniform law, since this is laid down in the Treaty of Rome.

I am well aware of the possible objections to this proposal, and I am familiar with the traditions in the countries of the Community. However, Mr President of the Council, I raised this point not only to remind you of our views, which we think represent a useful approach to the development of unity, but also because I believe it is essential to find—to 'invent', so to speak—new forms of legislation in order to eliminate, at least at European level, any differences which may arise in the electoral system at national level.

We shall have occasion to return to this question later, but I should just like to repeat briefly that we agree fully that the powers of the European Parliament should be widened since direct elections to the European Parliament without an adequate increase in its powers seem to us pointless.

Iotti

Finally, one brief remark on the President of the Council's statement about the need for common policies on the part of the Member States. If the question is put in this way, if we speak of Community approaches to the major international questions such as energy, raw materials and relations with the Third World, then of course we agree on the need for them. In fact, in the world of today, without these common approaches—as many other speakers have stated—the Community would lose much of its power and importance.

Nevertheless, ladies and gentlemen, it is perhaps here that the most serious question marks arise. How are we to achieve these common policies? Who is to draw them up? And how are the national parliaments to be involved? This problem of the relationship between the powers of the Community and the powers of the national parliaments cannot be sidestepped by the institutions of the European Community. How are these common policies to be formulated, and by whom? We feel that this problem must be tackled immediately, taking into account the importance not only of the political and institutional forces at national and European level, but also of the various social groups, which cannot be left out of the formulation of the common European policy. This is a large question, and we consider it to be of major importance.

We are thus reserving our position on Community policies and, while appreciating that they are necessary if we are to move towards European unification, we must stress this aspect because our yes or no depends on the answer given to it. All the more so—I am just finishing, Mr President—since the Tindemans report, which I too feel should be discussed in greater detail on another occasion, outlines—albeit extremely cautiously—the idea of a process of European integration taking place at different levels and different times. I do not know what the programmes are, but I do know, for instance, that Mr Ortoli—if I have correctly understood the report in a French newspaper—attacked this approach or at least expressed reservations about it.

Faced with this prospect—which even now we can say we totally reject—the problem of working out common policies becomes even more serious. What, indeed would become of Europe if this approach were adopted?

Would it still be the Europe of the Community? Hardly! What is more, would not the common policies agreed on simply be imposed by the stronger countries on the weaker ones? Is this really the path we must take? Mr President,

ladies and gentlemen, we all feel that we are in a moment of crisis for Europe, not only because of objective conditions, but also because of the choices we must take. We would emphasize that on these decisions to be taken now, and on our ability to see clearly the path to be followed, depends the possibility of giving—as I believe we all hope—a new impetus to a Europe which—to use an expression which appears in the Tindemans report and which occurred in a report by Mr Ortoli two years ago—is 'the master of its own destiny, autonomous and independent', and hence able to implement the desired policy of friendship and cooperation with all parts of the world.

(Applause)

President. — The proceedings will now be suspended until 3.00 p.m.

The House will rise.

(The sitting was suspended at 1.20 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR: MR MARTENS

Vice-President

President. — The sitting is resumed.

The next item is the resumption of the debate on the statement by the President-in-Office of the Council on the work programme of the Luxembourg Presidency.

I call Mr Fellermaier.

Mr Fellermaier. — *(D)* Mr President, ladies and gentlemen, the President of the Council said today, and I quote from the text of his speech, 'However, I have one other concern and I hope most sincerely that this is shared by Parliament. It is essential that, when the first elections to the European Parliament by universal suffrage are held, the electorate should turn out in force to ensure that the most representative European parliamentarians are elected'.

Mr President of the Council, we can support this wholeheartedly, but on one condition, fulfilment of which is up to the European Council. One of the things on which the role of the future, directly-elected European Parliament will depend is the division of legislative powers in Europe between the Council and the Parliament.

Mr President of the Council, what kind of programme are the European political parties to submit to the electorate in 1978? Are we to say that we, the peoples of Europe, are electing

Fellermaier

a Parliament with control over 76 million u.a. in the budget and—if we are to believe Mr Tindemans—with the right to launch initiatives. For in actual fact, Parliament has no say in things, since legislative powers lie exclusively with the Council.

This brings me to a very pertinent question concerning the relations between Council and Parliament. I ask myself: can we continue expecting the public of Europe to put up with the fact that the Council meets not in an open 'glasshouse' like the one on the East River in New York, but in a closed bunker, and that it fobs the public off with a diet of meagre communiqués? Is it not time—since this would require no change to any treaty—that the Council appeared of its own volition before this House, after each legislative decision, to justify in public why it has decided this way or that on behalf of the citizens of Europe? I think this would be real democratization, and we could then see whether the necessary political resolve on the part of the Heads of States and Government was really there. Another factor is that the Council must consider how it visualizes its future relations with Parliament.

This week, for instance, the Council replied to a question by a Member who wished to know whether the Council did not think that the Member States of the European Community should set up a joint embassy in Guinea-Bissau. This Member's question, Mr President of the Council—I know you were not responsible personally, but I am addressing the Council as an institution—was submitted almost a year ago. Now we get an answer which is perfunctory and says nothing at all. It is not just in major questions, but precisely in such small matters, that Parliament must assess how it is being treated by the Council.

There is something else which must be pointed out in this context. One of your predecessors, the Irish Foreign Minister Mr Fitzgerald, said in his farewell speech to the Political Affairs Committee in Dublin—and this was in reply to a request by a Member of the Committee—that he would suggest to the Council that, in future, its President should attend topical debates—as the Commission already does—and should make a formal statement to Parliament that he would, in future, attend not only Question Time with all its inadequacies, but also topical debates, provided policy so required and Parliament felt it was justified in calling a debate.

Mr President of the Council, I should be grateful if you could perhaps give us an assurance today that these two small steps in the phase

of transition to direct elections in 1978 will be taken under your Presidency. And now for a third remark. In Question Time this morning, the President of the Commission adopted a formalistic position with regard to the seat of the European Parliament. We are now fortunate in having with us the Prime Minister of one of the Member States, the Chairman of the Conference on Political Cooperation and the President of the European Council. Mr President of the Council, may I therefore ask you quite simply where the directly-elected Parliament is to hold its inaugural meeting in 1978? How are we to convince more than 250 million people of the need for the direct election of Members, in a European election campaign, if at the same time we have to admit—in London, Copenhagen, Bonn, Dublin, Paris or wherever—that this Parliament will still be a travelling circus, and that finding a place to meet, with its increased complement of 355 Members, will depend on the goodwill of other institutions?

I think the European Council must have the courage to tackle this admittedly controversial matter. You will not get me, or perhaps anyone in this House, to say where Parliament should have its seat, since the governments stressed in their 1965 agreements that it was up to them to decide this question. We would, however, like to know before 1978 whether the European Parliament will in future have a home to call its own, and also whether the necessary executive infrastructure will already have been set up so that, after the direct elections, this Parliament, in its capacity as a supervisory organ vis-à-vis the Council and Commission, will be sure of having adequate working conditions to enable it to exercise these supervisory powers. Turning to another passage in your speech, Mr President of the Council, I am glad you said that the powers of the Conference on Political Cooperation are to be increased. I feel it is high time to return to the spirit and letter of the Treaties, so that we can have a Council which can take decisions, and not a whole series of Councils—the Council of Ministers of Finance, the Council of Ministers for Social Welfare, the Council of Ministers for Development Aid, the Council of Ministers of Health, the Council of Ministers of the Interior, etc. Each of these draws up its own specific programme, and how often has it come about that much of what was decided upon by a Council of Ministers has subsequently been changed by some government or other, with its own minister being called to heel over a technicality.

Mr President of the Council, you should also purge Council meetings of their attendant le-

Fellermaier

gions of civil servants, so that you really do meet as a political institution—as a Council of Foreign Ministers. Be clear in your decisions and provide the European public with more comprehensive, unequivocal information.

Let me make one final point. If this were a national parliament and this were the initial policy statement of a new Prime Minister, the opposition would probably give him 100 days' grace to find his feet, as an act of political fairness.

The rules here are different, but even with such political fairness I doubt whether we could allow you 100 days, since half your term of office as President of the Council would then be over. Nevertheless, I think I can say, on behalf of the Socialist Group, that we willingly grant you this 'running-up' period, since we note that you have presented your programme not so much with a grandiose vision in mind, but in a spirit of realism and pragmatism. However, Mr President of the Council, after 8-9 March we shall see how much of what you presented here today has become reality in the European Council. This will be our touchstone in assessing your performance as representative of the Heads of State and Government. We hope we shall find, when we come to review it after 8 and 9 March, that your political activity has been beneficial to Europe.

(Applause)

President. — I call Mr Giraud, chairman of the Political Affairs Committee.

Mr Giraud. — *(I)* On behalf of the Political Affairs Committee, I have much pleasure in extending a particularly warm welcome to the new President-in-Office of the Council.

Given the special relations between the Political Affairs Committee of this Parliament and the Council of Ministers, arising from the political cooperation work, we shall be having meetings with the new President-in-Office—as required by the procedure—in which we shall have a chance to initiate and continue more detailed talks on the future of the institutions of the Community and on the problem of the Community's relations with the rest of the world.

I must congratulate Mr Thorn on his speech and on having had the courage to introduce one innovation within another. He has addressed us even before he has had an opportunity to meet the other Members of the Council of Ministers, so that what he expressed here were the views of the politician, of the man himself, and not the views of the Council. History is told in

terms of institutions, but it is made by men, and we place great trust in the man who is now President of the Council of Ministers. In view of his commitment and of what he said to us this morning, we feel there are grounds for hoping that this Luxembourg term of office will produce something new and of importance for Europe. Other speakers have already referred to the most important thing of all—that the Convention on elections to the European Parliament should be approved by the European Council.

I agree with Mr Fellermaier on the importance of having a definitive and permanent seat for the European Parliament, but I think for the moment the problem of elections to the Parliament in 1978 comes first. This is the basic thing. Might I suggest, however—and this is my own personal opinion—that this Parliament should try to ensure that the Parliament elected in 1978 has the right to decide on its final seat—in consultation, of course, with the other institutions.

Having said this, and while not wishing to speak for too long, I should like to turn to another important point which Mr Thorn raised, and which relates to a particular interest of the Political Affairs Committee—I refer to political cooperation. Although there has lately been remarkable progress—through a pragmatic approach which has proved extremely useful—in consultation and cooperation between the Member States in the fields of foreign policy and of relations with other countries and other regions of the world, I nevertheless feel the time has now come to leave behind the procedures and criteria imposed by the Davignon report and to join in reconciling—as was suggested by Mr Fellermaier just now and by other speakers this morning—the responsibilities, activities and action of the Community with regard to the outside world, with the internal requirements and structures of the Community.

When Mr Thorn stated this morning that there was a certain discrepancy between the Community's dynamism in external affairs and its failure to develop its internal structures, he was speaking the truth. I feel, however, that this is because there is no real interplay between the external and internal activities of the Community, since it is in fact the external requirements, among other things, of relations with the rest of the world—and of the identity which Europe must increasingly display as a result of demands made on us by other countries and other political groupings—which force us to develop and which force us to adapt our internal structures to meet the requirements of Community action in the world.

Giraud

I feel that, in addition to producing the Convention on elections to the European Parliament, the coming six months should also produce this reconciliation of the two fundamental activities of the Community, of the two aspects which constitute Community reality—viz. common foreign policy and economic and social integration within the Community. I think this would be a great step forward towards implementing the proposals contained in the Tindemans report, which could lead us more quickly towards European political union.

(Applause)

President. — I call Mr Springorum.

Mr Springorum. — *(D)* Mr President, ladies and gentlemen, I am rather surprised at being called upon to speak now as a result of a request which I made this morning. We had assumed that this dialogue between Council and Parliament could include a detailed discussion of a future common energy policy in conjunction with the North-South dialogue.

You are all aware that Parliament is interested in the common energy policy, and that it considers this question just as important as that of economic policy. We feel, however, that we should not discuss it any further with the Council in this House until we come to debate Prime Minister Tindemans' report, which after all includes this energy policy. I therefore think I need say no more at present.

(Applause)

President. — I call Miss Flesch, chairman of the Committee on Development and Cooperation.

Miss Flesch. — *(F)* I too shall try to be very brief. However, I should not like to miss this opportunity of expressing my complete satisfaction at what the President of the Council said in his statement this morning, particularly when he spoke of his intention to do everything in his powers to ensure that the Convention allowing direct election of the Members of this Parliament comes into force as soon as possible. This is very encouraging to hear.

As chairman of the Committee on Development and Cooperation of this Parliament, I also listened closely to his remarks on the Lomé Convention and its implementation very soon. At this stage, we are all somewhat concerned about the implementation of this Convention, which has been ratified by nearly all the Member States. I think it is important that it should be ratified by all the Member States, regardless of their domestic situations, in the interests

of our credibility vis-à-vis our partners in Africa, the Caribbean and the Pacific.

In view of the short time at our disposal for this debate, I shall restrict myself to these two comments.

(Applause)

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — Mr President, the President-in-Office must feel a growing burden on his shoulders as he listens to all the speeches which have been made following his important and inspiring address this morning. So many appeals have been made to him to rise to the challenge of the times and, in his own words, recall to the Council its political responsibilities.

Many people have noted the emphasis that he placed on providing for strong electoral interest in the forthcoming direct elections. I feel that the Community has come to an important junction in its affairs, having largely completed the first phase, namely the creation of a customs union, it is now preparing to make new departures in the direction of complete European union, whatever that may mean in terms of its political and economic consequences. I feel that if we are going to make a success of this second phase of integration we must ensure that it becomes a matter for the voters themselves.

European union must no longer be just a matter for governments or institutions, for civil servants, or for powers outside the immediate vision and control of the voters. Voters must feel that they belong to the Community as citizens of Europe in their own right.

I am glad that progress seems to be under way in introducing a European passport. It is a small but significant indication for the voters that they do belong to a wider Community.

I would like to suggest that the Council needs to consider the possibilities of amalgamating the systems of social security in the Community. European citizenship must be seen to confer entitlement to a guaranteed minimum standard of life. The voters must have a stake in the Community which has a real meaning in terms of cash. This, I realize, will be an innovation not clearly envisaged in the Treaty, but, nevertheless, one of primary political importance as well as an essential element in economic and monetary union. I feel that we need to examine means of establishing an integrated Community social security system to take over from the national funds the obligation to ensure that every citizen can depend on the Community for

Rhys Williams

a minimum income guarantee. Forward moves as ambitious as this will be essential if the Community is to endure and the move to direct elections is to succeed.

Secondly, we have to tackle in this coming year the problem of the yawning gap between the rich and poor members of the Community. In the past we have set up the Regional Fund and we have the Social Fund, with the limited resources available for them. But the real cause of our failure to establish economic and monetary union through the integration of the Community's currencies is the widening gap between rich and poor in the Community. Lately we have been reading Mr Tindemans' report which appears to suggest—though in fact I do not think that that was Mr Tindemans' intention—that we should now proceed as a two-tier Community. Possibly it is inevitable for the time being that some Member States of the Community will adhere to the snake and others will remain outside the snake. But, before we accept this division as some sort of inevitable fact of Community life, I am sure it is worth looking to see precisely what the snake is.

What are the commitments that members of the snake have accepted which are too onerous for those countries which feel it necessary to remain outside? Is the snake area, for instance, an area for the free movement of capital? No, it is not that. Is it an area where there is a harmonious climate for business—perhaps equal interest rates, identical wage rates and conditions of work, including social benefits and social security taxation? No, the snake is not that. Is it an area of maximum stability? Well, we have watched with great interest the negotiations with Switzerland, which was anxious to join the snake. But Switzerland had to be excluded from the snake because the Swiss currency is too stable and too strong. Therefore we have to admit that the snake countries themselves are not putting stability at the very top of their list of priorities. Is the snake even an area of absolutely stable exchange rates? No, it is not even that, because we know that should there be a strain on any one of the members, they remain free to change their parities and in certain cases confidently expect to have to do so in the course of the next two or three years. So, one does have to ask oneself whether this snake is a form of discipline or just a convenience? And are we really being wise to make membership and non-membership of the snake a class division within the Community, which may serve to increase still more the gap between rich and poor members?

I myself would prefer to relaunch economic and monetary union by reconsidering the idea of

the alternative currency, or the European standard of value, which would provide a reference point which all could accept, even if some currencies might tend to fall away from it more rapidly than others. I feel that some of our brilliant central bankers make very poor politicians: they do not realize that by dividing Europe into first and second-class members they are helping the work of the enemies of European integration.

So I hope that we can look to Mr Thorn to guide the Council towards policies which truly lead to convergence and integration. The concept of the alternative currency needs further elaboration, but it does seem to me that, whilst recognizing the failure of the great initiative of Mr Werner, which we all accept as an ideal, but possibly for the time being an unattainable ideal, for proceeding to an ultimately unified Community currency, we could at least agree to the idea of a European cost of living index, a European standard of value, the Europa, call it what you like, which would be a permanent index of unshakable integrity, universally recognized like Greenwich mean time and free from the ups and downs of the national paper currencies.

I am afraid that the apathy of the Council of Ministers over economic and monetary integration, added to the gloom and anxiety over the industrial outlook which we still feel now at the beginning of 1976, are endangering the very existence of the Community. Time is running out for the free world. If we again make no progress towards the creation of an effective European democratic alliance in 1976 we may find that we have wasted our last chance.

(Applause)

President. — I call Mr Stewart.

Mr Stewart. — Mr President, we all want to thank Mr Thorn for his speech and to wish him well in his term of office. There were some subjects which inevitably he could not do more than mention, for example Mr Tindemans' report and the Conference on Economic Cooperation. In connection with the latter, I noted the remarks which Mr Springorum addressed to us and I would like to say that I agree with his proposition that the Community ought to have an energy policy. If we mean anything by the many phrases that have been used about European unity, this is one of the things it ought to mean. I would merely add that the concept of a floor price is an essential part of a workable Community energy policy.

But it is not with that subject, of course, that we are chiefly concerned at the present time.

Stewart

I wanted to take up particularly Mr Thorn's remarks about direct elections to the European Parliament, and perhaps it would be as well if I were to remind this House of what the British Government's official position on this is, as stated to his colleagues by our Prime Minister. First, the British government does not rule out the possibility of being able to participate in direct elections in the spring of 1978. They do not rule that possibility out, but they did very properly draw attention to the fact that there would be considerable difficulties in meeting that date. This was mentioned simply so that we should not be promising more than we might be able to perform. It was not mentioned in order to be an excuse for interminable delays. I am sure that it is the intention of the British Government to proceed with as little delay as possible to direct elections along with the other countries of the Community.

I might by the way mention this: if 7 countries of the Community do what they have pledged themselves to do and bring the newly directly-elected Parliament into existence in spring 1978, it will be a Parliament in which the United Kingdom is entitled to 67 seats. If we do not have direct elections therefore, we should either have to let some of our seats go vacant, which would be very unsatisfactory, or send 67 Members from the Westminster Parliament, which would be extremely inconvenient. So we shall have the most powerful motive for going ahead to direct elections without delay. That is the position of the British Government.

Now, there was one point specifically mentioned by Mr Thorn—the importance of having a satisfactory turnout at the elections. Not long ago I was invited to address a British audience about direct elections. It was a very interesting audience in many ways. They knew all the latest ideas about forms of elections and voting, but I do not think a single one of them had ever actually fought an election. Now it is important to get a sense of reality into these elections, to make them the kind of elections at which there will be a satisfactory turnout of voters. For that, two things are necessary. One is that this Parliament should make some provision to meet the election expenses of the people who fight that election. Second, that the Council should without delay tackle the problem of increasing the powers of this Parliament. It sounds a little paradoxical to suggest that one institution should do its best to increase the powers of another institution at its own expense, but it is only the Council that can do this. If they do not do it we shall be disappointed when it actually comes to the day of the elections. Some people have argued that we should postpone direct elections until we have increased our powers.

Any experienced politician fights shy of that argument. There are certain things you must do when the time is ripe and there is a chance of doing them, and hope that you fit in the other things that are necessary as soon as you can. But the Council, if it wants direct elections to be a success, must now take action on the question of increased powers. There are already a fearful number of papers piled up on the Council's table and not yet dealt with. They can only tackle this situation by a very drastic application of priorities. They must give a high priority to the question of increasing the powers of the Parliament and we do not need to look to Mr Tindemans' report or any other present or future reports for that.

We can begin by blowing the dust off the Vedel report. For example, there is the suggestion of co-decision by the Parliament and the Council in a number of fields, for instance the external affairs of the Community, the increase of Parliament's powers in the appointment of the Commission and the increase of Parliament's powers over expenditure. I mention only those examples where the preliminary work has already been done and what has been wanting has been the will to decide.

One problem might arise here. If we give the Parliament powers of co-decision with the Council, does this mean that everything will take twice as long to decide as it does at the present time? It might have that effect, unless the new directly-elected Parliament disciplines itself and realizes that it is becoming part of a real legislature. We call ourselves Parliament by courtesy now. The Treaty calls us an Assembly. You cannot look at the institutions of the Community in Montesquieu's manner and say the executive is here, the legislative is here. Commission and Council both have executive and legislative powers. This Parliament has very limited legislative powers in a very limited number of fields. What is needed is to turn it into a real part of a legislature. Now legislatures have to reach certain decisions by certain definite dates. We have to do that very occasionally on the budget. The new directly-elected Parliament will have to get used to a very disciplined timetable and willingness to entrust a group of its Members with the job of relations with the Council. That, it seems to me, is essential if the newly-elected Parliament is to work. You will need people in it who do understand that politics is a matter of power and of taking decisions.

I believe these answers can be found but we shall need all the goodwill of the Council if we and they together are to get the right answers in time.

(Applause)

President. — I call Mr Bordu.

Mr Bordu. — (*F*) Mr President, ladies and gentlemen, I should just like to say a few words to supplement Mrs Iotti's speech.

Among other things, Mr Thorn—whose appearance here we of course welcome—made a clear reference to those who, for various reasons, opposed elections to the European Parliament by universal suffrage. I would point out that, like many others, the French communists—whom I represent here—are in favour of universal suffrage. It is for instance common knowledge that, in our own country, we are calling for the departmental '*conseillers généraux*' to be elected by universal suffrage, but this is being refused by the government in power. I must therefore state that we reject and deny any allegations which, whether they be made from ignorance or for political reasons, distort our attitude towards universal suffrage. When we reject the concept of elections to the European Parliament by universal suffrage, we do so because these elections will not be held under a uniform law for all nine Member States, and because this law will not be based on proportional representation, which we consider to be the only way to achieve democratic elections.

The fact is that universal suffrage does not necessarily produce democratic results, since it can be manipulated in a thousand ways. We feel that the only system which is honest and morally justified is proportional representation. However, our attitude is based essentially on the implied consequences of these elections. To put it another way, we are concerned more about the content than the form. This can probably be explained by reasons of national history which we take into account, and from which the very concept of the nation derives its full value. Yes, we do take the national interest into account, because France—perhaps more than other countries—is the very quintessence of the nation in its structures, its history and its traditions. France may well be on the brink of political changes. In this context, we have already stated that, once there was a government and parliamentary majority of the left in France, it would remain national policy to participate actively in the Common Market and in making the European institutions more democratic, and an effort would be made to bring Europe round to a policy which benefited the workers—both manual and intellectual—and the farmers of the Community.

We are also in favour of common policies. However, as the joint programme of the left in France has stated, we want them to be introduced step by step, so that no-one's interests

are jeopardized. In view of this, we feel that the widely varying national interests can be safeguarded only through active cooperation. I should like to point out that, in adopting the principle of holding the elections under the national electoral laws of the nine Member States, Parliament and the European Council have taken account of the political difficulties of the governments, with the obvious aim of protecting the political status of those in power, who might have been further threatened by a mere change in the electoral system. What I mean is that, at this level and in specific cases, national interests are already being taken into account, but it is the interests of only a minority within the countries involved and not, generally speaking, those of the workers.

In our view, active cooperation will not only safeguard national interests, it will also prevent the break-up of nations, which would only benefit the Europe of big business—and this at a time when effective control of the major multinationals has been turned down, at a time when farmers and agriculture in France and in Europe are facing serious difficulties.

As far as we are concerned, the problem is thus not whether we have to answer the question: do you or do you not want universal suffrage? This would be ridiculous, since it would be distorting the attitude which the 'Europeans' are also adopting. For us, it is essentially a question of knowing what the policy of a Parliament elected directly by universal suffrage would be. It is on this that we are making a stand. As regards the content, it is true that our answer is no—this is nothing new—but this answer does not detract from our support for genuine universal suffrage.

Turning to Mr Thorn's remarks about the kind of Europe envisaged, what we want is an independent Europe. We do not want this Europe to be actually a new *bloc* at international level, which would be able to stand up to the two other *blocs*, since—and you know this as well as I do—there will be no third *bloc* while Europe remains subservient to the United States. There will never be three *blocs*—only two.

Nor do we want a Europe which is in competition with the spheres of influence of the two superpowers. What we want is a Europe which is capable of cooperating simultaneously with both. What we want—and there is nothing new or surprising about this—is a Europe which is independent in this sense of the word. That is what we want most of all.

(*Applause*)

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, ladies and gentlemen, I should like first of all to say a few words of my own to the President of the Council. Mr Thorn, I think not only my group but the whole House also is hoping for great things from your term of office as President. Not only because you sat with us here as a colleague for many years and are familiar with the problems of this Parliament and with parliamentary problems in the European Community, but also because—if I may put it rather familiarly—as Prime Minister of the smallest Member State you can be as cheeky as you like when it comes to submitting proposals for European integration to the bigger partners!

These hopes, Mr Thorn, are based on our experience of you as a Member of this Parliament. You have always maintained that this Europe could be achieved and could exist only as a free Europe with genuine parliamentary powers of supervision and legislation. I hope our experience will be borne out by your actions as President of the Council. I understand you are now free of your difficult job in New York, which is a reflection of the fact—and this must be said here—that the hopes of much of mankind for a harmonious world order have been dashed. You, Mr President of the Council, are a living symbol of the fact that, as long as there is no world order and it is impossible to achieve one, we must set up continental orders, so that the interplay between these continental orders may, after all, lead to the world order we all wish for, so that we can live in peace, freedom and a measure of prosperity.

We have great hopes, Mr Thorn, because in your capacity as Prime Minister of Luxembourg you symbolize to some extent the regions of this continent of Europe, and we know that we cannot build Europe without the nation-states.

They are a historical factor which we cannot and do not wish to eliminate. However, we also realize that Europe must make greater use of these regional forces, because they are increasingly anxious to have their own individuality written into this great European whole.

Mr Thorn, we have noticed for years now—and I say this above all as one who has been involved in the conciliation procedure between Parliament and the Council—that the Members of the Council certainly have the best of intentions. From resounding summit declarations down to detailed statements in the conciliation procedure with this Parliament—all these indicate that the Members of the Council certainly do have the very best of European intentions, i.e. all the Members of the Council really want to speed up the process of integration. However,

Mr President, when we look at the actual situation, when we see what the bureaucracy has done with their decisions, suggestions and intentions, when we see how people drag their feet over things, I can only say that, for our sins—and this applies not only at European level, it is unfortunately true also at national level—we are living in a constitutional bureaucracy, and it is extremely difficult to keep this constitutional bureaucracy receptive to new political ideas.

I realize that even in the bureaucracies—and we have plenty of examples here—there are officials who are just as passionately convinced of the need for European integration as we are. There is no doubt about that. However, it is an intrinsic feature of the bureaucratic system as such that it always puts a damper on ambitious ideas, including those expressed here and there in statements by the Council.

How then can we overcome this inbuilt resistance by the national bureaucracies and achieve a breakthrough? Our only hope is to initiate this move in cooperation with the Council of Ministers. May I therefore ask you, Mr Thorn—not only on behalf of my own group, but also on behalf of the President of Parliament, who recently wrote you a letter—to extend the present system of conciliation.

We have a specific reason for this. My first request is that you should reply immediately and favourably to this letter from Mr Spénale. In the recent budget discussions, for instance, we found that the budgetary provisions are simply not workable, either for Parliament or for the Council. The result was that both sides simply presented their own interpretation, their own criteria, in a sort of 'gentlemen's agreement'. This was the only way we could compromise and achieve progress and agreement in budgetary policy. Now that the amendments to the Treaty are being submitted to the national parliaments, we have to be able to make suitable recommendations to them. As the draft amendments to the Treaty stand at present, however, we cannot in fact make this recommendation. What we need therefore—and this is the subject of Mr Spénale's letter to you—is a letter from the Council modifying the amendments to the Treaty in the light of our experience during the recent budget discussions, so that, in budgetary matters at least, we can be given something resembling legislative powers in conjunction with the Council. Hence my request to you to give a favourable reply to this letter as soon as possible.

I was very surprised and pleased by the remarks of our British socialist colleague, Mr Stewart, on European elections.

Aigner

Mr Thorn, if we really want to make progress we must achieve closer cooperation between Council and Parliament. However, since we cannot ignore the repercussions at national level, this Parliament cannot be a genuine partner of the Council unless it is freely elected, i.e. unless it receives its own European mandate and becomes a partner of the Council—according to the structure of the Treaties, the Council should in fact be a Community institution and not a body for reconciling national interests. In its dialogue and cooperation with Parliament, the Council would then have greater influence on the national governments and bureaucracies than hitherto. Hence my request to do everything to ensure that these European elections are held as soon as possible, i.e. by the appointed date in 1978.

Mr President, let me raise one last point. In my view, the real meaning of the Tindemans report is that, if the 'convoy' of the Nine cannot maintain a uniform speed, Europe must have the courage to introduce different speeds for different groups. It must press forward with those Member States which are prepared to do so.

This means, however, that both in this Parliament and in the Council of Ministers we must have the courage to form political coalitions. The Council will then no longer be able to draw up policies and take decisions in accordance with the lowest common denominator. We must have the courage to accept coalitions and majority decisions in both institutions, so that Europe can progress on this basis.

I was interested to hear what the communist spokesman said. He stated that he opposed the elections because there was still no Community electoral law. I think everyone who is familiar with the working and internal structure of communist parties realizes that this is a spurious argument, for one thing is certain: European elections in accordance with the proposals of the Patijn report will enable this Parliament, during a second phase, to draw up its own European electoral law. To obtain this right, however, the initial step must be taken under national electoral law. If this European electoral law really were the communists' objective, they should be at the very forefront of the battle for European elections, in order to obtain this European electoral law.

Mr Thorn, we also need the European elections in order to form coalitions here. We have the communists amongst us, and it is interesting that they repeatedly state their real aims here—albeit in veiled terms. However, Mr President, we can only progress if we have the courage to say what kind of Europe we want. We do

not want an American-style Europe, nor do we want a Europe modelled on the Soviet Union. We want Europe to have free, independent policies and its own identity, without dividing walls and concentration camps, without barbed wire and booby-traps at the frontiers. That is our objective and that is what we are fighting for. If we are to achieve it, however, this Parliament must have the courage to form coalitions and majorities, and must stop trying to build this Europe in small, shuffling steps by applying the lowest common denominator.

(Applause)

President. —I call Mr Shaw.

Mr Shaw. — Mr President, I will try and keep my remarks very brief, but however brief I make them I ought at any rate to start by welcoming and thanking Mr Thorn for coming to talk to us today. He must be a very proud man, as President of the Council, as a member of his own government meeting here in his own country, and above all, of course, as a former Member of this Assembly.

Naturally, Mr President, this debate does to a certain extent look backwards, but I believe that we do only look backwards so as to pave the way to the objectives that we have for the future. I won't talk in detail about the prospects of direct elections to which you alluded because I don't believe that I could improve on the speech that was made by my colleague Mr Stewart from the Socialist Group. I would like to congratulate him on the speech that he made and say how much I agreed with him. I was interested to note the surprise of my colleague, Mr Aigner, at his speech, and here again I think we get the difference of approach and if I may say so, the rather characteristic understatement made by the right honourable gentleman. I can only say that I support him 100% in what I believed to be his conclusions about direct elections in 1978 and where we shall stand at that time.

Mr President, Mr Thorn spoke about the relations between Parliament and the Council and he welcomed the fact that those relations have improved; I think we must all join him in welcoming this improvement. I myself feel that the role of the Council—despite the frequent criticism we make of it—is of the utmost possible importance. And I believe that we must be quite clear of its importance in leading us forward in our search both for unity and for a common approach to the problems of the Common Market. But at the same time as I say that it is equally important that the Council should understand the importance of Parliament

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in the search for that unity and common approach. Members of the Council inevitably tend in the beginning of their discussions, as far as I can see, to approach problems from a national point of view and then at their meetings to work out the European solution that is usually found in the end. And I think it a pity that so often the headlines in the media tend to emphasize the differences that exist at the beginning of the meetings rather than the joint conclusions which are reached at the end which, after all, is what matters at the end of the day.

Now we, as Members of this Parliament, meeting continually in plenary session, as we do, or in committee, are in my view uniquely qualified to understand not only the need for European solutions but also how they should be achieved and, therefore, the views of us all collectively here and individually at home are of the greatest possible value in the formation of European solutions. And I hope that we shall never get a divorce between us here and parliaments and people at home, because we have a big part to play in that regard and I don't believe we should ever lose sight of it.

Now Mr Thorn has mapped out quite a substantial programme of work for us and I believe the tasks, although they are great, are ones that we have to tackle and tackle as quickly as possible. I am not going to refer to all the points he raised, many of which have been dealt with already. I want to deal with one point only, and that is a matter which has very greatly concerned the European Conservative Group and also the Committee on Budgets. I am speaking, of course, about the matter of parliamentary control over expenditure.

As I see it, the involvement of Parliament in the budget can be looked on as consisting of two parts. Firstly, the activity which precedes the adoption of the budget; and, secondly, that which follows the adoption of the budget, designed to ascertain how correctly the budget has been implemented and to give political teeth to what at present is the Audit Board. Now already, when we scrutinize the draft budget, Mr President, the Committee on Budgets devotes part of about ten meetings to the subject, and other committees—the Committee on Agriculture, the Committee on Energy, Research and Technology, and all the others—give a considerable amount of time to the examination of the different aspects of it. It would be no exaggeration to say that the draft budget for any year is studied in the course of at least 25 separate committee meetings. And yet, as has been said by many distinguished Members of this Assembly, our real power in regard to the draft budget is still relatively very limited,

and I hope that in the course of time we shall succeed in extending it.

But there is another side to it all. We ought to have, and we must have, a far-reaching role in regard to the verification of the implementation of the budget. We cannot skip this side of our responsibility. As I say, at the moment we have an Audit Board and that Board's reports contain many points which have to be followed up. And it is our solemn duty as the representatives of the European taxpayers to explore all allegations of irregularities and to try to rule out any faulty procedures that may be identified. I believe that the responsibility that we have in regard to the discharge is every bit as weighty as is our responsibility in regard to the adoption of the budget. Our Parliament has now before it voluminous reports from the Audit Board on the budgets for the years 1972, 1973 and 1974, which contain literally hundreds of issues taken up with the Commission and with the other institutions, and I understand that the Council is at present examining these accounts in the light of the Audit Board's reports, and I would like to ask Mr Thorn to see what could be done to expedite the completion of the Council's work on them.

Now we in the Conservative Group have put forward in the past the suggestion that there should be special budget sub-committees to supervise Community expenditure, and unfortunately, I think primarily because of the proposals that have been put forward to set up a Court of Auditors instead of the Audit Board, these resolutions which were adopted by the Assembly have not as yet been implemented. That, then, is the second question I would like to ask: when will we learn when the Court of Auditors will be set up? I do not think, myself, that we ought to wait for it to be set up. I believe that we should go ahead with what is after all entirely our own responsibility, namely the setting up of the organization whereby we can scrutinize the expenditure that has been made. Having set it up, I then believe that we must seek the cooperation of both the Council and the new Court of Auditors to see what help we can get in the work that we undertake there.

I believe, Mr President, that this has been a useful discussion, ranging backwards and forwards as it has done, and I hope that the help that we have got from Mr Thorn's speech is matched by the help that he has got from listening to our debate.

(Applause)

President. — I call Mr Ortoli.

Mr Ortoli, President of the Commission. — (F) Mr President, I shall be very brief.

I should first like to thank Mr Thorn for what he has said about his programme of work.

I am also very pleased with the debate we have just had. The President of the Council is obviously not the only one aware of the considerable amount of work ahead. The same awareness also exists in Parliament, as this debate has clearly shown. Yet there is more to be done than simply strengthening our institutions. Allow me to explain this by making two points.

Firstly, we shall not make any real progress on the institutions unless we are also able to show we are capable of strengthening the Community internally. Mr Thorn hinted at this in his speech. Speaking for myself, and for the Commission, I would say that our great aspirations will have a hollow ring about them unless there have been a few achievements by the end of the month or by the end of the year. And, of course, there are plenty of projects before us.

My second point is that we shall be more successful in completing these projects if one of the essential—or seemingly essential—elements of our institutional life functions better, namely the Presidency of the Council. It seems to me that in the future we shall see the President of the Council get further and further away from the role of an arbiter or chairman to become not only a conciliator but a true driving force and source of vitality for the Council. The Commission feels this most desirable as there can be no conflict between the Commission and a President of the Council who is keen to drive things forward and who takes steps to achieve this.

In closing, may I explain exactly what I mean by this. Even before the Council has met, Mr Thorn has come here today to tell you, 'This is how I see things. This is what I intend to do. These are my first ideas.' To my mind—and my opinion is shared by the Commission—the very way in which he has presented things is confirmation of this fundamental role, of the direction the President of the Council can give to the work of that strange animal.

(Applause)

President. — I call Mr Thorn.

Mr Thorn, President-in-Office of the Council. — (F) I should like to begin by thanking all those who have spoken in the debate and, last but not least, Mr Ortoli.

I greatly appreciate the welcome Parliament has given me as the new President-in-Office of the Council. I find it most encouraging. I would even go so far as to say that I feel a little awkward at the note of unquestioning acceptance and trust I seem to have detected. Speaking to you as experienced parliamentarians well versed in all the intricacies of the Treaties, I would stress the importance of recognizing the precise role and powers of the President-in-Office of the Council. As you are well aware, in each of your countries though of course to varying degrees, the Chancellor, Prime Minister or President has specific powers of his own.

In the Community, the President of the Council only serves the Council for six months. He most certainly is not its head—though I avoid saying 'unfortunately'. It is in this light, ladies and gentlemen, that I would ask you to view the relations between the Council and Parliament, in the spirit of intellectual honesty which is—as it must be—so much in evidence among you.

Some of you have suggested that the Council Presidency should not be limited to six months. The problem is not a new one, and Parliament is no doubt well aware of its history. The first initiative came from my then counterpart, currently President of the Belgian Senate, Mr Harmel, who proposed among other things that the Presidency should last for one calendar year.

However, in a Community of nine Member States, the political leaders at any particular time have not only the right, but the desire to play a part in directing the work of the Council. An extension of the term of the Presidency which, incidentally, Mr Tindemans also proposes, would deprive, perhaps not certain Member States, but certainly numerous statesmen of the privilege and indeed the duty of accepting the office of the Presidency—unless, of course, governments were to be given longer terms, though this would not appear to come within the powers of this Assembly.

(Laughter)

Seriously, however, I would remind you that the Presidency is a heavy burden when combined with rather exacting national duties, and the fact that it is renewed twice a year, bringing in a new staff full of fresh ambition and dynamism, is not necessarily an entirely bad thing.

I myself, though I do not believe any decision will be taken before July, tend nonetheless to support the ideas expressed by Mr Harmel, Mr Tindemans and by most of you here and indeed, or so it seems to me, shared by most of the Heads of State and Government, namely

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that in the interests of greater efficiency and above all to avoid the interruptions caused by changing the Presidency twice a year, consideration should perhaps be given to a longer term of office.

The European Council, hardly surprisingly, has been mentioned by nearly all the speakers. Some have asked me for the exact date of its next meeting. This has still not been fixed. A proposal made in December was later withdrawn and then put forward again. However, it is probable, and certainly most desirable, perhaps even vital, that the European Council should meet during the first half of March. I have, I admit, suggested 8 March, the date already mentioned by Mr Bertrand and others. We must now plan our work accordingly. Without going into the fine details of the agenda, I feel that there are three main topics for discussion at this meeting. First there is the Convention on the election of Parliament by universal suffrage, then there is the Conference on International Economic Cooperation and finally, there is the Tindemans report.

In regard to the election of Parliament, I very much hope that, except on one or two matters, the Council of Ministers will be able to do the work requested of it by the Heads of Government, who will then complete this work at the meeting of the European Council.

The Conference on International Economic Cooperation, the North-South dialogue, is as all the speakers have emphasized, one of the most important and complex undertakings facing the Community. It is not possible to say, *a priori*, whether the European Council will have to make any decisions on this matter. This will depend on how things go in Paris, as well as on the success of the Community institutions in formulating common positions and policies as was pointed out by Mr Bertrand and Mr de la Malène, in particular, this morning.

It is, however, essential that the Heads of Government should be ready to accept their responsibilities at all times. I have asked the negotiators to report each month to the Council of Ministers, and indeed to the European Council, so that we shall be able to assume these responsibilities, particularly—though I hope this will not be the case—if the real progress made does not correspond to the promises made in Rome.

Speaking as I am to former colleagues, may I say quite frankly that it must be understood that it is difficult to hold any sort of effective dialogue in Parliament—not in committee, but at a plenary session—on a conference which, far from being commonplace, is perhaps one of

the most important multilateral negotiations ever, aimed as it is at preparing the new economic order.

Though our attitude should not be hostile, we are of course one of the negotiating parties. In the camp of industrialized countries there are others, and outside the industrial world there is the Third World. Other countries are thus involved. Any discussion of what one might consider to be a starting position, a final position or withdrawal positions would be counter-productive, and would certainly not be in keeping with such large-scale negotiations. I would therefore suggest that the European Parliament give this matter careful consideration, and realize that the main issues and strategies cannot be debated at a plenary session. A committee discussion could perhaps go just a little further, as at least it would be of a rather more confidential nature.

The Tindemans report, ladies and gentlemen, will undoubtedly be the dominating topic at the next Council. In my own opinion, which is shared by a number of Heads of State and Government, the Tindemans report should take up at least two thirds of our time at the next European Council, which shows how much importance we intend to attach to it.

In my opinion, rather than simply acknowledging receipt of the Tindemans report in March, we should at least establish a procedure, draw up some kind of schedule, consider the problems one by one and start discussing the main issues without further delay. I therefore hope that the Council will be able to devote most of its time to a serious discussion of the subject matter as by March everyone will have had time to study the Belgian Prime Minister's suggestions in detail. I believe that Parliament, for its part, attaches special importance to long-term participation in the work to be done once the European Council has discussed the Tindemans report, not only in regard to the legislative aspects and Parliament's powers, but to all the other issues too.

However, the scope of this important undertaking is such that the institutions cannot afford to succumb to the temptation of employing complicated procedures, particularly as these so often conceal what is referred to as legitimate self-interest. Let us not forget that we cannot possibly hope to further our stated aims by creating procedural problems between one institution and another.

I cannot leave the subject of European union without mentioning the outstanding work done in this area by my former colleague, Mr Bertrand, your present, and I hope future rapporteur. We

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trust in his constant dynamism and shall continue to count on his help as one of the driving forces in the great debate on European Union.

I have, I would add, always supported one idea he has tirelessly advocated, that of breaking down the arbitrary barriers between the political activities proper of the Council and political cooperation, since the two are of a kind. This idea so dear to Mr Bertrand, supported by Mr Tindemans and so many others, and now recently advocated by the President of the French Republic, is one which I too shall continue to advocate.

I agree entirely with Mr de la Malène about the need for progress on concrete issues. Indeed, as I said this morning in my introductory speech, I intend to give this my full attention. With all due respect, however, I am unable to agree completely with his attempt to contrast two concepts: on the one hand, the pursuit of a great and noble objective and, on the other, pragmatic action, probably largely dependent on the whim of circumstances. I know he means well, I have often heard the same theory in recent years, I have often heard it said, 'Why, gentlemen, should we start off by building the roof? Let's start building the walls, brick by brick.' This is true, of course, but I have never seen anyone build a house worthy of the name without having a plan beforehand. And I think the same applies to the European Community. We cannot be content to shuffle along, one step at a time. If circumstances, climate and external turbulence are to be taken into account, we must nevertheless have some sort of basic plan, we must know where to start, where we want to go and what sacrifices we are ready to make.

I'm not too convinced by 'circumstances' in fact. To my mind, they seldom appear favourable. The undecided will always find an excuse to say that the time is badly chosen, that it is either too early or too late. For this reason, without tying ourselves down to a rigid schedule, and indulging in dogmatic quarrels at every turn, we, the nine Members, the nine governments, the nine parliaments, should at least have a common conception of how we see the next 15 or 20 years.

Mr de la Malène also expressed the wish that Europe would pool its resources and display true Community solidarity. Unfortunately, I am only too well aware that the Nine do not always make such appeals at the same time. Sometimes one country ignores them, sometimes another. The motto seems to be, 'Let the others start first'. Perhaps one of these days we'll all sing in tune.

Mrs Iotti and Mr Bertrand have quite rightly stressed the need for cooperation with manage-

ment and labour. As I said this morning, in some ways the two sides of industry have a better grasp of the limitations of national action in a Community which, while obliged to adopt a common position vis-à-vis the outside world, is characterized within by competition between its nine members. Our real problem is therefore one of convincing the governments. Believe me, this is not easy. It must be done objectively. Conditions in our respective countries continue to differ and our individual policies are greatly affected not only by objective conditions but by the absence of any true Community or common feeling.

I would hope that in future the Ministers for Economic Affairs and Finance will play a more extensive part than they have in the past. I am taking a bit of a risk, as President-in-Office of the Council, in saying that I am extremely worried to see the Council of the Communities composed of the Ministers of Agriculture here, the Ministers of Finance there, the Ministers for Development here, the Ministers for Foreign Affairs there, and then of the Heads of State or Government who go on to consider the whole thing and say, 'What have all these Ministers been doing?'. In other words, it is a painful business trying to discover that abstraction, the Council of the Communities, the coordinating body which should be producing guidelines for initiating and organizing common policy. We should also try to ensure that relations with management and labour do not lead to new social conflict. This is not the role of the Community institution, and any involvement here would almost inevitably result in failure. This was not our aim in proposing a tripartite conference. Both at the Council and in Parliament we have files containing a number of proposals of considerable scope. I am referring in particular to proposals on the European company and the related matter of worker participation. I know only too well that, looking beyond these immediate problems, the proposed consultations with management and labour will certainly provide us with opportunities for progress.

As for the North-South dialogue, I would again like to let Mr Durieux know how grateful I am for his support, particularly as I most ardently hope to see a common position emerge in these difficult negotiations. Perhaps the Rome European Council has now finally provided us with a means of laying the foundations for a common energy policy, which will allow it to develop a little more quickly. I am grateful to all the speakers who stressed the point, as it is my most heartfelt concern and one which will require the Luxembourg Presidency not only to make a constant effort, but also to

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accept the role of jealous guardian of the Treaties. At times, no doubt, this will put us in a difficult position vis-à-vis those who are less convinced of this imperative than I am, or who would prefer to see the Community position become a little less demanding by acting through other organizations which are not subject to the same restraints as our Community—even, for example, the OECD, which personally I greatly admire.

I would also like to thank Mr Scott-Hopkins for the kind words he had for me. I agree with his analysis that the election of Parliament by universal suffrage will not allow us to ignore the question of the role of Parliament in a truly democratic Community. I also agree with him that rejecting the parliamentary approach and amalgamating the functions of the executive and of democratic control are likely not only to complicate the way in which our institutions function but to give rise to one of the few disputes we do not have to deal with at the moment, namely conflict between the European Parliament and the national parliaments. Even now, we have at times had the impression that in some quarters efforts are being made to create the conditions for such a conflict. I believe it is in all our interests to try to avoid it.

Mr Fellermaier tells me he will judge the President of the Council on the results obtained after the first 100 days. While not wishing to sound like a Bonapartist, I must say that I am always wary of these references to a period of 100 days. Mr Fellermaier will certainly not have forgotten that the President-in-Office of the Council of Ministers has no power—either before or after the 100 days—to dispense with the services of any of his colleagues or replace them to suit the programmes, or to make up for lack of support in certain Council meetings. I therefore hope I will be able to count on his understanding whenever I appear before this House.

I have been asked where the European Parliament will meet after being directly elected. Gentlemen, sufficient unto the day is the evil thereof. With all due deference, I would point out that at the beginning of a term which, as things stand, will only last for six months, we have other problems on our plate. However, if ever you should be troubled by this issue, I shall always be in a position to tell you, as Prime Minister of Luxembourg, not where it *must* but where it *can* meet.

(Laughter)

Miss Flesh was worried about the fate of the Lomé Convention. I am happy to inform her, indeed inform you all, that according to reports

I have since received, there will be no problem on the Irish side. The Italian Parliament, too, is presently preparing to take steps, despite the internal problems it is facing.

Sir Brandon Rhys Williams points out that the Community has reached a turning point. Having achieved customs union, we are now concerned with European union. I was extremely interested in his proposal to amalgamate the systems of social security in the Community. We shall certainly have to do this sooner or later. We should also realize that as far as industrial competition is concerned, this is a major factor alongside the wages and prices policies. Not only is it vital at the social level, it is also of importance in the context of the Community's harmonized industrial policy. Sir Brandon does not want to see a Community divided into two categories of members, as certain proposals would require.

Allow me to say a few words in this connection even if we are not discussing Mr Tindemans' report today. As you know, the idea of 'a two-speed approach to Europe'—as the press has called it—was first suggested by Chancellor Brandt and has now been taken up in a rather more elaborate form by Prime Minister Tindemans. We must decide what we want, define our objectives. If it is simply a matter of saying at any given time that the Nine agree about what should be done in some area or another, but that because one country is unable to follow the same schedule it will have to be granted transitional arrangements or given more time, then this is worth discussing. If, however, it means that five countries should implement a programme while the others do something else, that the five working in a given area should enjoy first-class status while the others look on as observers, then the Community's very existence is a stake. I feel that we should make a clear distinction between these concepts as they are often confused.

I would agree with this speaker, and with my friend and former colleague Michael Stewart, that the direct election of the European Parliament by universal suffrage is certainly not the solution to all our problems. Please, gentlemen, don't let us be too pernickety! I know that Parliament is there to encourage further progress, but prior to the elections, we must not give those we want to see turning out *en masse* and showing their faith in Europe, the impression that we do not yet know what will become of this Parliament. This is certainly no way to gain their support. Let us all agree that we shall have achieved a major step forward if we manage to get the European Parliament directly elected, but let us also remember that the battle

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is not yet won and that we must now make sure we define the role of the European Parliament of tomorrow. Parliament must, of course, have increased powers and the authority to act once it enjoys the support of election by the people.

I understood clearly the warning given by Mr Bordu, the spokesman of the French Communist Party, with his 'Careful now! By all means let's have a strong Europe, but not another *bloc*.' I must say that I don't really know where to turn. I know we need an autonomous and independent Europe—there I agree. Europe must be independent. But what does he mean when he says, 'It must not become a *bloc* as, in any case, there only are two.'? I hardly think you would be the one to encourage us to remain part of the Atlantic *bloc* for ever, or, as you put it, subservient to the Americans. I find it difficult to imagine you taking that line. Indeed, we can hardly expect Europe with its 250 million inhabitants to speak with one voice, and accept responsibilities while remaining completely absent from the world scene. This is certainly not Europe's role as I see it. I do not see it playing power politics, imposing its views, acting against the other *blocs*, trying to sway the balance or extend its power across the globe. I feel it should be a power in the political, moral and economic sense of the term, both for its citizens inside the Community and for all those people—and there are many throughout the world—who want to escape this polarization between the two super-powers, and who trust that Europe, putting all its hard-won experience to use, will be able to take up the torch and become a guide for the majority of the countries of the world who wish to escape such coercion.

(Applause)

At the end of his speech, Mr Shaw asked me two questions. He asked whether the Council could expedite the examination of the accounts of the past years so that Parliament could complete its discharge duties. I am not sufficiently well briefed to give a detailed answer to this question, but I believe the Council is doing its utmost here. However, following your comments, I shall see that the work proceeds as quickly as possible.

The second question was, 'When will the Court of Auditors be set up?' As you might imagine, the answer is a very simple one, 'When the Treaty of 20 July 1975 is ratified by the nine parliaments.' Only then can it legally and institutionally take up its duties.

Mr President, thanks to Parliament's understanding and with a little luck on my side, I am happy to be able to finish at the time we had agreed. I should like to thank Parliament for the

kind reception it has given me as President-in-Office of the Council.

(Loud applause)

President. — Mr Spénale already thanked the President-in-Office of the Council this morning for attending this sitting. I do not want to repeat what has already been said, but I should just like to thank Mr Thorn warmly for his statement and for his replies. On behalf of the entire House, I wish him good fortune and much success in all he does.

(Applause)

8. Oral question with debate:

Control of concentrations between undertakings

President. — The next item is the oral question with debate, tabled by Mr Leenhardt on behalf of the Committee on Economic and Monetary Affairs, to the Council of the European Communities on the control of concentrations between undertakings (Doc. 459/75):

1. Why has the Council not kept its word by adopting before 1 January 1975 the Commission proposal for a regulation on the control of concentrations between undertakings?
2. Does the Council intend to adopt the amendments proposed to the Commission by the European Parliament¹?
3. When does the Council intend to take a decision on this proposal for a regulation?

Before calling Mr Leenhardt I should like to extend a very warm welcome to Mr Hamilius, who is representing the Council in this debate.

I call Mr Leenhardt.

Mr Leenhardt. — (F) Mr President, ladies and gentlemen, the European Parliament welcomed the fact that the Summit Conference of October 1972 drew attention to the importance of the problem of concentrations between undertakings and expressed the desire for measures to be drawn up to ensure that these concentrations do not develop along lines contrary to the economic and social objectives of the Community and also that free competition within the Community is not hindered.

In January 1974, exactly two years ago tomorrow, we had a general debate on the proposal of the Commission concerning the control of concentrations. Mr Artzinger was rapporteur; the Parliament finally gave its opinion in February 1974.

Let me remind you that the European Commission's proposal with a view to the control of

¹ OJ C 23 of 8. 3. 1974, p. 19.

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concentrations prescribed a system of prior notification. In fact according to this proposal which we have adopted, concentrations between undertakings in cases where the annual turnover is more than one thousand million units of account, are subject to the obligation of prior notification. This is therefore an a priori control, given that the Commission's decision must be made within a period of nine months following notification. This system of prior notification moreover includes waivers in cases of concentrations where the turnover is less than 200 million u.a. and where the market share does not exceed 25% in any of the Member States, and for concentrations which are considered indispensable to the attainment of a priority objective in the interest of the Community as a whole.

This system of prior notification is supplemented by veto powers which amount to an a posteriori control. Thus, concentrations where the turnover is between 200 million u.a. and 1 000 million u.a., which are not subject to the obligation of prior notification, may still be prohibited if it appears that they are impeding effective competition.

Ladies and gentlemen, it is quite clear that the Community should control mergers. In connection with this, let me just quote you an excellent passage from the explanatory statement attached to the Commission's proposal submitted in October 1973: 'In many industries the maintenance of effective competition could be imperilled if the concentration movement persists. Through mergers, firms can reach a market position where they can avoid the pressure of competition. They no longer need to adjust the price, quantity or quality of their products to demand. The market position of such firms allows them to adopt a price strategy which is largely independent of economic developments, and this reduces the effectiveness of anti-inflation measures and may even amplify cyclical movements.' And the quotation ends like this: 'Since price trends are no longer regulated by the market, the distribution of incomes is altered to the detriment of consumers, who additionally have to accept restrictions on their freedom of choice. The freedom of workers to choose among employers is restricted.' An excessive number of concentrations, ladies and gentlemen, would make it difficult to keep the market unified and open and it would also improve the proper functioning of the rules on competition which it is the Commission's task to keep under observation. Now, with the exception of Article 66 of the ECSC Treaty, the legal instruments which are at present available in the field of competition are distinctly inadequate to prevent the dangers of excessive concentration. However, since the ruling given by the Court of Justice on 21 February 1973 in the 'Continental Can' affair, the

control of agreements which is expressly mentioned in Articles 85 and 86 of the Treaty implies a fortiori the control of concentrations. The European Commission's proposal answers this need and is of great economic importance.

Hence the first question we must ask ourselves is why the Council of Ministers has not kept the promise made in its resolution of 17 December 1973 on industrial policy—namely, to take a decision before 1 January 1975.

We should also like to know whether the Council intends to accept the amendments which have been put forward by the European Parliament: the Commission, for its part, has indicated that it could accept the amendments formulated by Parliament so as to take account also, in its assessment of cases of concentration, of competition within the world market and to fix a specific criterion of 1 500 million u.a. annual turnover, instead of 1 000 million units of account, as notification threshold for commercial undertakings.

Finally, ladies and gentlemen, my last question, which I ask in the name of your Committee on Economic and Monetary Affairs: when does the Council intend to take a decision on this proposal for a regulation?

(Applause)

IN THE CHAIR: MR BORDU

Vice-President

President. — I call Mr Hamilius.

Mr Hamilius, President-in-Office of the Council. — *(F)*. Ladies and gentlemen, as recently stated in its reply to Written Question No 212/75 put by Mr Notenboom, deputy chairman of the Committee on Economic and Monetary Affairs, the Council started to examine the Commission proposal on the control of concentrations between undertakings as soon as it had received the Opinion of the European Parliament and the Economic and Social Committee.

The Council would have liked to take a decision before 1 January 1975, in accordance with its Resolution of 17 December 1973 on industrial policy; this was not, however, possible because the economic importance and the complexity of the problems involved called for a thorough examination of this proposal before any definitive position could be adopted. This examination is being carried out by the Council's subordinate bodies.

The work is currently focused on the fundamental aspects of the proposal without any

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discussion of procedural points as yet. Attention is being focused on a number of questions, i.e., determination of the scope of the rules and the definition of the intervention criteria. Further points of discussion are the relationships between the proposed rules and national arrangements for regulating concentrations, and the matter of consistency among domestic policies in the industrial, social and regional spheres and any possible Community decisions to be taken as regards concentrations.

A final point is the matter of decision-making powers under the proposed rules. Careful consideration has been given during the discussions to the opinions submitted to the Council, especially that of the European Parliament; there is for example the proposed amendment to Article 1(3) which specifies the priority objectives other than competition that are likely to be taken into account.

In conclusion, although these obstacles do not appear to be insurmountable, a number of complex problems still remain to be solved. At any rate, I can assure you that every effort will be made to speed up the discussions in order to enable the Council to take a decision on this important proposal as soon as possible.

President. — I call Sir Brandon Rhys Williams to speak on behalf of the European Conservative Group.

Sir Brandon Rhys Williams. — Mr President, I would like to say a few words on this important question of the implementation of the proposals which were formulated in the very different industrial climate of 1973.

Normally the Conservative Group, like every other group in this Parliament, is impatient with the slow progress of the Council in implementing Commission proposals which have been approved by Parliament. But on this occasion I feel that there may be some justification for the slow tempo adopted by the Council in implementing proposals which possibly are no longer completely apposite. We felt at the time, and we still feel, that the Commission's proposals as drafted appear to confer undesirably wide powers on the Commission, that the criteria of judgment were imprecise, that insufficient provision was made for enquiries and procedures, and there seems to be scope for quite inordinate delay. In matters of industrial decision-making delays can be crucial. And the Commission—I remember the debates at the time—were adamant that months had to elapse while they were making their examinations and we felt and still feel that if the Commission is to take the powers they sug-

gest, then they must be prepared to exercise them more quickly.

Another objection was that the regulations cover all mergers, including those where there are no implications of the risk of monopoly. At the time when these regulations were drafted, of course, there was a great build-up of hostility to industrial mergers, largely as a result of blunders and rather wild manoeuvres which seemed to have been made and to have taken no account of tradition nor, in particular, the interests of the workforce. But it is wrong that economies of scale should be denied for no apparent reason except prejudice against size itself. And then it must be admitted that the whole climate has changed since the celebrated Continental Can case. The open availability of credit which, in the early 1970's, stimulated highly questionable amalgamations and some wild bids for shares, has been ended. Now the need is to stimulate the re-organization of industry for the new patterns of supply and demand which have been establishing themselves through the great technological, currency and price changes of recent years.

Another important factor which the Commission must bear in mind is that Parliament is shortly to consider Mr Gundelach's brilliant Green Paper on the reform of company law, the trend of which is to strengthen supervision of policy-making in joint stock companies, to reinforce the rights of the workforce and to prepare for full recognition, in the structure of the joint stock company, of its social responsibilities. I hope that swift action will follow from Mr Gundelach's recommendations and that this too will make for a new climate in regard to questions of concentrations between undertakings.

Now, after voicing these reservations and criticisms, I would like to make quite clear the position of the Conservative Group. We certainly need Community law to protect consumers against exploitation by monopoly power. I do not want the Commission or any of my hearers to be in any doubt about that. We equally surely need to ensure that workers are not injured by financial manoeuvres and takeovers aimed simply at profit, sometimes very short-term gains, which neglect the human responsibilities of the joint stock company.

We recognize that the maintenance of really efficient operation in large organizations—including publicly-owned industries as well as the sector nominally under shareholder control—is a subject calling for urgent study. We feel that the Commission must look at these problems in the light of the need for the Community's great industries to secure their position in the world

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market in face, often, of acute competition from America, Japan and elsewhere. Size does not always bring strength, but we must not handicap ourselves, in the process of reorganizing our industry, by vague, arbitrary or inapposite bureaucratic rules, worked out in haste in a different situation. If the Commission has been using the lapse of time since its last proposals were formulated to prepare a new set of rules on concentrations between undertakings, it will have been all to the good. Fresh thinking is necessary in the changed circumstances of today.

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

Mr Lange. — (D) Mr President, the reply which the President-in-Office of the Council has given us here seems to me to be of special interest to us, in that the Council wants to go over again, on its own, all the work the Commission has already done in order to prepare the submission of its draft regulation. I should like to draw your attention, Mr President-in-Office of the Council, to the fact that the matter has already been decided in connection with earlier debates on matters of economic and industrial policy. An initial decision concerning preventive control measures in respect of mergers was taken in this Parliament in 1970. So the Council knew that these matters would sooner or later be submitted to it for decision, because the Commission has admitted, without any qualification, that it sympathises with Parliament's intention and also feels that the provisions of the Treaty concerning competition and all allied matters are in need of some amendment. Moreover, Mr President-in-Office, you cannot be entirely unaware that at the same time, that is to say practically at the climax of the concentration boom in Europe—it has certainly died down somewhat now but it is not yet at an end, it is still going on—one Member State of the Community or another paid particular attention to this problem and the Member State which at the time was probably economically the strongest took a decision in favour of drawing up preventive control measures in respect of mergers. The Council can also draw appropriate conclusions from this fact, without having yet again to institute special inquiries.

Now, just one further remark, directed not so much at the President of the Council as at my colleague Rhys Williams. We were just as clever as he at a time when the United Kingdom was still not a member of this Community and our British colleagues were still not Members of this House. We knew quite clearly that if preventive control measures in respect of mergers were to be drawn up at European level, then, whatever

the circumstances, we should have to take account of the competitiveness and capacity for performance of European firms in the world market. This is very far from being a new argument; it already played a decisive role then and we were already aware at the time that these things would also have to be taken into account at a later date in connection with the Commission's proposals, as was pointed out by my colleague Leenhardt.

If we can now detect further growth in the sizes of companies at the upper end of the world scale—if I can put it like that—then this is certainly no ground for us to adopt an antagonistic attitude if the indications that call for intervention—in German we can them intervention criteria—are changed, i.e. if the figures are increased from a million to a million and a half or more. Furthermore, we already took account of all this at the time and here I would appeal to my colleague Artzinger for confirmation, as he was the rapporteur on this particular matter. Thus, as far as the criteria themselves and their lower limit are concerned, we remain thoroughly flexible and do not insist on what was determined some time ago because situations are continually changing. It is not, however, a question of letting another five years go by before a decision is taken in this matter, as seems to be indicated in the views which you, Mr President-in-office, have put forward. Because by then we should not need a decision any more, as we should have no more competition; we should probably have oligopolistic and monopolistic markets and that's what we don't want. The Council and Member States' governments must think about this.

I am not talking particularly about consumer protection but I am, above all, talking about the possible participation of small and medium-sized undertakings in the market. Because their role must be regarded as of paramount importance if we want to maintain any competition at all.

Moreover, we are all of us agreed, Mr President of the Council, that large undertakings even when their business is carried out on a world-wide scale and when it is of the greatest importance for technological development, are incapable of fulfilling all economic tasks unreservedly and at favourable levels of cost. This is why we also need small and medium-sized undertakings and therefore I think it should be the unqualified obligation of the Council to settle the matter this year.

The other instrument is also essentially part and parcel of the same subject. Let me add this, even if it was not explicitly contained in the question: we, as members of the Committee on Economic

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and Monetary Affairs, considered at the time that the European joint-stock company was an instrument of European integration.

And this instrument of European integration, we reasoned, must naturally be subject to the rules of the Treaty and may not be accorded exceptional treatment. So this means: those who want to come to an agreement amongst themselves in this way—e.g. two European joint stock companies—must also be subject to preventive merger control as regards their future market position.

In other words, Mr President of the Council, what you have to do is to settle the regulation on control of mergers once and for all and at the same time give your assent to the regulation on European joint stock companies. Governments must finally understand that, with national company law and possibly with international mergers or trans-national mergers which are nevertheless subject to national company law, the tasks which should be accomplished cannot be accomplished. Moreover, if we intend to develop the Community further, appropriate powers must be given to the organs of the Community—i.e. to the Commission—in addition to the powers of control based on the treaties, particularly with regard to competition and competitive positions, market positions, and the prejudicial effects on market positions of mergers between undertakings.

So the question is: how long do you really intend to go on waiting? and please spare us enumerations of the kind that you have given us here today. The studies which you are carrying out may be very interesting for you; but in our opinion the results of the studies undertaken by the Commission are just as interesting. On this basis we have made certain decisions and the Council can make use of these same premises and has no need to institute its own enquiries all over again, which—let me say it once more—would probably drag this business out for another five years.

(Applause)

President. — I call Mr Hamilius.

Mr Hamilius, President-in-Office of the Council. — (F) Mr President, Mr Rhys Williams has put his finger on a certain number of problems arising from this matter and he has expressed reserves and criticisms. Mr Lange has told us how urgent he considers this question to be and how we run the risk of seeing certain irreversible changes take place in the market if the Council does not take a decision during the course of this year. Finally, the two speakers have emphasized the connections between this

matter and Community company law. For my part, I can tell you that I have taken careful note of your remarks and I shall act as your spokesman in the Council so that your ideas may be taken into account.

President. — I call Mr Borschette.

Mr Borschette, Member of the Commission. — (F) Mr President, I should not like to interfere with the Council's timetable; I should merely like to make a few remarks on Mr Rhys Williams' speech. I think I may say, when I learn that the Council has put back by two years the discussion on this policy because it has taken account of the new situation and the new short-term economic outlook, that I am reminded somewhat of Monsieur Jourdain, who discovered that he was speaking prose without knowing it. At any rate, the Council was unaware that *that* was the reason for its delay.

Secondly, I should like to say that I really cannot understand why a regulation which could be implemented three years ago with a certain degree of flexibility and without excessive bureaucracy, can no longer be implemented today; I should like to remind the House, moreover, that the control of mergers was approved by an overwhelming majority in this Parliament. We have already proved that we are flexible, as Mr Lange puts it, as regards the upper limit, because the Assembly asked us to increase the turnover threshold in cases of mergers in the newspaper sector; we agreed to the request and we proposed it to the Council. We are also flexible as regards raising the lower limit below which undertakings are exempt from notification.

However, there are other problems on which—I say this in all frankness—we shall not be flexible. For example, we shall be intransigent in institutional questions concerning our powers of decision. The Commission will not be flexible as regards the final decision, which, in the spirit of the Treaty of Rome, must be taken by the Commission.

There are three main problems under consideration, Mr President. Firstly, the lower threshold which gives exemption from notification. Secondly, the upper limit, where notification is necessary. Thirdly, the market share which the two merging undertakings ought to have. There is also the question of whether notification should be a priori or a posteriori and finally there is the institutional question.

Having said that, Mr President, the Economic Affairs Group of the Council will deal with this question once again in a few weeks, then it will

Borschette

be the turn of the Permanent Representatives Committee; I hope, for my part, that, in any case, before the end of the first half of the year, the Council will have a political discussion on this questions, so that the regulation can be enacted before the end of the year.

President. — Since no one else wishes to speak, this item is closed.

9. *Oral question with debate:*
Multinational companies

President. — The next item is the oral question with debate, tabled by Mr de la Malène on behalf of the Group of European Progressive Democrats, to the Commission of the European Communities on multinational companies (Doc. 460/75):

Does the Commission feel that, on the whole, multinational companies established in Europe and now investing in less-developed countries to take advantage of different social structures are taking jobs away from European workers?

If so, what measures does the Commission intend to put forward to prevent our production capacity from remaining unused in this period of recession?

In addition, is the European production apparatus sufficiently flexible, particularly in the export sectors, during boom periods to offer an alternative to the flight abroad of direct investment by the multinationals?

I call Mr de la Malène.

Mr de la Malène. — (*F*) Mr President, whilst the economic crisis is raging pretty well everywhere in the industrialized world, multinational companies are carrying out, within Europe and outside Europe, a series of direct investments in less-developed countries. It is not up to us to decide whether these investments in less-developed countries can be considered a form of aid to these countries. The fact is that these investments are indubitably being made, and for profit—which does not shock me at all. So it is important for us to determine accurately the effects these investments are having in our countries and to acquire the means of action necessary to avoid any disturbing social consequences which may result from these investments.

There are doubtless many who think that by investing abroad in this way multinational firms are depriving European workers of jobs. A few concrete examples, expounded many times in this House, illustrate this point of view, especially in a period of economic crisis accompanied by large numbers of redundancies such as this one. However, one thing is certain: investment

abroad by multinational companies results in competitive products being sent back to our country at prices which are lower than those of European products. The big companies would doubtless maintain, on the contrary, that their overall activity is, in the long run, still producing jobs. What is the truth in this matter? It is probable, given the productive capacity which is at present not being used in European multinational companies, whatever their origin, that these companies would be able to export a bigger share if not the whole of their production which is provided by subsidiaries abroad. This basic assertion should perhaps be slightly modified: it certainly seems that the Community authorities sometimes place excessive confidence in the elasticity of exports and, in this field, we know that there are bottlenecks, if only, for example, in production of plant and machinery. Moreover, if we imagine later phases of the business cycle, we cannot be sure, given the degree of development of our economies, that pay rises will be offset by adequate increases in productivity.

However that may be, it is hard to calculate precisely the overall offset of the activities of multinational companies with regard to employment. A short while ago we received a communication from the Commission on this subject; it was certainly an important one, but in our opinion it dealt with problems which were already well known. For our part, we would rather endeavour to get inside the social mechanisms created by the phenomenon of the multinational company. And in this respect, the problem is often less that of worker participation than that of job protection.

To be sure, workers are often much better organized internationally than we think: there are contacts between different countries; we can still remember dockers in one country refusing to unload because their fellow-dockers in a neighbouring country were on strike. But, faced with the essential problem of safeguarding employment, the unions are more often than not completely unprepared to deal with something which is solely connected with the company's overall strategy. What happens in fact? Let's take the case of a new company set up in a given region. The managers in charge, being strangers to the region, and, indeed, strangers to the country, have no solid social basis within the new company on which to work. In order to make up for this deficiency, the company often adopts fairly advanced policies at first. Very quickly, however, especially if it is a case of a marginally profitable company, excessively heavy cost prices bring about a kind of jettisoning of ballast, which in this case manifests itself in the form of dismissals. If this phenomenon

de la Malène

takes place at the same time as a low in the business cycle, it is by no means rare to see the company faced with the prospect of liquidation, to the great detriment of the workers.

This situation is characteristic of what is going on at the moment in Europe. But it is also a universal phenomenon, which owes something to the very nature of multinational firms. Their relatively recent arrival means that, for the youngest of them, each national crisis constitutes a means of reconsidering all its assumptions and then forging on ahead, leaving local industry far behind whilst the potential abroad remains intact. On a European scale, a crisis which profoundly shook the Common Market would in the first instance harm the European companies, because more than half the multinational companies are of American origin and they are, on the whole, the most powerful. Transatlantic multinationals have, for the most part, the means of setting up in each country production units designed to cater exclusively for the local market, whereas the European ones still have to sell their products across frontiers and are dependent upon the terms of free trade.

Faced with the danger of such a situation, certain European multinationals are trying to adopt the attitude of American firms and are intensifying their investments in developing countries. Of course, the industrialization of the poorer countries must be encouraged: but the creation of new jobs in these countries cannot be made to the detriment of workers in developed countries. This is why transfers of industries cannot be contemplated unless at the same time an adjustment in the employment market is provided for, if necessary, by setting up an international redeployment fund, for example, within the field of the multilateral GATT negotiations, and providing such transfers do not result from the exploitation of underpaid workers in the poor countries.

In other words, a restructuring of production on a European scale cannot be considered merely on the pretext of differing social structures. Social equilibrium is in itself the first aim, the primary aim; this is why we shall continue to fight for a strategy of national independence and European independence, which is alone capable of ensuring economic growth within social progress.

Beyond the frontiers and in the absence of a real governing power which can police them, the multinational companies have an immense array of uncontrolled power. In order to counteract this situation, it is desirable that the Member States, or the Community attracting such a company to establish itself there should at the

same time impose certain social obligations on it. Action by Member States or by the Community can no longer be taken merely a posteriori in cases where investments are being transferred abroad, because then it is too expensive. They must act according to a previous agreement reached with the multinational company after a frank exchange of views, which is not always the case, because the region or state in question wishes above all to attract foreign investment. These are fundamental problems where the responsibility of the multinational companies, as of the public authorities, must be brought into play.

It is not a case of seeking a legal device capable of acting as a kind of counterpoise to the powers of the multinational companies; but rather a matter of orientating them towards greater stability, both at the economic and monetary level and at the level of employment. This cannot be achieved except in a new and healthy legal context, excluding at the same time excessive constraints and—as is at present the case—too free a hand. In this respect, our Community can and must play a primordial role and take appropriate and realistic measures to promote the development of the multinational companies, but at the service of the economic interests of Member States as of the social interests of the workers.

And in this context, naturally, the workers must be kept informed and they must be encouraged to take part; likewise harmonization of labour legislation must be carried out.

More generally, we must give fundamental encouragement to cooperation agreements between Member States, the purpose being to ensure that the multinational companies carry out their business in accordance with the directives issued to them by the public authorities. Most governments have up to now adopted a generally favourable attitude to the development of multinational companies, in view, above all, of the contributions they make in the fields of management, technology, and regional development, areas in which the governments could often see no other immediate way of dealing with the problem.

But now it is time that these same States and this Community start to pay attention to the effects that foreign investments are having on their industrial structures and on the attainment of their economic and social goals, and that they begin to consider certain aspects of the way in which multinational companies behave. Foreign investments, in fact, often have mainly short-term advantages, but they also entail long-term disadvantages for the host countries. Without going so far, obviously, as to encourage restric-

de la Malène

tive measures in the name of protectionism or *dirigisme*, a check on objectives nevertheless seems both realistic and necessary. The public authorities and the Community itself—not the multinationals—are the best placed to guarantee the future of our regions.

I should like to know the attitude, the intentions and the will of the Community on these fundamental issues.

(Applause)

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, I must confess that I am not quite sure where the emphasis of this debate is supposed to lie. My reply, like the heading of the question itself, concerns multinational companies, and the contribution that Mr de la Malène has made to this debate deals with the same theme. But the questions which come under the heading concern, in my view, other matters and not *only* multinational companies. What is more, this House discussed Mr Leenhardt's report on multinational companies on 12 December 1974. The report, in turn, was based upon a communication from the Commission of November 1973. I think that we ought to continue dealing with the specific elements concerning the multinational companies in this way, which is moreover in line with what Mr de la Malène was saying here a moment ago.

In the meantime, as you are aware, some of the proposals which the Commission outlined in its report of November 1973 have been accepted by the Council. I am merely referring here to some questions concerning the protection of workers. Other Commission proposals, in particular those concerning fiscal law, the law of mergers, etc. are still being discussed in the Council. The Commission has carried on with its work, naturally taking account of the debates in the appropriate committee of Parliament and in the plenary session itself, as also of Mr Leenhardt's report. I think we are all agreed that in this important area the problems concerned cannot be solved by a single decision but that a long-term approach is required, in which we must be permanently grappling with these problems.

I should now like to define my own position with regard to the individual points covered by the oral question. As I have already said, we are dealing here with problems that do not concern the multinational companies alone. In the first paragraph there was talk of investments outside the Community and of the fact that these investments might possibly deprive European workers of jobs. I think this is a

general development which occurs in every case, even when investments by non-multinational companies are carried out, for instance, in developing countries, investments which we encourage these companies to make and for which we give them development aid. What we have here is a conflict of aims, as we so prettily put it in discussions of the national economy, to the extent that investments which are made outside the Community, perhaps with the help of Community resources, create jobs abroad which do not themselves directly cause new jobs to be created within the Community. Mr de la Malène has already drawn attention to the fact that thereby, indirectly of course, new jobs may possibly be created in our own countries also. It is self-evident, however, that here we are not dealing with a phenomenon confined to multinationals, but with something that is indicative of all investments outside the Community. I also think that we cannot do without investing outside the Community and promoting, for example, economic activities in developing countries. In this connection we must naturally pursue a medium-term policy which also takes account of the type of economic activity we need to develop within the Community.

The second paragraph concerns the question of what we should do or suggest to prevent our production capacity remaining unused in the present recession. This too is a phenomenon not confined to multinationals, but of general occurrence. During the recession of the last two years we have ascertained as a general fact that we have had here every month a debate on the being fully exploited. Now for some long time we have had here every month a debate on the general economic situation, on the short-term situation, and on many occasions I have had the opportunity to expound how, above all, we have managed since last summer to coordinate the Member States' measures to revitalize the economy and the short-term economic situation. In this way we want to see to it that the present slack in capacity is taken up, which in its turn could lead to higher employment levels, reduced costs and—as I hope—a more favourable price trend.

Here too, however, I should like to repeat what I have said before—namely that our problems will not be solved when the short-term economic situation is improved. We are at the beginning of a process of structural change which will last a longish time and which requires medium-term measures to be taken. I think we shall have a chance to come back to this matter in the last part of today's agenda. This too is not a problem specifically concerning multinational companies, it is a general problem characteristic of our short and medium-term economic policy.

Haferkamp

The last part of the question deals with the flexibility of the European production apparatus during boom periods and with direct investment. I believe that this very business of increased investment in the Community is an important question of medium-term economic policy and economic development. Once again it is not solely an issue concerning multinationals.

It is a matter of general importance whether we shall manage in the coming years to mobilize sufficient investment first of all to diminish our dependence in the field of energy, secondly to adjust to present structural changes and thirdly to create jobs, above all for the generation now coming on to the labour market and about to do so in the next few years. This is a subject we have discussed here many times under the general heading of unemployment amongst young people. We need more investment and not just by multinationals. Now it is obvious that in our economic system these investments can only be made if there is sufficient chance of their being placed and of their earning a return. Let us not pretend, if these conditions are not assured, if there is no interest for the investments, they will not be made either by multinationals or by anybody else. There will simply then be nobody investing—and indeed why should anyone contemplate doing so? We should also not deceive ourselves into thinking that State intervention could help in this instance. It would only lead to misdirection of resources, to investments in something that nobody wants, for which there is no interest and which consequently has no chance of being sold.

One of the most important questions in our medium-term economic policy will be whether or not we manage to maintain this readiness for investment or even to restore it, in so far as it has suffered here and there in recent years because of the extent to which we have strained our resources—and not because of any malvolent decisions taken by multinationals. It is now up to us and we must begin with the essentials, but the essential consideration is that we should so shape our economic climate as to make it profitable for everybody to invest in the Community, even for multinationals.

(Applause)

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

Mr Leenhardt. — *(F)* Mr President, ladies and gentlemen, Mr de la Malène's question highlights once again the behaviour of the multinational companies and its effect on our economies.

When we presented our first report, we insisted that something should be done both within the Community and worldwide to counter the disagreeable effects of certain aspects of the behaviour of the multinational companies. The considerable amount of liquidity which they hold, the many opportunities they have of carrying out transactions, both in goods and in currency, across frontiers and continents inevitably gives rise to tension, varying according to the general economic situation of the host country, between themselves and the authorities or professional and economic organizations.

Mr de la Malène's question alludes to one such case: the serious inconveniences for the economies of the host countries that result when a multinational company, wishing to take advantage of different social structures, withdraws investment funds in order to reinvest them in a less developed country. What is at issue here is the freedom of action the multinational companies have, the fact that, through their behaviour, they can damage the interests of a host country without having to answer to any authority of the state or any institution representative of the general interest. I recall in paragraph 10 of my report I used a term which corresponds closely to the idea of withdrawal, i.e. 'disinvestment'.

Following the communication from the Commission of the European Communities let me remind you that our report came out clearly in favour of limiting the freedom of action of the multinational companies within the Community. In particular we insisted that we ought to have better information concerning these companies' operation: all investment projects ought to be notified to the appropriate authorities of the states in question, and their qualitative and quantitative aspects discussed with them. The companies ought then to provide regular information on the progress of these investments.

In this respect, I should like to emphasize that, during its world congress in October, the ICFTU suggested that as a means of combating the unlimited freedom which foreign investments have, they ought to be subject to prior approval by the national authorities of the host country. But, of course, the problem of the free movement of investment capital, the freedom to withdraw it and the grave social consequences for the employment situation of doing so, is only one aspect of the problem of controlling the activities of the multinational companies.

In this respect, the Socialist Group can only deplore the Council's delay in adopting the proposals which have been submitted to it in this field.

Leenhardt

The freedom of action of the multinational companies and the inconveniences arising from it are only possible, in fact, owing to the lack of control and fiscal harmonization, the existence of tax havens, the lack of worker representation and the absence of the necessary counterweight from the unions.

In his reply to Mr de la Malène, the Vice-President of the Commission gave the impression that the problems of disinvestment were not confined to the multinational companies alone, and that there was not a great deal that could be done to rectify the situation to which Mr de la Malène had drawn attention.

I think, on the contrary, that we ought to do what Mr de la Malène has asked and try to analyse the effects. We ought to examine closely those sectors of the economy whose decline is attributable to disinvestment.

As regards action, we are faced with political problems; we need to know whether there is a desire to direct investment towards the sectors which it is in the Community's interest to defend. The indifference revealed in the reply given to Mr de la Malène's question gives us little cause to hope that remedies will be found, whereas we Socialists believe in the possibility of dealing with these difficulties by adopting a less liberal policy.

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

Mr Notenboom. — (NL) Mr President, I should like to begin by saying that I am fully in sympathy with the answer given by Mr Haferkamp. As I was thinking about the few comments which I would be making on this matter on behalf of my Group, I too wondered exactly what I was supposed to talk about: the multinationals, or the wider issue of a changing division of labour in the world, in which the multinationals naturally play a part too. Like Mr Haferkamp, I shall deal with the content of the questions and regard the title as being in a way separate from it.

Mr Leenhardt did not do that. He regarded the questions as an extension of the debate on the multinational companies which we held earlier today. There is nothing wrong with that, but, on behalf of my Group, I should like to adhere to the conclusion concerning the multinationals which we drew over a year ago and to the request which we addressed to the Council at that time to take speedy action on the proposals submitted by the Commission on the matter.

But a change has taken place in the structure of production in the world. The developing coun-

tries want higher prices for their raw materials. This is leading to different labour relationships in the world from those with which we have been familiar up to now. This is a good thing and is absolutely essential for peace and security in the world.

That is the ultimate objective of our development aid policy, of national development aid policy, and it is also the fundamental aim of our European development aid policy.

This must be an element of policy and consultation at world level. It does also constitute a modest part of the Lomé Convention, only a small part, but it is there, albeit in an incipient and very undeveloped form.

This phenomenon thus involves more than just a redistribution of investment within the multinational companies: it has much broader connotations. It is also bound up with the contraction of certain branches of industry in the West, including branches of industry in which the multinational concerns do not play such a leading role, and rising investment in the developing countries, including areas in which the multinationals play no role at all.

A danger inherent in the implications of the question, which I regard as basically a very significant one, is that we would, as it were, have to adjust our development policy, our efforts to achieve a different division of labour in the world, according to the requirements of the economic cycle. But what is really involved here is a structural problem and this problem remains. Of course, it is more difficult to solve in a period of recession than during a boom period, but we must remain faithful to the objectives that have been set for structural changes in the world.

Mr President, this relativization, which I join Commissioner Haferkamp in emphasizing, does not alter the fact that a major problem exists. It is an enormous problem for the industrialized world to decide how we should interpret and react to the consequences of this development policy. I cannot deal with the issue properly in five minutes, but I think it is a problem we must make vigorous efforts to solve, taking full advantage of the strength of enterprises with advanced technology, advanced management and a high degree of entrepreneurial freedom. That will probably not be enough. We also need a policy, the sort of policy indicated by the questions which Mr Leenhardt will shortly introduce on behalf of the Committee on Economic and Monetary Affairs. Mr Haferkamp has also already argued in favour of this. It is in those questions that the nub of the problem can be found. What are we, in the industrialized

Notenboom

world, doing in the medium-term now that we are faced with a number of basic facts of life, concerning not only energy but changes in the division of labour too? And what long-term plans are we making? this is a problem which the nine Member States cannot solve individually. It must be tackled in a Community context. It is therefore rather a pity that the questions which Mr Leenhardt is about to introduce on behalf of the Committee on Economic and Monetary Affairs, are not on the agenda now, because they in fact relate to the same subject. I detect in them the same tenor as in the fundamental questions put by Mr de la Malène, the significance of which I should like to emphasize once again.

We must pursue a policy aimed at social and economic development with a high level of employment of the most satisfying kind possible and an attractive investment climate. What is needed is an industrial policy, which others prefer to call a structural policy. We must create a social and economic climate permitting an acceptable rate of growth and in which the sharing of responsibility should create new employment opportunities, for Europe's young people too. This will necessitate both a medium-term and a long-term policy. In this respect, Mr President, I agree with the significance of the questions, but I follow Mr Haferkamp in setting the term 'multinationals' in a much broader context.

(Applause)

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

Mr Normanton. — Mr Chairman, I hope we can be seen to be objective in considering this subject when we admit and accept certain basic truths. Firstly, that world trade has grown in the last 25 years more and faster in percentage and in volume than in the whole of the 20th and 19th centuries. Secondly, that trade has been promoted and effected by enterprising companies large and small and not by governments of any political colour. Thirdly, that growth has taken place, despite the sluggishness and the reluctance of many governments to adjust to the needs of the expansion of trade. Fourthly, that companies have also grown in size, in scope and in area of operation in those last 25 years on a scale unprecedented in the history of trade and industry. If governmental action had matched commercial action, the world as a whole and the Community in particular, would have been a richer place for all of us and our peoples to live in.

Up to this point, Mr President, I hope no one is going to challenge those as truths and as

facts upon the basis of which we ought to look at and consider developments which are taking place in the field of international trade. It is not an occasion for a debate on multinational companies so I will not go further into an area which perhaps might be construed as involving subjective judgements. But multinational companies are and always have been concerned with trade, the establishment of manufacturing facilities in any and every part of the world, the establishment of commercial links with any and every part of the world, and the establishment of commercial sourcing of supplies, equally, in any and every part of the world. And rightly so: this surely is what a commercially-minded Europe, regardless of our political party allegiances, should welcome and encourage.

As far as I am concerned, I have still to have it proven to me that any international or multinational company, by virtue of being international or multinational, has an inherent intention on every occasion to switch its manufacturing facilities away from what we would call the higher-cost and advanced areas of the world to the lower-cost areas. Invariably, the switch is one by way of enlargement and expansion of industry complementary to the European and American establishments, not necessarily of conflict with them.

Mr de la Malène makes a very interesting point, when, and I quote his words, he presses for 'national and European independence'. At least that is the way I interpret his words. Though we, the European Conservative Group, welcome all moves towards the structuring of industry in Europe on a European basis, with a European technological and sociological basis, and with a European market in mind, we must not, I suggest, be tempted to think in terms of a European isolationism of industry. What we want is European industrial restructuring on the basis of the interdependence of the Community, advanced technology areas like the Americas, and the developing countries as well.

The contribution of this combination, this restructuring, to the stimulation of the industrialization of developing countries, must be welcomed from all parts of this House. I certainly welcome Commissioner Haferkamp's comment, and I quote 'we need to help developing countries to help themselves'; and 'help themselves' means the establishment of production facilities, it means trade, but trade must be to mutual advantage, and both parties, if there is to be mutual advantage, must be able to make a profit out of that trade.

We in the European Conservative Group would therefore ask the Commission to be continually on its guard against practices which, wherever

Normanton

they may come from, are alien and indeed contrary to the interests of Europe. I refer to dumping, false pricing, phoney transactions, and what one might only describe as unfair trading practices. These are dangers, or potential dangers to European industry and European restructuring of industry, whether they involve companies or employees, whether those practices come from state trading countries or from state trading companies—and that means nationalized industries inside and outside the Community—whether they are multinational, international, transnational, you name it: wherever these unsustainable false practices are proven to be operating, the Community, the Commission, must be on its constant guard. We must, and we indeed all do, insist upon all companies—state, international, national—observing meticulously all the rules and the laws and the practices which have been established inside our Community.

I am still to be convinced that the mere attachment of the term 'multinational' connotes a practice, a procedure, an area of international trade which is conspicuously and provably in conflict with national interest. So long as that is the case I personally believe that the Community will be well served by expanding and promoting the expansion of international trade and not the restriction of it.

(Applause)

President. — I call Mr Prescott.

Mr Prescott. — Mr President, I note that speaking time is limited to five minutes; frankly, we should not call it a debate, just the passing of opinions on a subject. I have tried to cut down my contribution, therefore, and will try to keep to the essential points without trying to prove them, which is the normal responsibility of a speaker. However, the point that I wish to make in the short period available to me is to the Commissioner, as he is responsible for the initiation of policy regarding the multinationals; I want to bring to his attention what seems to be a total lack of any new thinking by the Commission, as evidenced by his last contribution and by all documentation that has so far come from the Commission.

It is clear without stating the facts that the multinationals are growing. They represent only one aspect of economic activities in our society; nevertheless, the 100 largest economic units in the world are made up of the 50 richest states and 50 multinationals. The wealth created by multinationals is far greater than that of many states, and the influence and political control that goes with it equals that wielded by many

states. It is estimated that 300 or 400 companies control 60 or 70 per cent of manufacturing output in the Community. They create wealth at twice the rate the states do, and they are accumulating wealth at twice the rate.

The important thing for us to bear in mind, if we are concerned with unemployment, is the level of investment, because whatever economic society we exist in, it is the level of investment carried out by that society that determines the level of economic activity and determines the level of employment, and consequently of unemployment. The multinationals are increasing their control over the level of investment taking place in this world. 20% of present world production investment is controlled by multinationals. In the EEC it is 15% of our investments, on average: in Belgium it is as much as 33%, and in the UK 100 companies control 50% of our manufacturing investments. And if the investment priorities of a multinational, or for that matter a large national company, are different to those pursued by the State, which has a political obligation to safeguard full employment and thus invests very differently in line with that obligation, then clearly there will be a clash between the investment decisions of a democratically elected government, which reflect society's expenditure priorities, and those taken according to corporate priorities which are, I think you will agree, entirely different.

The development of corporate power and profit is essentially different in terms of its objectives from that pursued by governments. The present economic problems of the developed countries, as we have seen in the OECD survey of 21 countries, are not just the reflection of the downturn and the cyclical developments of our economies, which has resulted in inflation over the last 20 years increasing after each burst of the cycle. Unemployment has also gone higher. The growth rate is declining all the time, and the drop in profit which results leads to a fall in the level of investment also. And if we are not able to maintain within our societies the level of investment needed to maintain full employment, then clearly there will be major economic, political and social consequences for our societies.

It is not sufficient for Commissioner Hafenkamp to suggest that we should operate on the price and cost mechanism to influence investment, to work for greater efficiency, because clearly investment decisions are not determined solely on the basis of the price mechanism. Investment in production is now being undertaken by the multinationals on a far greater scale than we have ever witnessed, and the challenge we face is how to control that develop-

Prescott

ment and incorporate our own priorities of full employment into the investment decisions they take. Governments used to operate on the Keynesian concept that if one could control the level of demand within society by developing economic, monetary and fiscal policies, one could then have some effect, in the macro sense, on the micro parts of our economy, namely the companies. But multinationals are independent of those controls. Domestic economic controls and policies which influence the money supply and control investments and economic activities have no effect on the multinationals, which are able to raise capital on the international markets on a huge scale; their investment decisions, therefore, are not affected by political decisions as operated through controls on demand. Therefore, if we are to control investment by the multinationals, the responsibility and accountability of governments must be extended.

In finishing, Mr President, I ask the Commissioner what is the EEC's response? Those of us who opposed going in to the Common Market, did so because the Market is bound by the Rome Treaty and the concept of competition. The oil shortage was a classic example of multinationals exploiting a situation. The Commission says in its report, which has just been given to us, that it cannot obtain the information from the multinationals that it would need affecting price policies or not, and it therefore requests further information.

But much more important, and this is my final point, Mr President, is that it says in Section 3 of the conclusion that the rules on competition do not affect these transactions so long as they remain purely internal. So what we are in fact saying is that the Rome Treaty does not apply to the multinationals in this context; if we have to have huge corporations, and I am not arguing that we do not have to have them, though I do think they should be publicly owned, then we certainly need full control of their investment policies, which are absolutely crucial to the level of employment.

And so, Mr President, what is absolutely clear is that if we in this Assembly are to do anything about the levels of unemployment and employment, and that is what I am primarily concerned with as a socialist, we have to act on investment. At the moment we are losing more and more control of the level and quantity of investment to the multinationals. We have to develop a new countervailing power, not an interpretation of the Rome Treaty, and if necessary it will require a scrapping of that part of the Rome Treaty, because it is a philosophy alien to the development of what the multinationals now represent.

(Applause)

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, the speeches made today have shown that what is involved here is not so much the points raised in the oral question itself; rather are we concerned with international companies, which enjoy a special position in the world market and consequently a special position in each individual national market or extended national market, such as the European Communities, and whose activities do not fall completely within the jurisdiction of these countries. The logical conclusion, which we drew a long time ago and have restated in the report drawn up by Mr Leenhardt on this matter following the Commission's communication, is that we must subject these things to jurisdiction in a world-wide context. In other words, all these issues must be the subject of international agreements so that the whole economic activity of the companies on the world market can accordingly be subjected to definite legislation and fitted into a definite legal framework. I do not wish to dwell on this any further, but I would suggest that we, both the Commission and Parliament, and perhaps the Council too, give some thought to ways of proceeding in a somewhat fuller debate on this subject in order to achieve definite results which could then be used by the Commission in international negotiations. It is clearly necessary for this Parliament to discuss what form such an international arrangement, similar to GATT, should take and how an international secretariat could then supervise the application of these international rules.

But I cannot help pointing out, Mr de la Malène, that the questions you have asked here are in fact general economic policy questions which are not confined to a particular type of undertaking, i.e. multinationals. The process which may be inferred from your question to be taking place in these companies can also occur in any company operating only at national level. This debate is thus slightly ambiguous and I think we should take care to keep the two issues separate.

However, Mr President, Mr Haferkamp, we should consider whether these questions will be given due emphasis in the Fourth Programme for Medium-term Economic Policy. There will be another short debate on that later today. Incidentally, I agree with Mr Prescott that on this item of the agenda, oral question with debate, we are not having a debate in the real sense of the word but are hearing brief summaries of individual views on the matter.

If it proves possible, then, for greater attention to be paid to these things in the Fourth Pro-

Lange

gramme for Medium-term Economic Policy, since these are general economic problems which must be tackled by both the individual governments and the Commission and the Community, I think we shall have made progress. We should indeed avoid confusing these two problems. Control of international companies is one thing, but economic policy aimed at safeguarding full employment, which in certain circumstances also implies corresponding investment, is another.

A final comment, ladies and gentlemen. In these times of recession we all tend more or less to withdraw into ourselves. We make all sorts of pious statements about development aid; we want to do something to help the world's poor, but when I listen to speeches on this subject I get the impression that what people basically want to do, and that is quite understandable, is to save their own skin, and to save their own skin they tend to want to shut themselves off from the outside world. There are enough examples of this, and I shall not go into more detail at the moment. We are, of course, being very dishonest here. We cannot, on the one hand, talk about development aid and, on the other, retain everything which we think is necessary to safeguard full employment and to protect and create jobs. We are, admittedly, in a somewhat difficult position. But this type of short-sighted egotism must stop. We must bear in mind the fact that if the other countries are not able to buy—we have already made this point here—we shall be in just as much trouble as they are because we shall not be able to dispose of goods intended for export. Nor shall we be able to dispose of the services which we want to sell abroad in connection with management, etc. I do not think I need to dwell on this any further.

I should therefore be grateful, ladies and gentlemen, if in future debates on such matters the problems were distinguished a little more carefully. I hardly think there are any significant differences of opinion regarding the need for international agreements in order to fill gaps between national legislations or the legislations in force in certain areas of the world, e.g. the USA and the European Community. No differences of opinion exist regarding these agreements, which cover all the questions, or rather opinions, put forward in the course of the debate. Parliament must hold another, specific debate on this issue before submitting further recommendations to the Commission.

(Applause)

President. — I call Mr de la Malène.

Mr de la Malène. — *(F)* Mr President, I do not wish to prolong this debate, but I must say that

I am rather disappointed by the Commission's reply. I know this is a very sensitive issue and I have tried to approach it very gently. But I must confess to being slightly disappointed by the apparent indifference, or indulgence, of the Commission. The Commission replied that it had submitted a text in 1973, Mr Leenhardt drew up an excellent report in 1974 and Mr Lange has just added that the matter should be dealt with under a GATT arrangement. That is all very well, but in the meantime the problem remains.

The Commissioner added that the problems I raised were not confined to the multinationals and that they applied equally to national companies. This idea has been taken up by others.

I think that we should not close our eyes to reality. The parameters of the problem are nothing like the same for national companies and multinational companies. Everyone knows what facilities are available in all areas for national companies—and the bigger they are the more facilities they have—to effect transfers of funds. We are not a priori hostile to such transfers, but we should like to have information regarding the conditions in which they take place and the motives and objectives behind them.

So let no one try to claim that the problem concerns every company. We know perfectly well that in fact the problem assumes a completely different aspect according to whether a major multinational company or a medium-sized national firm is involved. In the case of national firms there are all sorts of ways in which our governments can influence, monitor and supervise their activity; the trade unions are even better placed in this respect. But the situation is obviously completely different for a major multinational concern. That is why there is a problem, and there is no point in closing our eyes to it. I am disappointed for Europe and I am afraid that if this is the only answer we can give to Europe's workers, it is not a very good advertisement for the European idea. If Europe's only reply to these problems is to talk about free competition and attempts to agree on an international system which cannot in any case be set up overnight, then I am afraid that the European workers affected by these transfers—and I am thinking in particular of workers in the textile industry whom we shall be talking about a little later—will feel that the Commission's answer to their employment problems is not satisfactory.

I do not mind the debate being resumed at a later date, indeed it must be resumed, but I cannot say that I am satisfied with the answers I have been given. I do not think that Europe's workers, especially those employed in the textile

de la Malène

industry, will be very satisfied with the attitude shown by the European institutions on this matter.

President. — I call Mr Osborn.

Mr Osborn. — Mr President, I am sorry that I didn't catch your eye earlier, but I have listened not only to the original remarks of Mr de la Malène, but also to his remarks just now with interest, and to Mr Haferkamp's reply, and I realize that he asked a specific question which reflects the fears not only of people managing industry in Europe but people employed by industry; those fears are very real at a time of rising unemployment in all our countries. Of course it is easy to add to those fears and frighten people and say that unemployment is a direct result of decisions taken in remote board rooms of these multinational companies. These companies, though, have existed for a long time and I would very much like the Commission to comment on the work of the OECD, one committee chaired by the one-time president of the Confederation of British Industries, and the work of other bodies, on the merits and demerits of these companies, bearing in mind that there are many who fear their future security and jobs at a time of economic stagnation and crisis.

This, therefore, brings me on to certain industries. There is the textile industry, whose problems we shall be discussing next, there is the footwear industry, in Britain particularly, but elsewhere too, and in the city that I come from, Sheffield, the impact of the international company in the field of the production of cutlery and silverware is of immense concern to those who work there. The idea originally was to develop industries in developing countries, or to start up industries in developing countries. Hong Kong, Pakistan, to a certain extent South Korea, and other areas have developed or set up factories where labour rates are low which can produce satisfactory products, of fair to low quality, which are on sale in Sheffield. One company in Sheffield decided to set up an industrial division, one of the biggest in Sheffield, and an international division, and now sells both Sheffield-made and international products as a way of overcoming this; to a certain extent this has consolidated the position of that company. There are many companies in my city which have decided to consolidate their export markets by having the prime product produced in the home factory and finished in other countries.

What I have said and will go on saying is that if one wished to industrialize developing countries the best way to do so is for a well-established manufacturing company in the western

world—United States, Canada or the EEC—to set up a subsidiary in one of those countries and use the most advanced American or European management know-how and expertise. And, of all the forms of aid, I would have thought the multinational company in that context has been the best catalyst for creating wealth and prosperity in the developing countries. I accept the point put forward by Mr Normanton that these projects must be worth-while to both parties—to the party giving the know-how and the party receiving it. In fact many companies throughout Europe now have the alternative of using international finance and providing a turnkey operation for some state company in a developing country, or even a private company. Others may set up a factory on an investment basis; in fact we had a question this morning on how to encourage private investment in developing countries at this time.

But, Mr President, we have a question: does the Commission feel that, on the whole multinational companies established in Europe and now investing in less developed countries to take advantage of different social structures, are taking away jobs from Community workers? This is an impossible question to ask the Commission or anyone else, but it aggravates a fear that must exist in many managements and many people. What we have to establish is the steps necessary to secure prosperity in developing countries, prosperity in our own countries in the Community.

Now Mr Prescott and I have met and dealt with these subjects in the Council of Europe's Economic Affairs Committee. I am not going to take up the points put forward by Mr Prescott but he did, I would suggest, whilst confusing the role of large companies with international companies, concede that large companies and to a certain extent international companies have a role. He also expressed the view that these companies should be state capitalist companies rather than operate under the free enterprise system as I know it. But I do not think Mr Prescott and I ultimately disagree. I look forward to a society, such as the United States of America has, where those working on the shop floor in industry have investments in their own companies and other companies and are capitalist and don't have the state as an intermediary.

But I am not going to embark on this delicate task. What is dangerous at the present time is for leaders in the European Parliament, ministers and Commissioners, to defend the isolationism in some districts in our own countries because of this fear of new factories in developing countries taking away our jobs. What is dangerous is that we might rule out the best

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form of assistance to those in developing countries, namely profitable manufacturing companies making products that those people want. And, therefore, I accept the view that the relationship between established manufacturing companies in Europe and America and the companies in developing countries is vital; the danger now is that we will not have those factories in developing countries because political and other risks are too great.

Already we have had raised by Mr Spicer the need for Community insurance for investment overseas, such as some individual countries have, and, therefore, I accept Mr de la Malène's view that this is a field of activity which must be kept under continuous review by politicians, with the intention of encouraging industrial development in developing countries and not discouraging it at the present time.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, the author of the question says he is disappointed at the Commission's answer. I am sorry about that, but I cannot let it be said that the Commission has shown indifference in this matter. We are not in the least indifferent to this problem. If he is saying that the proof of our indifference is that we drew up a report in 1973, which was discussed in 1974, and that since then nothing more has been done, I must say in reply that the 1973 report was an outline report which, in conjunction with a discussion in a wide range of fields, was followed by quite practical measures.

The last of these measures was our decision in connection with the pricing policy of a multinational concern, United Brands Corporation, in which we decided quite categorically that certain pricing policies would have to be discontinued and prices in various areas of the Community reduced.

I mention this example simply because there is in my view no point in creating the impression here that we can hold a general debate on the multinationals and find a universal remedy. I am sorry if that sounds unparliamentary but I consider such a view to be nonsense. There is no panacea, unless you opt for a different economic system in which companies are not allowed to operate freely. But then, of course, you must accept the consequences of such a choice. Perhaps then you will not have any multinationals, but you probably will not have any wheat either. So what is it to be? That is the question.

Turning firstly to the formal question of the multinationals, I said in my answer a few

minutes ago that we must have an ongoing discussion about certain basic rules of our economic system for all undertakings, both state-owned and privately-owned, both large and small, multinational and national. We shall do this in every relevant area.

Other fields have also been mentioned, such as the question of investment policy, investment controls, pricing policy, and the creation of jobs both here and elsewhere. I can only repeat that for me this is not an issue which concerns the multinationals alone, but something which applies to economic activity as a whole and which will lead to changes in the economic system if we decide that we want to do things differently.

As far as the question of investment control is concerned, we have heard it complained here today in the context of multinationals, and elsewhere in other contexts, that we do not have enough influence in this area. But I have never met anyone who could tell me in practical terms what measures he would take, if he were in a position of responsibility, in the interests of our economy and our workers. Anyone who can tell me that should stand up and do so, both here and in other bodies. Complaining alone will not get us very far. There must be concrete suggestions as to improvements that can be made, and responsibility must be accepted for them. This is something which I too would very much like to discuss, not just in connection with the multinationals, but in view of the significance of this whole issue for our medium-term policy.

The author of the question said that the effects of decisions taken by the multinationals are naturally of a different order of magnitude from those of decisions taken by national companies, on which the governments, the trade unions and others could have an influence. Generally speaking, that is certainly correct. However, ladies and gentlemen, are there not a large number of firms and sectors in our Member States, in which decisions have been taken over the last two years regarding shutdowns, dismissals, and short-time working, in other words all the things about which complaints are being made today in connection with the multinationals? Have there not been a whole series of decisions of this type involving exclusively national firms and a whole series of such decisions involving state-owned firms, ones which have either been nationalized or have become state-owned in some other way? There is more to it than just who the owner is, who has the biggest say and who starts spouting about investment controls and the like, believing that he has an influence which in fact he does not have.

Haferkamp

No one can stem the tide of economic facts and economic trends with purely formal changes in ownership and control relationships. I am deliberately exaggerating this slightly because it is our duty to discourage any illusions. It is simply not true that we can counter economic facts with formal changes. I also direct this comment at those who are worried about future developments.

It is not as if unemployment would suddenly disappear overnight if we had the power to make a decision here in this House on every investment made in our Community. Anyone who says that is deceiving the public, and I am not prepared to accept that.

I think we should first hold an extremely detailed systematic debate on all the problems which have arisen in connection with the multinationals. Our report and today's discussion should be used as the starting-point for that debate. I would therefore ask that in that debate we should observe the general rules governing our economic activity and not confine ourselves to the multinationals but include all the economic forces capable of influencing and, in certain circumstances, disturbing our economic process and our development. This debate on the economic order must be pursued vigorously.

Secondly, let us give separate consideration to the objective problems of short and medium-term economic policy which are giving us so much cause for concern, namely inflation and employment policy, which we cannot solve at a stroke in the formal discussion, and let us devote as much energy to this debate on the objective development of our economy as to the first debate. If we agree on this, I believe we shall achieve solutions in those two parallel discussions.

(Applause)

President. — I have no motion for a resolution on this debate.

The debate is closed.

10. *Oral questions with debate:*

Difficulties facing the textile industry

President. — The next item is the joint debate on the oral questions with debate, tabled by Mr Terrenoire on behalf of the Group of European Progressive Democrats, to the Council and the Commission of the European Communities on the difficulties facing the textile industry (Docs 405/75 and 404/75):

In view of the persistent difficulties facing the textile industry, aggravated by the growing num-

ber of trade agreements despite the voluntary restraint clauses which they contain, what measures do the Council and Commission intend to take to safeguard this labour-intensive industry which is such an important part of the industrial fabric of many regions in our Member States?

These measures should make it possible to prevent disruption of the market and combat the deterioration of the employment situation, in particular by reducing the social charges which are a heavy burden on this sector and by substantially increasing the activities of and scope for intervention by the Social Fund in this field.

I call Mr Terrenoire.

Mr Terrenoire. — *(F)* Mr President, ladies and gentlemen, it is unfortunate that once again the question I wish to put to the Commission and the Council has come at such a late stage in the debate. I had every reason to suppose that the future of the textile industry in the Community deserved to be considered at a more judicious time of day. But once again, regrettably, the Bureau has disregarded a wish which nevertheless seemed to have been endorsed by this House during the December part-session.

As is the case in all the industrialized nations, the textile industry in Europe is going through a crisis which, even if it is not the first in its history, is certainly the worst in the last thirty years. According to the statistics published by the Co-ordination Committee for the Textile Industries in the EEC, the number of jobs in this sector fell from 2 130 898 in 1971 to 879 600 in 1974. And the first available figures for 1975, which everyone knows was a very bad year, reveal that this downward trend has continued. The figures for workers on short-time are equally alarming for certain Member States, not least Germany (57 000), France (60 000) and the United Kingdom (28 000).

It is worth recalling the causes of this crisis, both domestic and international.

Since autumn 1974 all sectors of the textile industry, including distribution, have been forced by the severe effects of monetary policy to concentrate on a large-scale running down of their stocks. This phenomenon, accentuated by a rise in the cost of raw materials, has led to a cut-back in orders, which are declining more and more the further one moves up the production chain. Secondly, as the general economic picture worsens, there is a gradual fall-off in domestic demand, while the increasing pressure of foreign imports of textiles and clothing encourages a further decline in new orders and restocking. Finally, on external markets, Community exporters are faced with international competition which has become keener as a result of reduced foreign demand and the uncertainties of the international money market.

Terrenoire

We have read and heard many views to the effect that the textile industry was not only hit by a crisis, but seriously so—that its future, its very existence, were at stake in the Community. I do not think so. In fact, I think that the world's textile market will grow considerably particularly in view of the probable expansion in many countries where a rise in the standard of living will have a powerful effect on the use of textiles for clothing and domestic or technical purposes. Consumption in Europe will follow the growth in real incomes which we are hoping to see. However, although increase in world consumption will absorb most of the developing nations' increased production, these countries will step up their exports outside their own part of the world, just as the Geneva Agreement envisaged. The restrictions which the Agreement imposes on these increased exports, and the measures designed to avoid the disruptions which might ensue, must not lull us into forgetting that this Agreement provides for the relaxing of restrictions and for the steady increasing of quotas.

Consequently, it is of vital importance that the Member States of the Community remain equal to the situation. The Council and the Commission must remain vigilant, from now on, and especially when the Agreement comes up for its first renewal. In this way, over-enthusiastic liberalism will not imperil Europe's position as regards guaranteed supplies of mass consumer goods, nor will it prevent the textile industry from continuing as a high-output industry and thus being able to diversify.

Consequently, in order to preserve the Community's more or less well-balanced trade in manufactured textiles, we need to create conditions in which exports can be expanded both to neighbouring countries and to those which are good potential markets. The search for the most promising market outlets for each category of goods, joint efforts to seek and encourage new markets, the encouragement of firms which are already exporting or which are well suited to do so—these are the necessary guidelines for a wide-ranging plan which will restore some self-respect to the export trade in consumer goods. This plan calls for vigorous and coordinated action by the firms concerned, the professions and the public authorities. No matter how the textile industry develops in other parts of the world, in Europe it must maintain its position. If it were to disappear, the consequences would be considerable, for there is no adequate substitute.

The measures we should like to see adopted by the Council and the Commission are as follows:

- firstly, protection of European production against often unfair competition from third countries;
- secondly, close surveillance of imports and heavy penalties for those Member States which do not obey the rules;
- thirdly, a lightening of the social insurance burden on this labour-intensive industry. Wages and contributions together account for an excessively high proportion of the cost price of textile goods, often around 40 %;
- fourthly, support of the textile industry by tax and financial incentives, since throughout the Community the industry contributes to regional development and the settlement of labour;
- and fifthly, preservation of a Community industry which is vital for the peoples we represent.

Let us do our utmost to avoid finding ourselves in the same situation with textiles as we currently are with energy. Friendly international cooperation is not the Community's only objective; it also has a duty to encourage the protection and creation of jobs and to ensure the well-being of its citizens in the most economical way possible.

(Applause)

President. — I call Mr Hamilius.

Mr Hamilius, President-in-Office of the Council. — (F) Mr President, ladies and gentlemen, the Council has adopted or is currently studying measures concerned with commercial policy and the social sphere and which specifically affect the textile sector.

As regards commercial policy, I should first like to point out that the Community is bound by international agreements, in this case by the Geneva Multilateral Arrangement, to which it acceded in March 1974 and under which it has certain rights and obligations. The Community, like any textile-importing country, is obliged by it to undertake the gradual abolition of existing quantitative restrictions, but it is nonetheless entitled to protect its market either by invoking the protective clause contained in Article 3 of that Arrangement—should the market actually be disrupted—or by negotiating voluntary restraint agreements covering products for which there is a real risk of the market being disrupted.

The Community has already invoked the protective clause on several occasions. However, its

Hamilius

general policy is to negotiate voluntary restraint agreements with all main supplier countries for all products for which there is a real risk of the market being disrupted. These agreements are in essence an undertaking by the exporting countries to limit their exports to agreed quantities. We are convinced that such agreements can afford medium-term protection for the fundamental interests of the textile industry, while nonetheless being perfectly in keeping with the Community's international obligations.

I can tell you that the Community is currently striving to reach agreement or has already completed negotiations with the following countries: India, Pakistan, Hong Kong, Malaysia, Singapore, Macao, South Korea, Brazil, Mexico, Colombia and Japan. Finally, with respect to Yugoslavia and certain Eastern European countries which signed the Geneva Arrangement, negotiating directives are currently being drawn up by the Council.

As regards social policy, I should like to point out that in December 1972 the Council took a decision, pursuant to Article 4 of the Decision reforming the Social Fund, to grant Social Fund assistance to measures to promote the employment and geographical and occupational mobility of persons employed in the textile sector or in the processing of chemical fibres, where activities were directly affected or likely to be affected by structural adaptation measures. This Decision expired at the end of 1975 and the Council has decided to renew it for a further 18 months and to extend it to the clothing industry.

(Applause)

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission. — Mr President, Mr Terrenoire has spoken both eloquently and convincingly of the very difficult phase through which the European textile industry is now passing, and of the hardships which are facing its employees. The Commission shares his concern and so, I am sure, does the whole House.

The problems now facing the textile industry are not, however, peculiar to it alone. Its problems are more acute than those of most industries, but they are indeed shared by many other industries throughout the Community. These difficulties are, of course, in large part a symptom of the recession which the world economy as a whole is now undergoing, and the economy of the Community with it.

When I replied to a debate in this House last month on a question concerning the danger of protectionist measures in the United States, I

pointed out that the effects of the present world-wide recession on many industries, and in particular on unemployment, underused resources and unsatisfactory profits, were bound to continue for some time even beyond the end of the recession itself. Just as in the United States, so in the Community it is understandable that one of the results of this situation should be the re-emergence of pressures for protection in many sectors of industry and in particular in those worst affected by the recession. And just as it would be wrong for governments abroad to give way to those pressures, so it would be wrong for the Commission and the governments of the Community Member States to adopt a protectionist attitude.

Nevertheless, it must be said that the consequences of the world-wide economic recession, which has been going on since 1974, have been more severe for the textile and clothing industries, because these industries have for some time been faced with a need for structural modifications, in order to respond to the rapid growth of production and exports of the Third World in these areas. The following figures on the employment situation in the textile industry will bring home to the House once again the difficulties through which the industry is now passing. Between 1960 and 1972, employment in the textile sector declined steadily at an annual rate of about 50 000 workers as a result of modernization and restructuring measures. During this period the trend was different in the clothing industry, where employment remained stable and even increased slightly in some Member States. During the two years 1972 to 1974, employment in the textile sector fell twice as rapidly as in the previous period to which I have referred, representing a loss of about 190 000 jobs. During the same period employment in the clothing industry declined by about 120 000 jobs. According to provisional figures, this downward trend in employment was seriously accelerated in 1975 but here I would like however to add one note of optimism. It seems that the continued trend for increased unemployment was levelling off to a certain extent towards the end of the year.

This is borne out by the production figures. Whilst the average reduction in production in the Community from 1973 to 1974 was around 5.9%, the decrease in production accelerated rather catastrophically in the first months of 1975, unevenly distributed in the Member States. But towards the end of the year there was a marked improvement in certain areas of the Community, even moving to a new increase in production, for instance in Germany, whilst the reduction in production was cut down to the average of the previous years in most other Member States, with the exception of certain

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regions of France and Benelux. There is, in other words, reason to believe that the slowing-down of the recession is now manifesting itself in an improvement in consumption which, together with the effects of the trade measures to which I shall refer and to which the President of the Council has referred, is now beginning to have its effect on the situation of the textile and clothing industry.

In the field of employment it should finally be noted that, in order to avoid closing down their factories, industrialists in all Member States have reduced working hours or shifts and thus created partial unemployment which can be estimated at about a quarter of total present employment.

I shall now turn to the trade aspects of the problem of the textile industry. In this matter the Community textile and clothing market has shown the following evolution in recent years. There was an extremely high annual rate of growth of imports, 46% in 1973, a slower but still significant increase in 1974 of 28%. There was a strengthening of the developing countries' position in one Community market, so that their share of total imports rose between 1970 and 1974 from 41 to 46% for textile products and from 57 to 68% for clothing products. At the same time there was a reduction in the growth rate of Community exports between 1970 and 1974 due to the general economic recession to which reference has already been made. I would in this connection, however, like to make the remark that despite these developments, it is important to note that, leaving aside imports of raw materials, the Community still remains a net exporter of textiles.

The recent evolution of external trade shown above has shaken the entire structure of the industries concerned and, furthermore, has slowed down investment in modernization, particularly in the last 2 years. The cut-back in firms' activity caused by the recession, and the increasing pressure from imports—often, as has been quoted, at very low prices—has resulted in a very serious reduction in profitability or even in large losses which have prevented a number of firms from even covering the depreciation of their plants, let alone continuing their efforts at modernization.

For this reason the Community, while maintaining its policy of promotion of world free trade and aid to the developing countries, has contributed positively to the development of the multifibre arrangement under GATT and, within the framework of this arrangement, has during the last 2 years undertaken a series of negotiations and has taken a certain number of unila-

teral measures to limit to a sustainable level the growth of imports causing market disruption. These measures are being accompanied by the liberalization, either immediately or very shortly, of all products not covered by these agreements or measures. At this time, as referred to by the President of the Council, apart from unilateral measures of a general nature with regard to Taiwan and certain specific limitations on the basis of Article 3 of the multifibre agreement, bilateral agreements on Article 4 of this agreement have been concluded with eight Asian countries, negotiations are taking place or will commence shortly with three Latin American countries and two Eastern European countries. These negotiations are by their very nature complicated and delicate, but I am glad to report to the House that they are being conducted in a spirit of mutual understanding and objectivity, due to the comprehension shown by our trading partners and to the skill and patience of our negotiators.

I should like to underline once again that these agreements and measures are not intended to impede progress towards the optimum development of the international division of labour in this sector in the interests of the Community itself. They are intended to ensure the growth of the world textile trade without excessive disruption of markets. There is indeed, as Mr Terrenoire underlined himself, reason to believe that in the longer term we will revert to new growth in the world demand for textile products. The multifibre agreement and the actions taken by the Community within this legal framework have not only created favourable conditions in the short term for an upswing in industrial activity—the signs of which, as I have already reported, are apparent in some regions of the Community—but constitute in the medium term the instruments on which the Community industry can base its efforts of modernization and restructuring necessary to achieve a level competitive with the rest of the world.

I opened this exposé by covering these particular aspects of the problems, because I know what importance our social partners attach to these questions. I recognize, as they do, that the solution of these problems must affect, to some extent, the range and efficiency of Community measures in other areas, particularly as regards the social aspects which were especially mentioned in Mr Terrenoire's question. I shall now turn to these aspects about which the representative of the Council has already spoken.

In the last three years, in application of the decision of the Council extending the benefits of Article 4 of the Social Fund to textile workers, financial aid has been granted for training and

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to increase the mobility of textile workers, especially in Italy, France and more recently Ireland and Great Britain. These aids have affected and helped a considerable number of workers. The amount of money involved has been considerable. Four million u.a. in 1973, five million u.a. in 1974, a substantial increase to ten million u.a. in 1975 and we expect the figure to rise even further in 1976 to a level of twenty million u.a. To appreciate the situation it must be recalled that the Member States contribute an equal amount and that a number of textile workers outside the programme covered by Article 4 benefit, along with workers belonging to other sectors, from the assistance of the Social Fund within global training schemes such as those with a marked regional character.

In his question, Mr Terrenoire mentioned in particular the possibility of reducing social charges for this specific sector. Such a measure has already been applied in Italy but the European Court of Justice declared in this case that such action, especially on account of its application to one specific sector of industry, was not permitted under the provisions of Article 92 of the Rome Treaty. Furthermore it might hinder efforts already undertaken for modernization of equipment which is a vital necessity for the competitiveness of this sector.

In addition to these measures, a number of technical measures have been undertaken by the Community institutions with a view to assisting the industry, in a dynamic action, to carry out the necessary modernization and restructuring. A common textile research programme in three different areas with common financing for a third of the cost of the programme has been initiated.

Mr President, I am sure that with this detailed account of the situation of the textile industry I have first underlined our understanding of the serious difficulties which exist in this industry. I have indicated clearly the intention of the Community institutions, including the Commission, to take all appropriate measures to secure the maintenance of this industry in a modernized and restructured form, and as a vital element in our industrial structure. And I am sure, Mr President, that with the improvement to be foreseen in the not too distant future of the general economic climate, the measures which have been taken will on the whole be sufficient to help our industry through this particularly difficult period.

(Applause)

President. — I call Mrs Dunwoody to speak on behalf of the Socialist Group.

Mrs Dunwoody. — Mr President, I am delighted that we have an opportunity to discuss the continuing and urgent problems of the textile industry, even if some Members feel it is rather late in the day to have reached this highly emotive subject. Some of us did take part in a debate on the decision to support retraining in the textile industry which took place during the last part-session in Luxembourg.

The rather depressing thing, if I may say so, about the remarks that we have had from the Commission and the Council today, is that there in fact seems to be so very little change since that debate took place. I am delighted to hear the constructive moves that have been suggested, but it is very noticeable that the Council, when they discussed the whole matter of assistance for the retraining of textile workers at their 378th meeting on social affairs, recorded their agreement to the decision but decided that the assistance should only extend over one and a half years. Now it is very helpful to have the Commissioner's assessment of the length of time that the restructuring inside Europe is going to take, but I really think it is not terribly constructive to say that the assistance that the EEC intends to give to people in this very badly hit industry will only run for a very limited period indeed.

We have heard a certain number of pious hopes expressed in this Chamber today about the future of European unity and about the need to persuade the ordinary man in the street of the way that we foresee our future cooperation, and it seems to me that it takes a great deal more than a purple passport to persuade ordinary people of the efficacy of the Community's policies. It is precisely in the field of industrial assistance that the Commission should be taking exceedingly active moves and to say that we have now reached 20m u.a., when we know what is spent on agriculture alone, is, it seems to me, extraordinarily sanguine.

There are one or two things that need to be said very plainly; a highly industrialized, almost universally white organization like the EEC should not seek to restrict unduly the ability of underdeveloped countries to produce textiles. What it should do, of course, is to make sure that it does not suffer from unfair competition or from unnecessary dumping and the GATT multifibre agreement with its escape clauses, it seemed to me, did do a tremendous amount to ensure that the textile industry inside the Community was not going to be faced with unfair competition. Having said that, although the Commissioner has told us that we still remain a net exporter, I am sure he will agree that if people are going to invest, as certain Asian countries

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have done, in absolutely up-to-the-minute machinery, if they are going to employ people who are receiving minimal wages, then they will always be able to compete against the more highly-paid, the more highly-developed industries inside the EEC countries and we are going to need retraining for those people who find themselves out of a job. And the numbers of such people are growing at an alarming rate.

We have already seen that industries which employ women are being forced not only to close down their factories but to lay off people, even in those factories which have been consistently working on short-time, in increasing numbers. It seems to me that today we should not be talking about how we can continue this particular kind of assistance in retraining in the textile industry, but we should be saying what constructive moves we intend to put forward to bring other industries and other skills to those people who are on the market at the present time. They need the jobs *now*. They do not want to be told that in 20 years time the restructuring of the industry will have taken place to such an extent that alternative forms of employment will be found for them. So I welcome, in general, the fact that at last there is a very tiny move to assist people in what is a badly damaged industry. We have great skills inside the European countries; we are capable of producing very high quality textiles. We have continued to be exporters in many instances because of the high quality of the textiles produced inside Europe. But, if we are going to preserve European production, there will be occasions when we have to take urgent action on import restrictions and there will be occasions when very considerable financial assistance is needed in the regions that are most affected.

I believe that if we are to convince any of the people of our countries as to the seriousness of our wish to create an efficient Europe then we must really stop talking in entirely negative terms. The Commission has a responsibility over and above that which it frequently seems to employ in a purely destructive sense. It is not enough to say to individual countries who seek to protect their workers that they may not undertake particular national measures, if the Commission is not prepared to put forward international measures which will have immediate effects. And before I am told that this is the responsibility almost entirely of the national governments, I would say we need to come forward with a joint action programme in a much more positive fashion than we have up to now. The European textile workers need our assistance. They need protection. They need employment. The degradation caused by unemployment has its effect not just on the man or the woman

themselves but on every member of their family and if we are absolutely intent on turning this Assembly into a meaningful body, then we must begin to talk not in empty phrases, not with pious hopes, but in practical terms which are easily understood by those people who, this week, will have to collect unemployment pay because there has been no urgent action in the eight weeks since we last discussed this problem. *(Applause)*

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

Mr Schwörer. — *(D)* Mr President, ladies and gentlemen, the Christian-Democratic Group, for which I have the honour to speak, welcomes the fact that Mr Terrenoire has again focused attention on the difficulties of the European textile industry by putting these questions to the Council and Commission. On behalf of my Group, I should also particularly like to thank the Commission's representative for the undertaking given today that everything will be done to maintain this vital industry in Europe.

We see the problems of the textile industry largely from the point of view of employment. Mr Terrenoire has already spoken of the fall in the employment figures from 1970 to 1975. During this period the number of jobs in the industry in the Federal Republic fell by over 20%, making this sector the hardest hit as far as job losses are concerned. To my mind, this trend is particularly ominous because the textile industry is established predominantly in the less developed areas because the employees are still largely women and because the greater part of the industry consists of small and medium-sized firms whose existence is so vital to our economic system.

Ladies and gentlemen, some of the reasons for these problems have already been mentioned. Let us now take a look at the state of the market. Community exports have continued to decline while imports have shown a corresponding increase. This, as we know, is attributable mainly to the high production costs in Europe, which often make it impossible for European firms to compete against imported goods.

In addition to this, however, there are problems of distortion of competition within the Community which threaten to cripple entire branches of the textile industry.

A third reason seems to me to be the lack of capital resources in the industry. This is due to the low rates of return, but partly also to the cost burden of taxes and social charges. As a result, textile firms are unable to invest

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in rationalization and the creation of new products and new markets.

So what is to be done? First, to improve the market situation, I believe imports must again be reduced so as not to make inroads on our own production. In this connection, the world-wide textile agreement should therefore be welcomed, though further self-restraint agreements are still needed. In addition it is my view that certain modifications should be made to the terms which have hitherto been negotiable. It is hardly right to grant textile supplier countries the same advantages as developing countries if they themselves have a highly developed textile industry. This applies to the countries of south-east Asia, Yugoslavia and Brazil, and Hong Kong is in a similar position. The state-trading countries are a special case owing to our cooperation agreements with them. As a result, we find that the eastern European countries are able to quote prices which our industries could never match, as in the case of stockings imported from the German Democratic Republic. As we all know, the state-owned enterprises in eastern Europe cannot go out of business as their losses are made good by the State, yet this can only too easily be the fate of the private enterprises within the Community which have to reckon with the true costs.

There is another point to be mentioned here. Within the EEC, we must avoid the danger of Member States violating the provisions of the European Treaties. For instance, there are at present protests about deliveries from the Italian engineering industry. Most of the EEC countries see these as a threat, and as a result the Commission has asked a Geneva institute to examine the complaints made. It would be interesting if the Commission could inform the Parliament of the results of this study.

To sum up, dumping within the Community will have to stop as it imposes a very heavy strain on the atmosphere between the trading partners.

The difficulties involved in trying to solve the structural problems are further evidence of the need for a common industrial policy in the Community. Aid for structural improvements should also be given to the textile industry provided it results in the same conditions being created in all the Community countries and does not lead to distortions of competition. The Commission should therefore finally develop a grand design and embody it in a directive. A conscious attempt should be made to avoid maintaining outdated structures; assistance should be given for developing new products, promising technological innovations and new markets.

Regional policy must also be seen in this light. I believe that the best way to create jobs in less

developed areas is to make use of the possibilities offered by the textile industry.

A major preoccupation of textile producers in the Community is an assured supply of raw materials at reasonable prices. We view with concern attempts in this area also to monopolize raw material supplies. Everything must therefore be done during present and future negotiations on raw materials to ensure free and equal access for the European textile industry.

In the meantime, the Community should not support attempts to transfer the textile industry increasingly to countries with primary commodities or low wage levels. In this connection, I agree with what Mr Terrenoire has said. Practically nothing can replace jobs lost in Europe's textile industry. This is particularly characteristic of this sector of industry.

Ladies and gentlemen, I hope that the measures I have suggested will provide a means of helping the textile industry to solve its structural problems and continue to provide jobs in the long term.

(Applause)

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

Mr Nolan. — Mr President, I would also like to join with the people who have paid a tribute to Mr Terrenoire for putting down this question and I agree with him when he said that this question should have been taken earlier today, because he was kind enough to cooperate with the President in postponing this question at the last part-session.

Now the figures that have been given to us by the Commissioner a few minutes ago are a bit startling as far as the textile industry is concerned. He said that in the years 1972/3 the imports of textiles increased by 46%. But he did not add that these goods were being sold at a price far below the price which could be obtained by textiles manufactured within the Community. If this is the position, it is not surprising that we have a major unemployment problem in the textile industry. He also said that in 1972 to 1974 there were 190 000 redundancies in the textile industry. While I agree with him that we all know that there are also redundancies in other industries, but the textile industry has a very high labour content and I have no figures with me, but I am sure that there is no other industry that has had as many redundancies as the textile industry in the last three to four years.

Nolan

Now when this problem was discussed here about two months ago some speakers referred to the Lomé Convention and the underdeveloped countries and said we should not have a protectionist attitude towards their imports. Fortunately, the 46 ACP countries do not cause any problem to my knowledge as far as textiles are concerned, because the major exporting countries are Japan, Korea, Taiwan and Hong Kong. I feel myself that, as a Community, we are not protectionists. But at the same time, Mr President, if we have, as Mrs Dunwoody said a few moments ago, people receiving unemployment benefits this week, then we must have some kind of protection for these industries where we are going to have massive unemployment if the Commission or the Council do not take certain actions. These are important points. I am also glad to learn, from what the Commissioner has said, that the 'people that they are negotiating with concerning some type of quota system, understand our problem here in the Community.

I sincerely hope that action will be speeded up. As the previous speaker has said, a little has been done, but I think we will want to speed it up, because if not, we will have the situation where we will be doing too little too late. The unemployment figures that you have given us showed that there were 190 000 redundancies between 1972 and 1974, and that there was an increase in 1975. Unless we, as a Community, take some action to protect the jobs of the people employed in this very labour-intensive industry, in 1976 that figure will again increase. *(Applause)*

President. — I call Mrs Ewing.

Mrs Ewing. — Many of the jobs which are being lost are in areas of high unemployment already, which heightens the tragedy for the people, and I would certainly like to identify myself with the points made by Mrs Dunwoody. In Scotland for example the border counties and other areas are faced with massive unemployment. But Scotland is not as badly off as many parts of England in this matter. And each one of these cases sometimes affects a whole town and a whole area where already the unemployment is high.

Now, as the Commission is concerned with the question of fairness we do know that the number of jobs in the textile industry in the UK represents a very large proportion of the total figure for the EEC as a whole. The UK textile industry represents a large proportion of total EEC textile production and the first point I would like to make is this: I think that on the

question of distortion of competition inside the EEC, there must be easier access to the market for the UK. The industry spokesmen that I have met recently are very critical of Italy and the state-trading company there. Before 1939, 90% of Italian exports went to the Far East and Africa and now 64% go to five EEC countries, two-thirds to Germany and one-third between France and the UK. I would ask the Commission to look into this matter and consider whether there is not some unfair flooding of the market.

My second point is that Britain with Germany has been taking the lion's share of the imports from the underdeveloped countries. If there is to be no protectionist attitude on our part I think we are entitled to say that the burden must be shared by the nine Member States to a far greater extent than presently applies. We are all pledged, as is the EEC, to give any help we can to underdeveloped countries. But I would certainly ask the other Member States to share with us the burden of the cheap imports from Taiwan, Korea and the other countries, where they are producing under different labour conditions, some of them rather dubious, and at cheaper prices.

The third point I would like to make is that the UK, through London, is the first target for retail textile imports because of the high degree of centralization and to some extent efficiency of the market arrangements. For example, these persons seeking to export from the underdeveloped countries find that in the UK market they can deal with a minimum number of people and yet enter into vast trading contracts, whereas for example, when they go to France they find a much more decentralized arrangement and have more difficulty in entering quickly into such vast trading contracts. So once again in a sense this makes the UK market a very quick and ready target and perhaps this question could be taken into account by the Commission.

I would also refer to a Written Answer I had from the Commission concerning the strict safety and health regulations under the Factories Acts in the UK, which constitute, I think it is agreed, model legislation and are well enforced. I would suggest that, if we compare factory legislation in the Member States, it could be argued that here is an element of unfairness where certain states have a much higher degree of efficiency in these fields of safety and welfare.

I would just like to end by asking the Commission to appraise the factors affecting competition with a view to saying what can be done

Ewing

to avoid some of the worst excesses facing this industry.

(Applause)

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

Mr Osborn. — In the North of England, in Yorkshire, where I live, in Lancashire and Cheshire, as well as in some of the Midlands textile-producing areas there are industries facing grave problems. In the Yorkshire area I have had discussions on these problems with members of the industry, with the Yorkshire and Humberside Council, the CBI and other trade associations.

First of all, on behalf of the Group, I thank Mr Terrenoire for raising this matter and thank the Council and Mr Gundelach of the Commission, for putting forward their various views. The Council have given us assurances but I do not think those assurances are making enough impact on those who view their future with considerable concern. Are the steps that are being taken, being taken energetically and quickly enough? Mr Gundelach, whom we all respect, has referred to the impact of worldwide recession but the people we represent are not interested to hear of recession. It is secure jobs that they require. But it is the recession, I agree, that is the cause of our problems. Protectionism, although others have asked for it, is dangerous, particularly for countries in Europe like Britain which imports and exports 37% of its GNP,

Mr Gundelach referred to structural reorganization and delays in bringing this about in industries in Europe and he referred to a decline in the working population in the industry. He referred to the slowness of modernization and the need for restructuring. He referred to the five-fold increase in Community aid from 4 to 20m u.a. as well as the national grants for the same purpose.

Now in Great Britain, where the balance of payments problem is severe, the Government has brought in selective import controls. They have been gentle but this is a measure of the problem facing nations with balance of payments problems. Mrs Ewing has talked about sharing the burden. I think the Council and the Commission must ensure that if we are to have imports from developing countries they should be fairly shared throughout all the nine EEC countries.

But the real issue is that the textile industry is essentially labour-intensive. Labour in the western world, and Europe is no exception, is

expensive compared with the developing countries and the only solution is modernization by mechanization and greater use of automatic textile machinery of various types. If we bring in machinery this does not solve our labour problems because the cost of labour in industry is high.

Obviously the textile industry has approached many people with its problem. It is not afraid of fair competition. It does not ask for strongly protective measures. It does expect that governments and the Community should take legislative fiscal action and measures to ensure that competition is fair and it expects that the Community will do this on a Community basis and recognize the urgency for this. The problems facing the textile industry of Britain, are the problems facing all Community countries. Obviously common problems must have a common solution and the need for common solutions means that the governments of the Nine should look after these. Obviously we congratulate and compliment Sir Christopher Soames on the efforts he has made to achieve a Community solution in this field, but I would like to know the extent to which the Council and the Commission are discussing with management, trade associations and the trade unions the solution of the problem in the future. Obviously one way of doing this is to use all the powers contained in the multifibre arrangement for the benefit of the Community textile industry. Another is to continue the possibility of applying an external tariff to all imports, except perhaps where these are coming from developing countries. Insistence on fair trading is a third measure that might be considered. And, although Mr Gundelach has raised this, there could be a need for special measures to deal with state-trading countries. There is a fourth essential—the maintenance of free access without discrimination to raw materials. Fifthly, action is needed to ensure normal access to all textile markets for Community exports. Obviously there must be an outline of some selective controls. I think where growth factors are part of existing restraint, the agreements should be suspended. Perhaps we should have a look at quality control of imports. Importers and buyers should be warned immediately of the strong possibility of tighter controls where a recession is forecast. Perhaps importers who place large orders overseas in the anticipation of controls should be warned that they may be penalized. Governments and public bodies should increase their purchases of spun, woven and finished textiles from the home-based industries when there are difficulties. Anti-dumping action must be speeded up. Such action must be compared with the type of action that has been taken in Canada, Australia and other developed countries

Osborn

when they have been faced with what appears to be unfair competition. Anti-dumping action within nations and collectively is invariably too slow and too late. We need an automatic trading regulator to deal with these problems.

President. — I call Mr Deschamps.

Mr Deschamps. — (*F*) Mr President, I am naturally in full agreement with what Mr Schwörer said on behalf of the Christian-Democratic Group.

Why, then, did I ask to speak in this debate? For two reasons. Firstly, because people in many quarters are only too ready to regard the developing nations in general, and the countries of the Lomé Convention in particular, as being largely responsible for the crisis in the textile industry, if not the principal culprit.

Happily, Mr President, none of the speakers here expressed such a view. I am grateful to them for this. I regard it as a positive factor in the earnest desire of everyone to continue with a development policy which is worthy of this Parliament and Europe. However, I had to tackle this objection when defending the Convention before my own parliament. I had to point out that the Lomé Convention was not responsible for the crisis in the textile industry, a crisis which had started long before and which had far more complex and far-reaching causes, and that in any case the Convention contained a series of safeguard clauses which could be invoked if there were any serious and long-term disruption in this sector. The Lomé Convention should not become a scapegoat allowing those directly involved—I mean management and unions—to abandon their joint efforts to find a solution to the crisis. Today's debate shows just how serious, real and widespread this crisis is throughout the Community.

Mr Schwörer quoted some figures—and here I come to my second reason for speaking—which reveal the pernicious effects of this crisis on the textile industry in Germany. The figures are even more alarming, as far as my own country, and particularly my own region, are concerned.

I shall quote only two of these figures. The president of a textile chamber of commerce not far from my own region told me that 40% of medium-sized firms had closed down in the last twenty years, and in the last five years 20% of the related industries. This gives an idea of the problem and also explains why I wished to express my agreement with Mr Terrenoire.

Mr President, allow me to say quite simply to the representatives of the Council and the

Commission that I am not altogether convinced by the intentions they have expressed. I do not doubt their diligence, intelligence and the serious consideration they have given to the problem, but I do not have the impression that any proper policy exists for the textile industry. I have not been able to gather, for example, either from the documents I have read or from listening to today's debate, whether the crisis in this industry is regarded simply as part of the current recession, and will therefore pass in time, or rather as a truly structural crisis.

Nor have I understood too clearly whether the textile industry in Europe is regarded on the whole as a capital industry, as it would appear from certain points in the documents, or whether, as not a few Members have pointed out here, it has in many parts of Europe remained a labour-intensive industry. It seems to me that these are fundamental points when it comes to defining policy; I begin to wonder, indeed, if the Commission and the Council are not applying Dr Coue's famous method, i.e. a method of cure by auto-suggestion. We hear that unemployment has gone down recently, that things are looking brighter for the textile industry, that we have made increased efforts to help workers and the unemployed, that we are also working hard on opportunities for retraining. But what is really being done? How are we tackling the problem of saving our textile industry—which is an essential one? I was glad to hear a previous speaker say that we must not let the textile industry sink into the same desperate position as energy has done. This is crucial, it seems to me. I do not think Dr Coue's method is an apt one; I feel rather that for this specific problem of the textile industry we should try a thoroughgoing plan of consultation and cooperation between unions and management, on the basis of the work which you are doing and which is already well advanced in some sectors of the textile industry. Why should we not experiment in a positive and tangible manner with joint action by those involved? The President of the Council told us a short while ago that this would be a feature of his term of office, and that the Commission had promised its full support

I hope my views on this point will be shared by others, and I should like to hear the opinion of the Council and the Commission.

(*Applause*)

President. — I call Mr Concas.

Mr Concas. — (*I*) Mr President, ladies and gentlemen, I too am grateful to Mr Terrenoire for tabling a question on a problem concerning

Concas

millions of workers who earn, or rather who earned, their living in the textile and clothing industry in Europe.

I am grateful for the permission to speak, even if the crisis of the textile industry is so vast and complex that the few minutes which I am allowed do not permit a close study of the problem. There is no doubt that this problem is worthy of long debate, a close scrutiny of the causes of the crisis and a detailed analysis of the present situation. This is not possible today, and so I shall limit myself to a few general comments and to one or two questions.

It goes without saying that the crisis in this sector is serious and disturbing. Among the various factors causing it, the most important are the increased prices demanded for raw materials by the supplier countries and the increased manufacturing costs in Europe. It also has to be remembered that the countries which produce the raw materials also export textile goods which are put on the world market at prices lower than those from Europe. In addition, the current economic situation means that the demand for these goods is falling steadily, since the consumer either has to buy other basic products at the expense of textile goods, or else he has to spend his money on more urgent and essential things.

It is indisputable that the chief problem is to find effective measures to protect a textile industry which is threatened with extinction. These measures cannot take the form of stop-gap action based on the current situation, since the crisis is structural and requires a systematic and coordinated programme of reorganization throughout the section. We must, however, realize right from the start that this process of reorganization is bound to entail a reduction in the labour force.

But we shall speak of this perhaps some other time. I feel that wider discussion will have to be devoted to the subject, also because some of these aspects have already been broached by a fellow member of my Group. The pressing, urgent and most important question at the present time is: 'What action can we take now, today, to help those workers who have been made redundant, who are receiving unemployment benefit or who are working short-time?'

It must be remembered that the labour force in the textile and clothing industry is mainly female, and this leads us to the problem—not an easy one, believe me—of how to find new employment for these women. It is at this point that I want to ask the Council and the Commission some questions. Would the Council and the Commission perhaps consider producing a joint

legislative programme which will include the possibility of earlier retirement, at least for the older workers? The European Social Fund could be used to make up the necessary social insurance contributions which are required to confer pension rights. Early retirement is a solution since, while younger workers can be retrained by means of suitable vocational courses, for older workers this is unfortunately impossible.

But since vocational retraining takes some time and the present situation has to be tackled, not with long-term, but with immediate and effective action, what steps do the Commission and the Council intend to take to aid those workers who, since they cannot claim an early pension, will be forced into unemployment?

Do the Council and the Commission feel they can intervene—still as part of a joint legislative approach—by using the Social Fund to supplement the employment benefits which the workers already receive, so that they can be certain of receiving, for not too short a time, at least 100% of their last wage packet?

In closing, I feel that the two measures which I have outlined here in the form of a question may help in some way to ease the desperate situation in which the textile workers of the Community find themselves at present.

(Applause)

President. — I call Mr Terrenoire.

Mr Terrenoire. — (*F*) Mr President, I am most gratified to see that both the President of the Council and the Commissioner share the concern of the Members of this House on this question. I should also like to thank them for giving us detailed information about existing or planned agreements relating to the textile problem.

Nevertheless, I do not really have the impression that they are as aware as we are of the seriousness and significance of the situation in the textile sector, or of its consequences. Everything that has been said today demonstrates clearly that all the Community countries are now experiencing a very grave textile crisis indeed.

I therefore feel that a more thorough and, if I may say so, a more serious attempt should be made to solve the problem than has been made hitherto.

Mr Gundelach tells us that no changes can be made to the social charges as this is not permissible under existing Community regulations. However, it seems to me that this problem has not been seen in its true light. There is injustice in the industrial sector as far as social charges

Terrenoire

are concerned. Take the chemical and oil industries. They pay less than 5% in social charges on the cost price of their products, while in the textile industry, together with wages, the figure is about 40%. The differences are thus quite substantial, and the whole question deserves serious study particularly as it results in unfair competition which is damaging to the Community. As everyone knows, the social charges and wages in the countries which export textiles to the Community are particularly low.

It is therefore a problem which must be looked at very closely.

Mrs Dunwoody quite rightly pointed out that women are in the majority in the textile industry. For months on end the Commission has been telling us of its concern for the position of women. This is all very interesting, all very nice, but if at the same time no help is given to an industry with a largely female labour force there must, I fear, be something of a contradiction. A contradiction also exists in the failure to realize that the textile industry favours regional development in Europe. Money is being spent on bringing industries to the less favoured areas, yet at the same time the textile industry is being allowed to disappear from the European Community, with the resultant loss of jobs in this sector.

With your permission, Mr President, I will just give one example. Mr Schwörer mentioned earlier that in Germany 20% of the jobs in this sector had disappeared. But do you know what happened during the first few years? Countries such as Italy, the United Kingdom and France were the ones who did most to promote this market and, for a time, they succeeded. Today, like the other Community countries, they are experiencing the difficulties which have been mentioned and are in turn receiving a very high level of imports from Macao, Formosa, Korea, Japan, etc. So what are the manufacturers doing, keen as they are to make money—this, after all, is their *raison d'être*. They are abandoning their own industries in order to become importers and dealers themselves. They are using their sales networks to handle the imports of textile products, and thus depressing employment in the Community. They are buying elsewhere and putting products manufactured elsewhere into their sales networks, not only in Germany, but in Italy, in France, in Belgium and indeed in the entire Community. This is a very dangerous state of affairs. The knife is really turning in the wound and we are approaching a very, very serious situation.

I should therefore, Mr President, ladies and gentlemen, simply like to repeat what I said earlier. The textile industry is of vital im-

portance to the Community. We must not adopt a protectionist attitude, but we must preserve this industry. We need it now and we always will. In such a sector so essential to our economy and our viability, we cannot simply depend on the outside world. It is, I believe, along these lines that we must expect both the Council and the Commission to act.

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission. — Mr President, I have listened with great attention to the comments made in the course of this debate and have taken note of them. I shall give a general answer rather than reply to specific participants in the debate, but they can all rest assured that their contributions will play their part in the overall picture to which I shall try in my concluding remarks to address myself.

As far as the diagnosis of the difficulties which the textile industry is going through, there would appear to be a wide degree of agreement in this debate between Members, the representative of the Council, and myself. Mr Terrenoire was of the opinion that maybe we did not fully appreciate the difficulties on this side of the House. I feel, however, that with the figures and in the analysis which I gave I was rather painting the picture in as dark colours as it would be objectively right to do, and that I was expressing the same deep concern over the state of affairs in the textile industry as Members of this House have done this evening. But where certain nuances present themselves in the assessment is in regard to the measures to be taken to overcome the difficulties which we agree do exist. Various speakers, starting with Mrs Dunwoody, have taken the line that fortunately a little is at long last being done, but it is as yet too little and too slow and that the people who are suffering from unemployment, which we can all agree is one of the greater social evils which can affect any member of our society, are expecting something more.

In dealing with this sentiment I should perhaps recapitulate the nature of the problem which we are confronted with. I would underline first that it is not a new problem and it is indeed a structural problem and that has been made quite clear, at least in my intervention, and in that of the member of the Council. As a matter of fact, trade measures were not introduced for the first time in 1974. The recent legal framework of the multifibre agreement dates from then, but the origins of what are in fact trade protectionist measures go back to the beginning of the 1960's, when it was agreed internationally that the western European countries and the

Gundelach

United States should be permitted to take a number of trade protectionist measures for a transitional period to permit their textile industry to adapt to a new international environment. A period of about five to six years was envisaged. The basis of trade protectionist measures in the textile field has now existed for 15 years. The transitional period in which we are supposed to readjust our textile industry has trebled.

What we are confronted with is an industry which is classically labour-intensive, and we are living in a society where salaries have increased, social benefits have increased, and that does make a labour-intensive industry less competitive vis à vis countries where labour, even if we disregard unfair competition—dumping, etc.—is nevertheless less expensive. The problem therefore lies in the international economic environment, in the international division of labour, which I would like to remind you is the very basis for this high level of social well-being which we are generally enjoying in this part of the world. Therefore, however difficult the situation in the textile industry, let us never take it completely out of the overall general economic picture, out of the overall general international trade policy picture, because then we will start destroying the very foundation on which the wealth of the western European is based.

The way in which the textile industry has to tackle the problem with which it is faced is to restructure the industry, converting it so that it can produce products of higher quality, because this is a way in which a highly industrialized Community, has to tackle its problems. It is in this sense that the Community is taking action, it is, via its various instruments, trying to help the industry to adapt to the needs for specialization, higher quality commodities, etc. It is precisely in this context that the efforts of the Social Fund, the Regional Fund, the various measures which we are financing in regard to technical studies, link up with the restructuring to which I referred. The amount of money involved in this is not just the 20m u.a. from the Social Fund, which, however, is a considerable increase over previous allocations, but a higher sum, combining the various Community resources and the contributions coming, in a more and more concerted manner, from national resources. It was mentioned in particular by Mrs Dunwoody that a period of 18 months was too short for this kind of assistance and I would agree with her. But the reason why this period has been chosen is the fact that the basic regulations of the Social Fund will have to be renewed by mid-1977 and therefore, at least as far as the Commission is concerned, there is no indication that this assistance should stop

after 18 months. Nor does the figure I have quoted constitute the final figure. If necessary the period should be extended, if necessary the money should be increased. There I entirely agree with her.

Thus, while we are not doing as yet all that is necessary in the field of restructuring, I am convinced that we are on the right road; that we are taking, on a Community level, on a concerted basis, at national level, the right kind of steps to make this textile industry a viable and competitive industry in a new international economic environment. It would not help the very basis on which we are living to try to keep alive a demodded industry. I hope the House will agree that what we need is not to keep alive something which cannot stand up to world competition. But our efforts should be devoted to modernising this industry to make it viable and able to provide employment, even if it can never again do so on the same scale as it did before the First World War or between the two World Wars or even in the 1950s.

The next step in the structural programme and in Community industrial policy, which the Commission has continually emphasized as a necessity for the future, will be to see to it that those who cannot in the long run continue to work in the textile industry can be helped financially, can be retrained to do other jobs in other highly technical and, therefore, more viable industries in the Community. But this transition naturally takes time; throughout the period involved—and, as I have said, it has already been going on for about 15 or 16 years—we have no option but to resort to protectionism and other measures vis-à-vis other exporting countries. These measures—and there are many of them—include the possibilities of dumping; they include measures aimed at countries capable of selling at prices which would really disrupt our economies and our textile industries. We can do this legally thanks to concessions we have negotiated with other exporting countries, which, by the way, are the most important purchasers of our products. After all, our employment situation depends also upon the continuing viability of all our other export industries. As a concession from our trading partners, we obtained agreement in 1974 to effectively protect ourselves against a variety of malpractices in the trade field, including dumping, misuse of state trading, low prices and market disruption which goes with low prices. And, to be quite candid, we are making much use of those legal possibilities we have been granted or have received by way of concession from our major trading partners. We are going as far as a big trading nation or a big trading area in the field of textiles possibly can. I cannot and will not accept that the

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Community is not going as far as it possibly can in using trade protectionism to safeguard employment in the textile industry. It is going as far as it can to protect a sector whose survival and prosperity depends on the maintenance of its exports and thereby on the maintenance of a free world market. Thank you.

(Applause)

President. — I call Mr Hamilius.

Mr Hamilius, President-in-Office of the Council. — *(F)* Mr President, I am happy to have been able to take part in this debate on Mr Terrenoire's question, since, as Mr Gundelach pointed out, it has revealed a wide measure of agreement among Parliament, the Commission and the Council, at least as to the importance of the question.

Here too, I have taken good note of the views I have just heard, and I assure you I shall communicate them to the right quarters. Among other things, I shall pass on Mr Deschamps' constructive idea about opening up sectoral consultation for the textile sector at the tripartite conference. Generally speaking, I think this debate has shown that the Community must reach a delicate balance—however difficult this may be—between opening its market to products from the Third World and providing its own workers with employment. If it has recourse to derogatory clauses in trade policy, it is in order to avoid unduly upsetting its own market as this would present a serious threat to the future of the European textile industry.

Furthermore, the situation in Europe should not be considered in isolation. Indeed, some industrialized countries outside Europe have taken restrictive measures as a result of which more goods have been entering our European market. This just goes to show once again how necessary it is to keep trying to achieve further progress at world level in this sector.

As for the social measures proposed by Mr Concas, I have already mentioned what we have been able to do to date under the Social Fund. However, this problem is obviously part of the general problem caused by the current social situation which is now being actively studied by our Community institutions. As for assistance from the Social Fund, the fact that this has been extended for eighteen months does not mean that it cannot be further extended or adjusted on the basis of the situation at any given time. The honourable Members of this Assembly will understand that in such a changeable sector as this, the Council is hesitant to take decisions covering an indefinite period.

Finally, I think I am speaking for you all when I say that not only do I hope that Community decisions will increasingly bear the mark of common sense and clear thinking, for it seems to me most of the speakers feel there is still room for improvement here—and I assure you that it is comforting for me, a minister of agriculture, to find that the agricultural sector is not alone in this respect—but above all I hope that the signs of economic revival which we now see appearing here and there will become even stronger and finally reach the textile sector which is currently so hard hit.

(Applause)

President. — I have no motion for a resolution on this debate.

The debate is closed.

11. *Oral question with debate:*
Medium-term economic policy

President. — The next item is the oral question with debate, tabled by Mr Leenhardt on behalf of the Committee on Economic and Monetary Affairs, to the Commission of the European Communities on medium-term economic policy (Doc. 461/75):

1. Does the Commission consider it to be of the utmost importance for the Member States to agree on a medium-term economic programme?
2. Does the Commission consider it to be of the utmost importance for the Member States to agree on general structural adjustments to their economies, as a result of which they may expect to achieve a high level of employment in the long term?
3. Does the Commission consider that a harmonious development among the Member States can only be ensured by the coordination of economic and structural policies?
4. When does the Commission expect to submit the 4th medium-term programme and will it contain general guiding principles for the structural adjustments necessary to the economies of each Member State?

I call Mr Leenhardt.

Mr Leenhardt. — *(F)* Mr President, ladies and gentlemen, as the afternoon draws to a close, I shall summarize my introduction.

I should like to remind you that on 18 February 1975, as we were listening to Mr Ortoli's introductory address, we were given a document, the VIIIth General Report, which contains an extremely interesting passage on the need to draw up a medium-term economic policy. This is what it said:

Leenhardt

'The adjustment leading to a better equilibrium of the member countries' economies cannot be made in a single year. The Community must therefore establish the appropriate commitments on the basis of a medium-term economic policy programme. Accordingly, the Economic Policy Committee will draft a fourth programme on the basis of submissions from the Commission staff. The programme will be put to the Commission itself and will then be transmitted to the Council. It will be worked out quickly during the first half of 1975.'

Well, this fourth medium-term economic policy programme has still not been submitted and our Committee on Economic and Monetary Affairs regrets the fact, because it attaches a great deal of importance to achieving coordination of medium-term economic policy within the Community.

I must emphasize that if we do not achieve this coordination, we risk the following:

- 1) that the economic upturn, which is just beginning, will be of only short duration;
- 2) that the necessary structural changes in the different Member States will be delayed and the difficulties and costs entailed will be greater than is necessary;
- 3) that we shall be faced in a few years' time with even wider differences in the economic strength of the various Member States than is at present the case. If this was so it would become more and more difficult each year to come to an agreement on Community monetary policy.

In this respect I should like to remind you that the Commission has submitted several proposals during the last few years with a view to finding a solution to the problems posed in certain sectors of industry. These proposals, however, have not been grouped together: one day we talk about the computer industry, another day we talk about shipbuilding, yet another about the aeronautical industry, then the textile industry, the motor car industry and the steel industry. It is difficult to see, however, how the Community is to work out a clear-sighted industrial policy, both as regards future industries and past industries, without the risk of making bad investments, as long as the main lines which must guide the future structural policy of the Community have not been determined.

Of course, our Committee is aware that these problems cannot be solved overnight. The future division of labour between industrial countries and developing countries is in itself an important element of uncertainty which cannot be expected to disappear in a couple of years. It is becoming urgently necessary, however, to find a solution, given that in the present structural

and short-term economic situation, we run the risk of seeing the Member States take divergent measures for lack of a common policy, which would not only compromise industrial integration but could even endanger the entire Common Market.

Such, in outline, are the reasons behind the question which I have put to the Commission of the European Communities on behalf of the Committee on Economic and Monetary Affairs. *(Applause)*

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — *(D)* Mr President, ladies and gentlemen, the Commission shares the views which the chairman of the Committee on Economic and Monetary Affairs has just put to you. Like the Committee, the Commission is convinced of the importance of this medium-term programme and I can only regret, like the President of the Commission, that it has not been possible in the time we allowed ourselves a year ago for us to work out the programme, submit it and, after discussion, agree to it. There are a variety of reasons for this. In this House we have had, almost every month, a debate on short-term problems and the economic situation of the day, and in so doing we have ourselves experienced a great deal of uncertainty in assessing the facts and in making forecasts—even in the extreme short-term.

During that time we discovered, moreover, that the available data and facts did not provide a sufficiently sound basis upon which to build so important a structure as this medium-term programme.

It has rightly emphasized that this programme is intended to provide guidance for concerted action by our Member States and the Community as a whole in the years to come. Having premised that, I should like to make a brief reply to the questions which have been asked. We cannot look at the problems which all Member States of the Community are encountering at the moment, both in the economic and in the social fields, from a short-term point of view only, but we must also examine and solve them from the point of view of long-term policy. Only in this way can a suitable background be provided for the necessary adjustments which must be made to our national economies.

It is moreover time, in view of the high level of integration of the economies of our Member States and in view also of the similarity of the problems with which we are faced, that we must look for common solutions; and it is of particular

Haferkamp

importance, with regard to this common solution, that we should work out and establish a medium-term programme.

As for the second question: the Commission agrees with the chairman of the Committee that the employment problem will be the most difficult one we shall be facing during the course of the next few years.

For this reason the employment problem must and will form the focal point in the task of working out the medium-term programme. At the same time, too, particular attention will have to be paid to the central role played by investment in the creation of new jobs.

As for the third question put by the chairman of the Committee on Economic and Monetary Affairs, the Commission would like to emphasize that existing problems can be overcome and a more balanced development within the Community achieved in the medium-term only through very close collaboration between Member States, through coordination of policies and at the same time through a more forceful development in coming years of a truly Community policy, above all in the fields of general economic policy and structural policy.

The Commission will submit the fourth programme for a medium-term economic policy to the Council before Summer 1976. At the same time I should like to say right now that this programme will not be a definitive programme; it will have to be brought up to date at regular intervals in order to take account of developments in our national economies, in the Community economy and in the world economy.

We shall naturally attempt as part of our efforts in this connection to point out the necessary structural changes that must take place in our national economies.

(Applause)

President. — I call Sir Brandon Rhys Williams to speak on behalf of the European Conservative Group.

Sir Brandon Rhys Williams. — I would like to begin by congratulating my chairman on raising this subject but deploring the choice of timing for this important debate which really should have been the subject of a whole day to itself. I cannot help asking myself whether we are handling the present crisis as well as we should? In retrospect we can see that the industrial nations failed to deal correctly with the depression of the 1930s. In allowing this sharp drop in output in 1975, have the richest nations risen to the challenge of the world economic crisis? Are we

not betraying the world's hungry hundreds of millions as well as our own poor? Certainly we would be wrong to try to tackle the oil price problem, the collapse of Bretton Woods, the general loss of business confidence and the hectic paper currency inflation by short term measures of national policy, panic government intervention or competitive devaluations. But what the crisis has shown is the need for structural, economic and industrial change and I am very glad that the Commissioner placed so much emphasis in his reply on the need for structural change. The reconstruction of Britain, which I believe will be the task of the next Conservative government, will not be achieved overnight. The same applies to the Community as a whole. We need to have a clear idea of where we are heading and what we are trying to achieve by structural change. So it is disappointing that we are not getting more precise leadership from the Commission and that they are late with their medium term programme. I know that it is easy to attack Mr Haferkamp, but it is not quite so easy to say what he should be telling us. But, nevertheless, let me try in the limited time allowed.

Firstly, how can we have an economic policy without the necessary Community economic institutions to implement them? I sympathise with the frustration of Mr Haferkamp and his staff in the recommendations they make which fall on unreceptive ears in the Council of Ministers. National governments are clinging to their economic autonomy. Central banks are clinging to theirs. In fact I think the central banks are almost the worst offenders. In so doing they are damaging the revival of business confidence because there is no clear Community policy to help dispel the general climate of uncertainty and gloom. So on the institutional side, once again I do insist that we must proceed with setting up the European Fund for Monetary Cooperation. Also I think we need a Community facility for soft loans for regional policy as an extension of the excellent work of the European Investment Bank.

Now, what about tax policy? Exchange rate policy? Interest rate policy? Export promotion schemes? All these are subject to unpredictable changes which businessmen cannot calculate in advance with any confidence. Lack of confidence means timid investment, limited sales, postponed purchases, low employment and falling living standards. I am prepared to suggest a standstill for business tax increases as a Community policy. In the exchange field, though I have believed for many years in managed floating, I also advocate within the Community the setting up of the European standard of value or unit of account as an unchanging reference

Rhys Williams

point for long term public and private transactions between Member States.

I believe we should amalgamate our national export promotion schemes in a single Community Eximbank. We must hasten ahead with negotiations of STABEX schemes with our own main raw material producers so as to stabilize their demand for our goods at the highest level. We should press on with the Euro-Arab dialogue and offer currency stability arrangements between the Middle East currencies and the Community's own unit of value. We should proceed at once to harmonize the basic rates of social security, including unemployment relief, so as to raise purchasing power in the poorest industries and our poorest regions. We should make it our policy to proceed by rapid stages to liberalize the capital markets of Member States so as to facilitate the development of a genuine Community attitude to investment. Time forbids me to emphasize this list of recommendations, none of which need be inflationary in effect, but I shall take other opportunities of pressing the Commissioner to rise to his responsibilities, difficult though that is, and I trust he will respond.

(Applause)

President. — I have no motion for a resolution on this debate.

The debate is closed.

12. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Thursday, 15 January 1976, with the following agenda:

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

- Kavanagh report on the third report on the activities of the new European Social Fund;
- Lord Bethell report on a directive on the quality of water for human consumption;
- Noè report on directives on standards for lead;
- Duval report on a directive on the classification, packaging and labelling of paints;
- Seefeld report on safety glass for use in motor vehicles;
- Lord Bruce report on a regulation concerning transfers between the 'Food Aid' Chapter and the 'Guarantee' Section of the EAGGF;
- Oral question with debate on the fishing industry;
- Gibbons report on a regulation on the organization of the market in sheepmeat;
- Hunault report on regulations concerning the calculation of the levy and the sluice-gate prices for pigmeat, eggs and poultrymeat.

The sitting is closed.

(The sitting was closed at 8.25 p.m.)

ANNEX

*Questions which could not be answered during
Question Time, with written answers*

Question to the Council by Mr Zeller

Why have the Community and Member States not yet become members of the International Agricultural Development Fund?

Answer

The question of participation by the Community, through a Community contribution, in the International Fund for Agricultural Development is still under discussion in the Community institutions. The Council is to discuss the matter once again at its meeting on 19 January 1976, in preparation for the 3rd meeting of the countries interested in setting up the IFAD, to be held in Rome from 26 January to 6 February 1976. Up to the present, unanimous agreement has not been reached on the principle of such participation.

Question to the Council by Mr Osborn

Will the Council ask the Commission to undertake a thorough examination of the reasons why air fares within the Community are much higher than those for comparable distances within the United States?

Answer

The Council has not yet decided, under the relevant provisions of the Treaty, whether and to what extent there will be a common policy on air transport. This does not, however, prevent the Commission from carrying out studies of the kind suggested by the Honourable Member.

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IN THE CHAIR: MR BEHRENDT

Vice-President

(The sitting was opened at 10.00 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Third Report on the activities of the new European Social Fund*

President. — The next item is the report drawn up by Mr Kavanagh on behalf of the Committee on Social Affairs and Employment on the Third Report on the activities of the new European Social Fund in 1974 (Doc. 446/75).

I call Mr Kavanagh.

Mr Kavanagh, rapporteur. — Mr President, in presenting, on behalf of the Committee on Social Affairs and Employment, this report and the proposed resolution on the Third Report on the activities of the European Social Fund in 1974 and before going into detail on the various aspects of the report, I wish first of all to outline to you the background to our deliberations.

The most important problem facing the Member States of this Community remains unemployment, which is at a level greater than that endured by any country in the Community since its establishment almost two decades ago. As we reach the height of that unemployment, almost 5 million people are out of work with the accompanying hardships for millions of families that unemployment entails; millions more are on short-time working. That, my colleagues, is the background to report on the European Social Fund.

I must say, with regret, that the Institutions of the Community have proved inadequate to deal with the present economic crisis and the resulting unemployment. The present crisis is a crisis of effective deflation and demand due to unprecedented increases in commodity prices. The most effective response to such a crisis lies in concerted action by Member States, in economic decisions which affect growth and employment, in particular in fiscal and monetary policies.

Such concerted action has not been, and is not being, taken at Community level and this highlights the inability of the Member States to agree on the most important steps. The present crisis has highlighted above all the need for a conjunction of economic and social policies; in particular, finance ministers when taking economic decisions must take into account, as the foremost consideration, the effect which those decisions will have in the social field, and especially on the level of employment and unemployment. The only effort so far at such a conjunction of policies has been the economic conference of finance and social affairs ministers and the social partners. It is my earnest hope that the dialogue begun at that conference will continue.

Apart from emphasizing the need for concerted action at European level, the present crisis also highlighted the inadequacy and indeed the irrelevancy of the funds available for dealing with unemployment, including the European Social Fund. Our helplessness in the face of Community-wide unemployment—which affected strong countries as well as weak and which therefore might have elicited a Community response—has served to emphasize the *malaise* of the Community, a *malaise* which has brought European integration to a halt. As representatives of our peoples, we in this Parliament bear a great responsibility to ensure that the impetus of the years of growth of the sixties returns, so that we may create a true Europe of the peoples by tackling those problems which affect ordinary workers on the land and in the factories. We confidently expect a period of growth to commence next year, and we should not allow the present downturn to sap our idealism in seeking to create a better society for all the peoples of Europe.

To turn to the Social Fund and the report of the Commission, the Committee on Social Affairs and Employment welcomes this report, which breaks new ground in that it includes at the Parliament's request a chapter of critical comment on the impact of the Social Fund on the Community's employment policy as well as guidelines for the operation of the Social Fund in the future.

Above all, the rules governing the operation of the fund need to be revised. The present European Social Fund was conceived during the growth period of the sixties, with the emphasis on training rather than unemployment as such. It follows, therefore, that the fund has little real impact on unemployment in the short term. The Regional Fund, of course, has a more direct impact on the creation of jobs, but even that fund is capital-orientated to a very large extent.

Kavanagh

Bearing in mind the limitations of both these funds and in particular their scant resources, I believe the possibility of establishing an employment fund, the operation of which would have a more direct bearing on the creation of employment, should be looked into. I would also ask the Commission to do this in connection with the revision of the Social Fund. When revising the rules of this fund, I believe our main objects should, however, be to ensure that the limited resources are channelled to the areas of greatest need. This will entail the selection of objective criteria to determine those areas of need, and I must strongly disagree with the Commission when it says in Chapter I that such criteria would paralyse the administration of the fund. On the contrary, the adoption of criteria such as income per head or absolute employment levels is of the utmost importance with the limited resources available. A further useful addition to the rules of the fund would be the introduction of differential rates of assistance in certain areas. The Commission accepts this idea—on page 74 of the report—as well. Apart from introducing the element of need at all, I believe this to be necessary owing to the fact that the higher standard of living and the higher costs in certain countries mean that those countries gain proportionally more than their fair share from the fund.

I would like to mention one further matter which might be examined in connection with the fund's revision. The original Social Action Programme proposed by the Commission listed as an objective for the fund the establishment of Community-aided schemes of income support during retraining and the subsequent job search. This was not supported by the Council of Ministers at the time of the adoption of the Social Action programme, but I believe this possibility should be re-examined. These are some ideas which I strongly hope the Parliament will support when the matter comes up for decision in 1977.

I have spoken so far about problems of very great importance for those in the workforce who are affected by the present worldwide recession. The Social Fund, however, makes provision for Community assistance to those whose prospects of employment and of a full and rewarding life are affected by various physical or mental handicaps. The development in all Member States of training schemes which cater for the needs of handicapped persons and help them to find and to hold jobs on the open market is something which must be regarded as most important if our Community social policies are to be genuinely social in content. It is essential that this element in the working of the fund should continue to receive its due priority.

There is, however, some reason to believe that the pressure of demands upon the Fund, the additional openings agreed to by the Council and the stringency with regard to the availability of resources, which is a cause of concern to all of us, are at present combining to restrict the amount of money available for the handicapped. Fears are being expressed that many important and valuable schemes throughout the Community will be hit by such restrictions and their future operations threatened. If this is so, it is something to be deplored.

When speaking about the handicapped I must refer to the question sometimes considered as controversial of 'sheltered workshops' for the handicapped. If our provision for the handicapped is to be complete and based on really sound social premises, it must cover to an increasing extent this area of remedial activity. The Commission undertook 18 months ago to report to the Council on this matter, and it has yet to do so. Consideration of this particular disadvantaged group leads me to say something of the need to give our attention in all the relevant Institutions of the Community to the financing of social policy activities for the benefit of less favoured groups who do not constitute part of the workforce but who must be seen as citizens of the Community who can and do suffer from the impact of its economic performance. The decision to make funds available outside the scope of the Social Fund for initiating the programme of pilot schemes to combat poverty indicates in my opinion, the direction in which we must travel in future if social policy is to become an expression of Community solidarity and to enjoy full credibility among the peoples of the Member States. In terms of overall resources as well, the fund remains inadequate. To take one example, applications in respect of training for young persons outweigh the available resources by at least 10 times. Even in terms of its present functions, the fund must be given the necessary resources. My words here refer particularly to the Council, and I would particularly ask those representatives of the Council who are present to take heed. It is absurd that the Council of Social Affairs Ministers should continue to approve new areas of fund intervention while at the same time the Council of Finance Ministers refuses to vote the funds needed to finance those new extensions. The result is that the new sectors or categories being designated as eligible for fund assistance are competing for scarce resources with sectors or categories already eligible, so that even stricter criteria have to be applied and more and more eligible and worthwhile projects are either denied fund assistance or such assistance has to be scaled down.

Kavanagh

I also believe the administration of the fund needs to be greatly improved. While understanding the great pressure on the officials required to administer a fund covering nine countries, payments from the fund are so far behind schedule that many training organizations are at present facing cashflow problems. The necessary staff must be made available to ensure that payments from the fund are made promptly and efficiently. While the funds available to help reduce social inequalities in the Community are inadequate, it is essential that these funds be coordinated so that together they may make the greatest contribution possible to providing all peoples with a good and improving standard of living. In this connection, I would ask the Commission to ensure that the actions of the Investment Bank, the Agricultural Fund, the Regional Fund and the Social Fund are all aimed at achieving the maximum benefit in the social field.

Mr President, on behalf of the Social Affairs Committee and Employment I commend this report to the House and as spokesman for the Socialist Group, I would also say that the group will give its support to the report.

(Applause)

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

Mr Van der Gun. — *(NL)* Mr President, on behalf of the Christian-Democratic Group I should first of all like to thank the Commission for its extremely clear and detailed report on activities in 1974. It shows not only what the European Social Fund is already able to accomplish, but also what it cannot yet do. It is this aspect, in particular, to which we should like to draw attention, after of course also thanking the rapporteur, who has in fact paid due attention to the defects and flaws in the Fund.

In the face of the particularly difficult circumstances in which the Fund has had to operate, the Commission, in cooperation with the Permanent Committee for the European Social Fund, did attempt in 1974 to put it on what was, in our opinion, the best possible footing.

Times were difficult. There were clear signs of the approaching economic crisis, and since the European Social Fund is still the main instrument of employment policy in the Community, this situation naturally affected its potential, particularly in view of the limited resources available to the Fund.

We agree completely with the rapporteur that there is an obvious ambivalence here. On the

one hand, the governments of the Member States say that we must implement a European employment policy, but once the ministers responsible meet at European level they propose still further cuts in the limited resources of the European Social Fund. I feel this is something we must look into in our national parliaments. Of course, it looks very progressive when new tasks are continually entrusted to the Fund. This happened again in 1974, but if one is not prepared to accept the financial consequences of expanding its activities, this action is not as significant as it might appear at first sight. If the tasks are expanded—as they decidedly should be—one must also accept the financial consequences.

Another point I should like to raise is the procedure for projects under Article 4 of the European Social Fund. It is very slow, complicated and cumbersome, since it requires the cooperation of the Council.

Would it not be possible to apply to projects under Article 4 the same procedure as is applied to projects under Article 5? This would give the Commission much greater freedom of action.

In this connection, I should like to comment also on the question of transferring the funds. Because, among other things, of procedural developments, we now have the rather strange situation that the funds for Article 4 are sometimes not fully taken up while at the same time projects under Article 5 have to be turned down because there are no funds available for them.

We should be very glad, Mr President, if the transfer procedure could be made more flexible than in the past.

The Commission also draws attention to the problem that only the Member States can submit applications for aid. According to the Commission, it would be a great improvement if the governments of the Member States—through their representatives in the Permanent Committee—provided information on the projects for which aid is being requested against the background of whatever national measures are being taken. You might say this is a step towards some degree of Community coordination, and in our view this is probably right. However, Mr President, we wonder whether it would not be possible to go a step further, particularly by giving the Commission the right to take the initiative in the case of certain projects which are not proposed by the Member States, but which the Commission considers to be of special importance. I am thinking specifically here of regions straddling the frontiers of Member States and for which it must also be possible to

Van der Gun

make proposals. Perhaps this can be done in consultation with the European Regional Fund.

Up to now we have been talking only of the past, but we were also very interested in what Chapter 5 says about the guidelines for the future. Broadly speaking, the Christian-Democratic Group endorses these guidelines—in the hope that the Commission will also be enabled to implement them. In this context I would again draw attention to what I have just said about the limited resources available at present.

There are two points on which I should like to ask the Commission for further details. Among other things, there is talk of the desirability—even the necessity—of creating workplaces which are more in keeping with the wishes of the employees. This can be interpreted in two ways. It can be taken as meaning what we in the Netherlands call the 'humanization' of labour. On the other hand, it could mean — and may be interpreted in some Member States as meaning—that the division of labour in the enterprise must be reorganized. Mr President, we should like to hear the Commission's interpretation.

As regards training, further training and retraining, we should like to ask the Commission whether the measures now being considered in the Netherlands in this context could not be applied at European level. Further training and retraining are extremely important, but it is essential that people should know what opportunities there are, and an even more crucial matter is the prospects opened up thereby. Mr President, people can only be given further training or retraining if there is a reasonable certainty that they can really use their new skill.

In the Netherlands the further training and retraining is being given to an ever-increasing extent in cooperation with enterprises. The training takes place in the enterprise so that, once it is completed, the people can continue working in the same place.

This is a relatively new departure in the Netherlands, but experience has shown that the method works very well.

On page 66 of its report, the Commission states that the whole process of consultation on employment is being held up by the delay in achieving a feeling of Community solidarity. This is particularly evident from the attitudes of the two sides of industry in this question. May I ask the Commission what it feels are the reasons for this and what opportunities it sees for doing something about this serious problem. The fact is that neither the governments nor the European Commission will be able to conduct

a successful employment policy without the support of the two sides of industry at both national and European level. If it has to be concluded in the report that cooperation is unsatisfactory at some point, it is a very serious state of affairs, and the matter should not be allowed to rest there.

At the end of his interesting report, the rapporteur questions whether there is really much point, at the end of 1975—and it is now 1976—in discussing a report for the year 1974.

We felt we did have to do so, since the Commission report raises a number of important points. In addition, 1976 is the year in which the European Social Fund is to be reorganized, and perhaps some of the ideas we have put forward will be of use in bringing about this reorganization.

The Christian-Democratic Group thanks the rapporteur for his work. We subscribe fully to the solutions proposed in his motion for a resolution and shall give them our full support.
(*Applause*)

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

Mr Yeats. — Mr President, I would like to begin by thanking the rapporteur for his very detailed report and for the clear and careful way in which he has presented it to us.

The topic is clearly one which is of fundamental importance to the European Communities. In the present economic situation, the Social Fund has a vital role to play in the social policy of the Community, but it is unfortunate that we are now debating the activities of the Social Fund in 1974, more than 12 months after the events. One does wonder if this whole debate is not perhaps rather pointless, when we consider how much has happened in the meantime to the economies of the Member States and also to the Community as a whole. There is of course a certain benefit to be gained from holding this annual debate, if only because it gives us a renewed opportunity to stress the value and the importance of the Social Fund. The role of the fund, indeed, becomes increasingly crucial in present circumstances when there are in the region of 5 million people out of work in the nine Member States.

Even allowing for the inadequate resources allotted to the Social Fund it nonetheless provides an incentive to the national governments to increase the scope of their training schemes. The benefits to be gained are obvious in present

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circumstances. People in declining industries who lose their jobs can be given new skills for use in other, more prosperous sectors of the economy. In this way, dole queues can be reduced even if in present conditions the reduction is only marginal. Extra training will also provide a pool of skilled labour, which will be available when the economic upturn does finally arrive and industry starts looking for trained workers. It is therefore essential that substantial resources should be available both at a national and a Community level to finance such training schemes. I think this Parliament would agree that the funds being made available are in fact entirely inadequate. In the past 12 months unemployment has increased from some 3 million to 5 million, yet the Council of Ministers chose this moment to cut severely the amount of money originally proposed by the Commission. Even after a period of several months has elapsed, the motives of the Council in doing this remain completely incomprehensible. This surely was above all a time for increasing substantially expenditure on the training of workers from an economic, a social, and a human point of view. More unemployed workers would thus be occupied, more skilled labour would be made available, and the existence of this pool of trained workers would help speed the recovery from the present recession.

The fact that several hundred million units of account are spent each year on the Social Fund, may at first sight seem impressive. But, at its present level, the resources of the Social Fund amount to a mere one tenth of one per cent of the total of the national income of the nine Member States. In the last year, unemployment has risen by over 60% while the resources of the Social Fund have only increased by about 20%. In view of this, it surely cannot be suggested that the resources of the Social Fund are in any way adequate. It must, I think, be said that the fault for this does not lie with the Commission. The blame lies squarely with the Council of Ministers and the national governments. Much greater funds are needed if a further increase in the level of unemployment is to be avoided.

So far as the Commission are concerned, they can point to a year of energetic and effective work in the social field. I must recall with some pleasure, for example, that some complaints I made in last year's debate on the Social Fund have at least to some extent been satisfactorily dealt with. At that time, and this matter has been raised again today by Mr Kavanagh, Social Fund applicants had been experiencing long delays in receiving payments. I think it does seem that many of these delays

were caused by the incompetence of national administrations in processing and forwarding claims for payment to the Commission in Brussels. Mr Kavanagh suggests that this situation still exists, but I do think that there has been some improvement, an improvement which one can only welcome.

In the past year we have also seen the opening up of the Social Fund to new categories of workers, namely migrant workers and handicapped persons and young people. The Social Fund has also concentrated on the textile and clothing sectors, two areas where unemployment has been particularly severe in recent times. These decisions are very welcome and the Commission must be congratulated for its efforts in these directions. Of particular importance is the opening up of the Social Fund to young people. Young people have been frustrated by the lack of jobs available when they leave school. The psychological impact of this can be very damaging for them in a permanent way. Practically all of them have been reared in a period of economic prosperity and to find themselves joining the dole queues as soon as they leave school is something which they find very difficult to understand. Many more of them have had to continue studies longer than they planned, while yet more are living at home, dependent on their parents. The decision therefore of the Community to open up the Social Fund to these young people is a positive step and we welcome the fact that priority is to be given to school leavers looking for their first jobs.

These young people now have the opportunity of obtaining an apprenticeship and specialized training at skilled jobs.

Now while all these new measures are of course welcome, it does mean that the Social Fund has to cater for more people and more sectors while the amount of money available is not increasing in proportion. The blame for this again must be placed on the Council and the national governments. And I think one must agree wholly with the rapporteur, when he complains that, with respect to young people, at a time when applications are 10 times the amounts of money actually available, quite clearly in such a case more funds should be made available.

In conclusion, Mr President, standing as we do at the very beginning of this new year of 1976, it is not easy to be optimistic about the prospects for the next 12 months. In my own country at least all the prospects are, all the indications are, that the number of the jobless may well continue to increase. The problem is so great and the resources given to the Social Fund so relatively small that little real impact from it can

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be expected on this gigantic human problem. Our group, however, welcomes the existence of the Social Fund. We welcome the recent extensions that have been made in its scope and let us hope, Mr President, that when we come to discuss this annual report next year, there will be a new and more optimistic atmosphere pervading our discussions.

(Applause)

President. — I call Sir Brandon Rhys Williams to speak on behalf of the European Conservative Group.

Sir Brandon Rhys Williams. — Mr President, I would like to welcome Mr Kavanagh's introduction of his report. In particular—and one has to say this—one has to endorse the rather vinegary note which entered into what he said, because I do not think anyone in this Parliament can truly be satisfied with the Social Fund as it is operating at the present time. One has to say this, not because we are trying to criticize those who are taking part in its work, but because the scope for its work, and in particular the funds available to it, are so miserably restricted.

European union is now a policy commitment of the Member States; but what is to be the role of social policy in the European union? What is the position of the national social security funds? What is the responsibility of the Community itself? These questions still remain wide open and I think it is quite proper that this Parliament should take every possible opportunity to emphasize the need for convergence and also for enlargement of our view of social policy. The Social Fund, with the limited resources that it has, is just a rain-drop in the desert, and the critical employment situation in the Community, as we begin 1976, surely shows how inadequate our thinking has been in the past on social matters. The Fund only constitutes about 5% of the Community's budget, and that, of course, in itself is only a very tiny proportion of the total official expenditure in the Community. We really have to be revolutionary now in thinking ahead, if Community social policy is to have any serious meaning.

Is it right that the Social Fund should be obliged to work through national projects unable to apply Community policies effectively or to exercise guidance towards convergence of social policies? Surely, this Parliament must decide that we are not satisfied with these limitations. Speaking for myself, but I think also for members of my group, there is clearly a need to put statutory social security contributions and benefits on a comparable basis

throughout the Community as an aspect of economic and monetary integration. I mentioned this point yesterday when Mr Thorn addressed us and was glad to find that he responded so fully to the suggestion that I made. But the need to think in terms of harmonization of social security benefits springs from common humanity. We must recognize that the emergence of a distinction between rich and poor nations within the Community is a political problem and as such is a grave threat to the unity of the Community; but surely we have to deplore the persistence of acute poverty within this wealthy European Economic Community as a social problem too. The Community has had striking successes in organizing material and human resources for the creation of wealth. Yet, the handicapped, for instance, and the very old and lonely, are getting most uneven treatment in different parts of the Community. There is no Member State where it can be said that there is no trace of acute poverty even today and in some cases it still assumes tragic proportions.

Of course, we have to recognize that the main problems behind the persistence of poverty are connected with employment. Some industries are unable to pay wages or to yield profits sufficient to sustain all who work in them. Obviously, I am thinking of agriculture but there are town-based industries as well which are only capable of paying wages which really do not satisfy our ideas of what constitutes a minimum acceptable standard of life. And it is not only in industries, but also in particular areas that poverty is connected with employment. Some areas are lacking in the basic facilities where even skilled and ambitious workers are unable to obtain the sort of remuneration by their efforts which will help to sustain them and their families at a reasonable standard; so of course we have the problem of the migrant workers.

We have to recognize also that there are some categories of skill and aptitude which are becoming obsolete, which are left behind by technical change. There are very many personal tragedies among those people who are affected by changes in technique or commercial organization, many of which are inevitable and indeed necessary, and yet which leave a wake of personal anxiety and even of misery and broken careers behind. The Community must not be a heartless, money-making machine but must be socially aware of all these aspects of human life. If we are going to have a Social Fund, then it must be able to initiate a truly Community-wide policy for training and apprenticeship and also for retraining and rehabilitation. It is not a matter of choice whether we tackle these tasks at national

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level or on a Community basis. There is no room for further discussion about that conflict of view. We can only succeed if we think on a continental scale.

Curing the sickness of high unemployment is not just a matter of tax adjustments or commercial policies, or of exchange rate manipulation or of industrial management. It is a human problem which calls for changes in human attitudes, aptitudes and aims among those at work just as much as among those who have lost their jobs. There is a very big task here for the Commission in changing the direction of policy in Member States, in the main industries and also at the personal level. I would like to ask the Commissioner, what is the Commission's interpretation of a general European employment policy? What is the Commission's attitude to harmonization of rates of benefit? What is the Commission's view of the future role of the Social Fund? How does it hope that it will evolve as time goes by? Is the Commissioner content that it should work always through national projects, and if not, what does he intend to do about it? Will the Commission encourage applicants to the fund to apply directly to the Commission or only through national governments? These are specific questions, Mr President, and I hope that we shall have specific answers this morning.

Looking ahead to direct elections to the European Parliament in two years' time, we need to make the Community a living reality for the individual voters themselves, not just for governments, for businesses and institutions. We have got to make social policy such a living aspect of our Community life that the existence of the caring Economic Community is an accomplished fact by 1978. How then does the Commissioner intend to bring this about?

(Applause)

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — Mr President, I would like to begin, as other speakers have done, by expressing on behalf of the Commission sincere thanks to Mr Kavanagh and for their comments, questions and criticisms on the Third Report on the activities of the European Social Fund, which are a further encouragement to the Commission in its efforts to give the fund a steadily increasing role as an instrument for the development of a Community employment policy.

It seems to me appropriate on this occasion to speak, if only briefly, about the salient developments since 1974. Three principal topics deserve mention, namely the budgetary aspect, the major

fields of fund activity and, of course, the anti-crisis measures. I would like to deal with these in turn.

The budgetary aspect has been raised here in Parliament and I would like to say that, although Parliament and the Commission have repeatedly expressed disappointment about the size of the fund in relation to the massive task to be achieved, one can see continued steady growth in the Social Fund. The past few years, as Parliament knows, have been years of increasing financial stringency. This has been particularly true as regards public finance, and yet even in such difficult times the fund has grown dramatically in money terms and in real terms. The annual budgetary allocations since the new fund's inception in 1972 give an overall view of what has been achieved. In 1972—from May to December only of course—there were 42.8 million u.a. In 1973, for a full year, there were 222.9 million u.a. In 1974 the figure was 267.8 million u.a., in 1975 it was 355.9 and in 1976 440 million u.a. In addition, it may be recalled that a further 21.1 million u.a. has been used as a carry-over from 1974 to finance additional actions in 1975.

These figures show what has been happening on the money supply side of the fund, but the demand side is even more significant. While the allocations voted reflect, however imperfectly or inadequately, the wishes of the institutions of the Community, the demand for these allocations reflects the will of individual Member States to respond to the Social Fund's initiatives for the development of wider Community action. In this connection 1975 has been a noteworthy year. In that year, as always, the Fund had no difficulty in finding sufficient eligible demand to exhaust the total allocations for regional and related interventions, that is, Article 5 of the 1971 reform decision. But even more significantly, 1975 was the first year in which allocations available for such Community-wide fields of intervention as agriculture, textiles, handicapped people, migrants and young people were fully absorbed, that is all the funds under Article 4 were fully absorbed in 1975. Indeed, so great was the willingness of the Member States to participate, that a huge amount of applications had to be refused for want of sufficient funds. In fact, applications totalling some 123 million u.a. had to be declined and only a small number of these were refused because of ineligibility. In the major fields of fund activity, those concerned with the regions, the Social Fund services have always cooperated with the regional policy services. Now that the Regional Fund is at last operational, cooperation will be developed and strengthened. Even in the present difficult situation, the Social Fund has sustained its efforts on behalf of the deprived

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regions, for it cannot be denied that the grave regional disparities which still exist are among the most glaring of the Community's shortcomings. It should come as no surprise, therefore, if I say that no less than 90% of allocations available under Article 5 of the fund's basic regulation have been allocated to regional applications.

There are two problems endemic in the Social Fund's regional activities. First, one is sometimes asked to support almost any action—and even those that have trivial training content—which may be launched in the regions worst affected by the crisis. The Commission has resisted this view. Indeed it is becoming increasingly strict in this regard. The Commission is insisting that only those training activities which give the trainee a real prospect of post-training employment can be approved. In this connection it may be well to repeat the fact that the Social Fund exists, above all, to improve the occupational and geographical mobility of labour and not to supplement social welfare benefits. Secondly, I would like to mention the problem of non-additionality of Social Fund and Member State resources devoted to vocational training and transfer operations. There is reason to imagine that, in some cases at least, national administrations tend to regard Social Fund assistance as a mere subvention of pre-existing programmes. National funds thereby saved are, it seems, sometimes diverted to quite different fields. This, of course, is contrary to the spirit of Community financial instruments. However, as this is obviously a sensitive and delicate matter, the fund's services are holding a continuing dialogue with the administrations concerned. Already some progress has been made. We are hopeful that even more progress can be made in the not too distant future.

In time of economic recession there appears always the temptation to cut back outlays in respect of such groups as the handicapped. Such persons tend to suffer loss of support for two reasons. First they tend to be regarded, quite wrongly, as peripheral to the struggle to protect the livelihood of gainfully employed groups. Secondly, they are, unfortunately for themselves, poorly equipped for the intensive political lobbying which is a pre-requisite for the successful pursuit of financial support. To succumb to the temptation to cut back in this area would be socially deplorable, particularly if it were to deny potentially re-employable handicapped persons the training which is a pre-requisite of a successful return to work. Budgetary experts may protest that such social sentiments could not justify support, but even they cannot deny the economic gain achieved each time a handicapped person leaves the cost-intensive depend-

ency of institutional care to take his or her place in the office or on the factory floor. Parsimony in this field is the enemy of true economy. The Commission is glad to be able to report that despite an employment crisis without precedent in the Community's history, allocations for the training of the handicapped have not only held their own but have even increased slightly.

The Commission is pleased to recall and to commend the Council's approval in July 1975 of the proposal to take special Social Fund action in favour of unemployed young people. The Member States have responded with alacrity and enthusiasm to this initiative. So much so, that while all applications for assistance for 1975 actions have been approved, involving 43.7 million units of account, applications under this heading for 1976, are no less than seven times greater than the allocations available. Inevitably, therefore, the virtual guarantee of support which the fund could provide in 1975 must unfortunately be replaced by a strict selective approach for 1976. The Member States and the social partners will, of course, be involved in the development of selection criteria by their participation in the Social Fund Advisory Committee deliberations. Given the gravity of the predicament which currently confronts and confounds so much of the Community's youth, no special plea need be made on their behalf. The enormity of their plight speaks far louder than words. Suffice it to say that the Community cannot allow its preoccupation with other problems to blind it to the present fate of those who will determine its future.

In addition to the fields of intervention already mentioned, the Commission has endeavoured to establish a special anti-recession area for the fund's activities. Thus it was proposed to the Council last October, that the fund should take action in favour of operations designed to facilitate the employment, and geographical and vocational mobility, of persons working or having worked in sectors which, since 1973, saw unemployment rise considerably compared to the average Community increase in all sectors, and secondly, regions in which since 1973 the unemployment has risen considerably compared to the average national increase. The Commission recalls with regret that the Council did not adopt this proposal despite the support of this Assembly. However, in this regard the Commission will continue its endeavours to seek solutions which fall within the present framework. On the other hand the Commission is pleased indeed, that the Council has approved the extension to the clothing industry and the prolongation of assistance to the textile industry under Article 4.

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In conclusion, I would like to say how much the Commission appreciates the interest of Parliament and how grateful we are to the rapporteur for the study he has made. As far as the questions raised during the debate are concerned, I think Sir Brandon Rhys Williams will know that we will have, next year, a review of the Social Fund, and many of the questions which he raises will come to be considered at that time. But the House should constantly be reminded that the limitations put on the Social Fund were deliberate limitations when the regulations were being drawn up by the Council. It is not just what the Commission would like to see done that will determine what form any new regulation or change in the regulation of the Social Fund will take. Many of the points he raised, are points which are of interest to the Commission but, as I say, the final changes in the fund will not be changes made solely by the Commission, they will be made by the Member States in Council.

(Applause).

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — I would just like to ask the Commissioner his views on the question of sheltered workshops. He referred to the immense gain to the Community when retrained handicapped persons can return to work in factory or office. Well many can get out of institutions, but can never return to work in open employment in factory and workshop. What are his views on the provision of capital grants for the provision of such sheltered workshops, which are of immense help to the handicapped and indeed provide the only way in which they can play a full part in the life of the Community and in keeping themselves?

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — This problem was raised in connection with the programme for handicapped people and it was thought at the time that there would be two stages. The decision was that the expenditure should in the first instance be for handicapped people who had a possibility of finding their way into open employment. It was intended that when this programme had been established, the Community would address itself to having a programme for those people who are confined and will continue to be confined to sheltered workshops. I will say that in the application of the Social Fund to date, the question of whether a person will find employment or not in an open economy is a matter which is discussed between the Social Fund officials and

the people putting up the project. So, quite a number of people who may seem at this time to belong to one category, that is either the category who would find their way into the open economy or the others who would not, may, in the course of training, be re-assessed differently. But the position of the Commission is that the help to sheltered workshops, to people who will continue to be confined to a sheltered workshop, should come as the next stage in the programme for handicapped people.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — I appreciate the point about the continued help for the persons in the workshop, but the capital costs of providing these workshops is very high. Is there any possibility of help with the provision of capital for these workshops, as opposed to what I gather the Commission was meaning, namely the subsidization of the people working in them?

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — Normally we do not give capital grants under the Social Fund, since we have not as yet developed that aspect of our programme for handicapped people in sheltered workshops, but I would not be in a position to say definitely that it would not be part of the programme.

President. — I call Mr Kavanagh.

Mr Kavanagh, rapporteur. — Mr President, I would like to take this opportunity to thank the various speakers in the debate, the group representatives, who have in the main agreed with the opinion which I put forward this morning, which is of course that of the Committee on Social Affairs and Employment.

I would like to pay particular thanks to Vice-President Hillery, for his remarks. I, like him, was particularly interested in the problem of handicapped persons and I voiced in my report some disquiet about the possibility of restrictions in the fund. I welcome his personal and the Commission's interest in the handicapped and the assurance that there are indeed additional budgetary allocations. I think I should still say to you, Vice-President Hillery, that although budgetary allocations for the whole fund have increased steadily over the years, they still are at a very low level. As Sir Brandon Rhys Williams has said, they amount to still only 5% or slightly over 5% of the total Community budgetary allocations. While that level continues, the real problems of unemployment

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cannot be dealt with. Indeed this is exemplified by the remarks by Mr Yeats when he said the unemployment had increased in the Community in the past year from a level of between 3 1/2 and 3 3/4 millions to five millions. I think we all agree, therefore, that budgetary allocations to the Social Fund require to be vastly increased if this great problem is to be tackled.

I would certainly like to have seen a greater number of contributions from the House here on this important occasion, but nevertheless I think our debate has been useful and I would like once again to thank everybody who contributed.

President. — Since no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted¹.

3. Directive on the quality of water for human consumption

President. — The next item is the report drawn up by Lord Bethell 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 relating to the quality of water for human consumption (Doc. 418/75).

I call Lord Bethell.

Lord Bethell, rapporteur. — Mr President, this motion for a resolution arises as a result of a proposal for a directive which will make uniform the quality of water to be consumed throughout the Community. Tap water, which is now subject to various different health controls in our nine countries, will, once this directive is implemented, become of a uniform quality in all of the nine countries. This is thought to be important in view of the increased trade between the various Member States and, in particular, in the light of various proposals to export water across national frontiers, for instance between Belgium and France. Various products are also manufactured with the help of tap water and it could become a barrier to trade, were it found that water was being used in the manufacture of various products which did not meet the health standards of one or another country. It therefore seems desirable, from the trade point of view and from the tourism point of view perhaps, that water should be brought into a certain uniform category throughout our countries and this is what is proposed.

The main methods used for controlling water Mr President, will be by the imposition of two criteria, namely the maximum admissible concentrations MAC's—and minimum required concentrations known as MRC's. Some of us may not be aware that it is not simply a question of purifying water to make it safe for human consumption. Naturally if the water contains more than the necessary quantity of certain dangerous substances, these substances have to be removed, and to that extent the water has to be purified. But pure water is not what we are aiming to achieve. I have been advised that pure water is bad water, it is unpleasant to drink and it is in certain circumstances dangerous. For instance, if the piping through which it passes is of a soft consistency, for instance lead, pure water can pick up traces of lead and can become very impure and indeed dangerous.

We have also provided for exceptional maximum admissible concentrations to be allowed when a particular locality produces water which contains substances, minerals, which are outside the limits laid down in this directive, but which are judged by the authorities not to be in fact a health hazard and which, in the opinion of the authorities, can continue to be delivered to the consumer without any danger. But these EMAC's (exceptional maximum admissible concentrations) will be strictly controlled and will be monitored by the appropriate Community institutions.

The water itself, of course, will have to be controlled and analysed to make sure that it fulfils the criteria laid down in this directive, if it becomes Community law. This will be done by frequent analyses of water and by keeping a constant check to see that it does not become dangerous and does not fall outside the limits. I am advised, though, that in the future it may be possible to control the water by more sophisticated devices, machines which do not require the use of human labour. There is work, I believe, on some sort of device which can be placed in a reservoir and which operates automatically if the water acquires certain undesirable qualities, and can even ring an alarm bell or otherwise indicate to some controlling official that the water has suffered some abnormality and that action needs to be taken. This will be a great step forward and will cut down the expense of running our water supply.

In our motion for a resolution, we have made certain proposals for changes. The first proposal is that as well as exceptional maximum admissible concentrations there should be a provision for exceptional minimum required concentrations. This is thought to be necessary by certain industries which use very pure water in the

¹ OJ C 28 of 9. 2. 1976.

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manufacture of certain goods. The main industry is the canned goods industry, where pure water, as opposed to safe water, has to be used at a certain stage in the process of manufacture, but it also applies to the manufacture of Scotch whisky, where use is made of water in its natural state which would not normally qualify under the provisions laid down in this directive. The water would be too soft under the terms of this directive and it would be of the wrong colour, but I hope that the House will approve that an exception be made in the case of whisky.

It is also proposed that separate categories of substances should be looked at more carefully than others. In the Commission's document, a large number of substances are listed which are thought to be dangerous in certain concentrations, and it was the view of our committee that not quite enough attention was paid to separating the really toxic substances from those which might be dangerous if they got into the water in really large quantities. We therefore in our motion refer to the possibility of bacteria getting into the water and call for special regulations to take care of this dangerous eventuality and also of certain other toxic substances. It has been suggested, for instance, that some of the guidelines laid down for comparatively harmless metals such as copper or zinc which sometimes get into the water are a little too strict, and this is dangerous when one considers that similar guidelines are laid down for substances like lead, which are extremely important and which must be rigidly adhered to.

There is also the point that lead piping is extremely widely used throughout our Community: some of it is many decades old and it will be many decades more before this lead piping is removed and replaced by copper or some other piping which is more durable and also better from the health point of view because it is less soluble. I hope that the Council when they consider this directive will pay particular attention to separating the really dangerous substances from those which are not so dangerous but have to be controlled in case they get into the water in really large quantities.

I would mention in passing that the Commission's document is a little difficult for parliamentarians to get a total grip of: as in so many of these documents, we find ourselves in committee blinded by science; and not entirely equipped for getting to grips with what are quite complicated chemical matters. We can of course take advice from experts, but this is not always easy to do and we have not been able to go into the real details of the chemical problems of this proposal. Nevertheless, I have made a few suggestions and I hope that the Council, who have

regular experts at their disposal, will be able to look into this very carefully.

The implementation of this directive will take many years. It has been suggested to me that a full implementation of it, which would include the replacing of all lead piping in the Community, might take a hundred years. I hope this is a pessimistic prognosis, but it certainly will be costly to implement this proposal. I wonder if the Commission representative can give us any idea whether it is proposed to provide finance to certain regions which may have more trouble in fulfilling the terms than others. This would certainly seem to be a good idea.

I hope we shall have a useful discussion on this proposal, which seems to me to be of importance for the health of the Community and also of a certain symbolic importance. I must confess that I am excited by the idea that water, the fountain of life, should be of a uniform quality and degree of safety from Jutland on the Skagerrak to Sicily in the Mediterranean and that everywhere throughout the Community it should be safe to drink this water.

(Applause)

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

Mr Noè. — *(I)* Mr President, I shall add only a few words to what Lord Bethell said in his report, which I consider to be a document of great value both for the ideas put forward in it and the conviction with which they are expressed.

I am especially glad that point 4 of the motion for a resolution introduces a concept which unfortunately has hitherto been neglected in the Community discussions—that certain elements must be present in water up to a certain percentage and no more. This imposes limits to the presence of certain elements—mainly salts—in water. This is a very important feature which contrasts with an error—I really do think it was an error—made a few years ago when there was a directive on mineral waters in which, in spite of my strong protests, it was decided that the composition of the contents did not have to be indicated on bottles of mineral water. The result was that mineral water was being sold under fanciful descriptions like 'l'eau qui pétille' or 'l'eau qui chante et qui danse', with no indication of the composition.

I would ask the Commission to apply this concept to mineral waters as well in future, for two reasons: first of all because some of them have medicinal properties and it is thus

Noè

all the more important to know what they contain, and secondly, since they cost more, anyone buying them has a right to know what is in them. There is a further reason why this concept introduced in point 4 is of great value: the last few years have revealed the need to determine not only the amounts of fixed residue present in the water, but also the subdivision of the residue into the various salts, because it is not immaterial whether a mineral water contains a lot of lithium, a lot of calcium or a lot of iron. There is thus a need to establish both the nature and the quantity of the elements present in the water, so that one can know which waters are light, which are medium and which are heavy.

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

Mr Nyborg. — (DK) Mr President, the Programme of Action on the Environment approved by the Council of Ministers on 22 November 1973 stipulates that a proposal must be drawn up on the establishment of quality standards for water for human consumption. We are therefore glad that we are today discussing such a proposal, and I should like to take this opportunity of thanking the rapporteur for his excellent work in producing this report.

This report deals with an extremely important matter—the toxic chemical substances and the harmful micro-organisms which may be present in water intended for human consumption. The average water consumption varies considerably from one country in the Community to the other, ranging from 150 to 500 litres per day, and there is an increasing requirement for water for both personal and industrial use.

At a time when there is a flourishing cross-frontier trade in water, it is an extremely good move—and this is emphasized in the report—to lay down specific standards for drinking water. This must be viewed in conjunction with the fact that the drinking water regulations differ—sometimes widely—from one Member State to the other; it is therefore expedient and essential for these regulations to be harmonized, and this must naturally be done within the framework of the EEC Treaties.

As the report also points out, the softening methods used in the production of drinking water can change the composition of the water—Mr Noè also mentioned this—and this can have an effect on the human organism. Great care must therefore be taken to ensure that there is always a correct balance between the salts and the other substances contained in the

water. It is thus good that it has been possible to use parameters which form a whole and which enable water intended for human consumption to be analyzed by biological methods.

The proposal for a directive may be regarded as one more milestone along the road to improved and more effective protection of public health. Since scientific and technological research is constantly advancing, the standards laid down in the proposal for a directive must be subjected to close scrutiny at regular intervals, and we think it is a correct assessment to say this should be done every five years.

The period of notification of this directive allows the Member States two years in which to take all the necessary steps, and this period may be regarded as reasonable.

Since there may be serious problems with drinking water in the future, I fully support this motion for a resolution, which studies the difficulties seriously and also comes up with acceptable solutions. On behalf of the Group of European Progressive Democrats, I therefore recommend that this motion for a resolution be approved.

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — Mr President, I would like to thank the rapporteur, Lord Bethell, and the Committee on Public Health and the Environment, who had the important and difficult task of examining a long and detailed technical proposal for a directive relating to the quality of water for human consumption. The comprehensive and detailed report prepared by Lord Bethell and the 10 resolution points proposed by the Committee on Public Health and the Environment are gratifying to the Commission and illustrate the interest which the Parliament takes in this important proposal, which is made in the framework of the environmental action programme and relates directly to public health.

I think the Parliament may be aware that epidemiological surveys performed on a regional basis have shown an inverse statistical association between hardness of drinking water and mortality, in particular cardiovascular mortality. The draft directive on the quality of water for human consumption was submitted with the main objects of ensuring that the quality of drinking water in all Member States is such that the possible danger to public health is avoided. This is particularly important at this time because of an increase in water demand associated with population growth, new habits

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and additional requirements, such that former sources are insufficient. Surface water has to be used, and this may contain non-degradable polluting substances like toxic metals and toxic germs. There is an increasing use of softening systems to modify the composition of water supplied to the consumer, and existing national regulations, which often refer to the non-mandatory standards of the World Health Organization, should be harmonized and in some cases supplemented. To sum up, the enactment of this directive is in keeping with the general rethinking on the subject of water quality and is intended to reconcile the conflicting needs of productivity on the one hand and public health on the other.

The overall analysis of the resolution demonstrates that the Parliament has welcomed the protection of health objectives proposed in the directive, but there are some points on which I would like to comment. On paragraph 4, the Commission would agree in principle with the proposal of exceptional minimum required concentrations for certain parameters in particular, total hardness, calcium and magnesium insofar as these exceptions are considered to relate to natural water with a stable physico-chemical balance and not to artificially softened water. The Commission can accept the one amendment proposed in paragraph 4, and there are, of course, exceptions made for soft drinks and whisky, which, I think, is reasonable. I would not like to interfere with that trade.

On paragraph 5, the Commission agrees that the fixing of exceptional maximum admissible concentrations should be avoided as far as possible. This principle is included in paragraph 3 of Article 5 of the directive.

On paragraph 7, the Commission is completing the study of the analytical reference methods suggested by the Parliament, and the Member States will be notified of the results in due course.

On paragraph 9, the Parliament will be aware that it has already taken a position with regard to the procedure for the adaptation of directives to technical progress, and in consequence the Commission would not agree with the amendments proposed in this paragraph.

As far as aid to regions is concerned, I have to say that we have no funds at our disposal to aid regions to reach the required quality of water.

To Senator Noè I would say that mineral waters are covered in a directive being developed separately in another part of the Commission's services, and the points he raised in relation

to mineral waters are being dealt with under another directive which will be brought forward.

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — Mr President, I would like to put a question to the Commission because I think it would not be proper to press our rapporteur on a matter which is not covered, I think, within the report.

My question arises from the stipulation of the minimum contents of certain elements, which Mr Noè referred to as well as our rapporteur himself. I can well understand that to supply absolutely pure water may be dangerous, paradoxically, because it may pick up toxic substances in course of transmission, which it might resist or neutralize if it had a certain content of countervailing impurities from the start. Therefore, obviously, if our concern is for public health, we must be ready to agree that the standard should provide that, where necessary, there should be certain impurities present in public drinking water. But the policy of stipulating minimum contents of certain elements with a view to protecting public health, can be extended into a slightly different field, that is to say, for instance, the use of public water supplies as a vehicle for medicaments.

You may be aware, Mr President, and I am sure the Commissioner is aware, that there has been a long campaign in favour of the addition of fluorine compounds to drinking water, particularly in Britain, on grounds that it would improve the nation's teeth. And I think it is probably incontrovertible that the presence of fluorine in the diet is important in the formation of healthy teeth. But the question of possibly adding fluorine compounds to drinking water as a matter of national or Community policy ought, I think, to be dealt with, even though I do not believe that it is touched upon specifically in the report. I wonder, therefore, whether we may hear from the Commissioner this morning what his recommendation is on this matter? Those who want fluorine to be introduced into drinking water are, of course, only motivated by concern for health and for improving dental quality in the population at large. Those who oppose it are afraid that the presence of fluorine in drinking water may have certain side-effects and inevitably, there is controversy about that. I do not want this morning to enter into the controversy over fluorine in drinking water, but I would like to make a personal point which I think may be widely shared, and that is, that one has to express

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reservations about the concept of compulsory medication by the use of additives in drinking water. Sometimes, it may be very good to encourage people to do certain things, but it would be wrong actually to force them to do so. I would have thought that, if there is an established medical need for fluorine to be added, particularly to children's diet, it would be proper to think in terms of possibly marketing sweets or toothpastes, possibly even with the government's encouragement, which would help to supplement fluorine in their diet in those parts of the Community where there might be a fluorine deficiency. But is it really right to think in terms of adding fluorine to drinking water, whether people want it or not? If I can use an analogy, which I believe is apposite, I think it is highly desirable that people should vote Conservative on as many occasions as possible, but I am not prepared to go so far as to say that they *must* vote Conservative. And I think that although that may be an extreme analogy, it is a fair one. I do not think that the powers that be, should decide what is good for people and what is not good for people in the medical field, and take an arbitrary decision which most people would find it impossible to escape from, whatever their consciences or indeed their medical advisers recommended. Therefore, I do hope that this issue, which is a serious controversy and not just a fringe question when we are dealing with the quality of drinking water, has exercised the minds of the Commission and that we may have a specific recommendation from the Commissioner this morning on the point.

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — Mr President, there is no official point of view from the Commission. In another capacity, I did have a point of view on fluorine, but we are preparing a scientific colloquium at the end of this year on this and analogous problems and the question of all additives to drinking water. If the honourable Member would like to attend, we would be very glad to have him.

President. — The general debate is closed.

We shall now consider the motion for a resolution.

I put the preamble and paragraphs 1 to 3 to the vote.

The preamble and paragraphs 1 to 3 are adopted.

On paragraph 4 I have Amendment No 1, tabled by the rapporteur:

'In this paragraph, replace the words:

"to artificially softened water and not to natural water"

by

"to natural water and not to artificially softened water".'

I call Lord Bethell.

Lord Bethell, rapporteur. — This amendment is being tabled simply because of a misunderstanding that arose when this motion for a resolution was last discussed in committee. It was agreed that the text as amended should appear, but for some reason it has appeared in an incorrect form. I have therefore amended the next to put it back in the version as decided.

President. — I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

I put paragraph 4 thus amended to the vote.

Paragraph 4 thus amended is adopted.

I put paragraphs 5 and 6 to the vote.

Paragraphs 5 and 6 are adopted.

On paragraph 7 I have Amendment No 2, tabled by the rapporteur:

'In this paragraph, replace the words:

"analytical reference methods"

by

"analytical methods".'

I call Lord Bethell.

Lord Bethell, rapporteur. — I am advised that the expression 'analytical reference methods' has a specific scientific meaning which is inappropriate in such a context and that the expression 'analytical methods' is more correct. I am afraid I do not myself understand the full scientific meaning, and I am told that it would take a long time to explain it to a layman. But I have taken the very best advice and I feel that I should propose this amendment to remove the work 'reference'.

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

Amendment No 2 is adopted.

I put paragraph 7 thus amended to the vote.

Paragraph 7 thus amended is adopted.

I put paragraphs 8 to 10 to the vote.

Paragraphs 8 to 10 are adopted.

President

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

The resolution thus amended is adopted.¹

4. Directives on standards for lead

President. — The next item is the report drawn up by Mr Noè on behalf of the Committee on Public Health and the Environment on the proposals from the Commission of the European Communities to the Council for

- I. a directive on biological standards for lead and on screening of the population for lead
- II. a directive on air quality standards for lead (Doc. 399/75).

I call Mr Noè.

Mr Noè, rapporteur. — (I) Mr President, ladies and gentlemen, the Committee on Public Health and the Environment had some problems when it came to discussing these two proposals from the Commission, basically because of the uncertainty which still reigns in this field. I am referring here to the problems encountered in obtaining a clear idea of the link between lead concentration—for example, in water or in the atmosphere; Lord Bethell explained in his speech a short time ago how water can pick up traces of lead from lead piping—of the link, that is, between lead concentration and absorption by ingestion or inhalation, depending on whether it is through food or the atmosphere, into the human body. There is some doubt about the first aspect. But there is further, and indeed more serious doubt, about the lead levels which are capable of upsetting the human body and consequently about the limits which cannot be exceeded.

With the help of the officials of our committee, we have tried to obtain a clearer picture of these questions. It was not easy. However, as things stand at the moment, the Committee on Public Health and the Environment felt that action should be taken along these two lines for the primary purpose of defining the problem and making the search for more detailed information easier in the future. The document in question is therefore only a first step—and I cannot stress this enough—a first step which is not entirely satisfactory, since it is partly a step in the dark. The matter will have to be taken up again in the not too distant future, so that we can review the situation.

The first line of action concerns increasing our knowledge of the amount of lead in the bodies of individuals, the citizens of the Community. The second, and more specific line of action, concerns admissible concentrations in the atmosphere. As far as the first point is concerned, we received information not only from the Commission but also from a symposium held in Ireland last June which was attended by an official of our committee. Further information came from a meeting which a delegation of the Committee on Public Health and the Environment had in Berlin with experts on the subject.

I would say that the chief problem which arose was the method of sampling. In fact, if we want to know how much lead there is in people's blood, we must take samples which satisfy two conditions: they must be representative and they must be voluntary.

Now, since there are places in the Member States where the risk of lead poisoning is greater than in other places, it is better to choose subjects from among those who live near factories or who work in factories where lead is present, whether in the atmosphere or on objects which can come into contact with human skin.

The Committee on Public Health and the Environment on whose behalf I am speaking feels, however, that priority should be given to the most critical and delicate cases involving, for example, pregnant women or children living close to factories working with lead, although this should not preclude a general investigation of the whole population. Blood donors were considered, but it was pointed out that they are not representative of the effects of lead poisoning, and in any case their blood is replaced too often for them to be typical. National servicemen were then considered, but other objections were raised here. In short, we hope that the Committee's efforts will meet with success, but we are not unaware of the difficulty of finding subjects who combine the two necessary factors of representativeness and voluntariness.

Then there is the cost of the operation. The document does not state how much will be required, but during the symposium held in Ireland last summer a figure of 10 units of account per sample was suggested. If we consider that in each case sampling would have to be repeated every two years in order to check changes in the lead level of a person's body, and that it must be repeated even more often if an analysis reveals dangerous levels of concentration; and if we consider the general set-up that will be needed to process the data

¹ OJ C 28 of 9. 2. 1976.

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obtained from the survey, then, Mr President, it is obvious that costs will be quite considerable. This raises no objections as far as we are concerned; the Committee is merely surprised that it has not been mentioned.

Quite clearly, the most difficult task was to fix the level of lead in the blood which should be considered dangerous. Here we finally accepted the Commission's proposal of 35 micrograms per 100 millilitres of blood. But I want to make it quite clear that this is only a provisional figure, which we have adopted because research has established without any doubt that there is no danger for human beings below this limit. We envisage a more precise limit being fixed when we know more about the problem.

We also approved the statistical method proposed by the Commission, whereby this limit of 35 micrograms per 100 millilitres is a peak level which must not be exceeded by any individual. There are levels which are slightly below 30 and 20 micrograms which are not exceeded by 90% and 50% respectively of the samples examined. However, if the level of 35 micrograms is exceeded for all the survey population, it will be necessary to repeat the analysis, since there may have been a mistake. But if the result corresponds to the three checks which I have outlined, it has greater statistical validity, and action has to be taken to reduce the amount of lead that can be absorbed by the population. We feel that this too is a satisfactory method. I may add that where the ingestion of lead is concerned, the Commission has already made two proposals which we have examined: the first relates to the amount of lead and cadmium present in chinaware which comes into contact with man through his food; the second concerns the lead content of petrol and was examined by Mr Jahn and Mr Müller on two separate occasions.

In closing, I should like to say that we looked at the second directive in a happier frame of mind, since the difficulties here were fewer. In fact, the problem of lead content in the atmosphere is somewhat simpler in that it is easier to get an idea of the links between the lead content in the atmosphere and the amount inhaled by the people who have to live in such an atmosphere. With regard to the effects on the lungs of inhaling lead, we have asked the Commission to give particular priority to studying the granulometry of atmospheric dust containing lead, and also the problems of synergism, i.e. the effects on the individual when other dangerous substances are inhaled in addition to lead. The combination of two or more pollutants in the human body has been little studied, but is of vital importance.

It only remains for me to urge the House to approve this motion for a resolution, even if it is not entirely satisfactory, but bearing in mind that it is the declared intention of Parliament and the Commission to review the subject within a reasonable period of time, say a couple of years.

(Applause)

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — I would like to thank the rapporteur, Mr Noè, and the Committee on Public Health and the Environment, who had the difficult task of examining a long and very complex technical proposal. The proposal is aimed at protecting public health from the dangers resulting from environmental contamination by lead. The detailed report prepared by Mr Noè and the 20 resolution paragraphs proposed by the Committee on Public Health and the Environment are gratifying to the Commission, and show the great interest which the Parliament has taken in these first proposals relating directly to public health which have been made by the Commission under the environmental action programme.

The Commission's main object in submitting these draft directives on biological and air-quality standards for lead was to protect the population from the possible harmful effects of one of the best-known and longest known pollutants. It is not the first time that the Commission has made proposals concerning lead, and the Parliament has given its opinions before. At the November part-session last year, there was an interesting debate on the lead content of gasoline, but it is the first time that the Commission is presenting a directive aimed at dealing with the integrated effects of all sources of lead pollution affecting humans.

It must be said to begin with that this directive is aimed at the general population and does not cover industrial exposure where individuals are submitted to known risks and are the object of constant medical surveillance related to the particular pollutant. To protect the general population, account must be taken of the diversity of the groups of which it is composed — children, women, aged and sick people.

The biological standards directive, which is aimed at protecting humans, considers that blood lead levels are among the best indicators of the recent integrated exposure. The efforts undertaken by the Commission in the past five years in this field through the organization of meetings, seminars and symposia and the

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sponsoring of study and research contracts have led to the establishment of clear relationships between blood lead levels and a number of sub-clinical and bio-chemical effects. The need to develop analytical methodologies was also recognized by the Commission, and this has led to the development of a European standardized method for the determination of ALAD which may be used as an alternative to blood lead determinations.

The air-quality standards directive is aimed at limiting the atmospheric lead contribution to the blood lead-level and at preventing specific effects of lead on the lungs, as have been demonstrated recently in a number of animal experiments.

The Commission is aware that time is necessary for Member States to apply both directives, but it feels that the period of 18 months proposed is sufficient in view of the importance of both directives for public health. One must remember at this point that lead is at the top of the list of first category pollutants drawn up by the Council in its environmental action programme.

The Commission is very pleased to note that the overall analysis of the resolution shows that the Parliament has appreciated the health protection approach proposed in both directives, and thanks the Parliament for its support. I would like to comment on paragraphs 12-14 regarding the absolute necessity that samples should be taken under the supervision of the health authorities and under medical supervision, that samples should be taken only from volunteers and individual results should be kept strictly confidential, and blood analyses should be combined with a questionnaire on the individual's identity, place of residence, profession and state of health. The Commission agrees, of course, with these ideas, which are in conformity with the conclusions reached at the Galway seminar organized by the Commission and the Western Health Board in July, during which guidelines were developed for biological sampling for the purpose of monitoring population exposure to lead. Paragraph 15 concerns the difficulty of defining a representative population group that will voluntarily provide blood samples. The Commission was conscious of this problem and so organized the Galway seminar which I have just mentioned. Recent surveys in several Member States based on the guidelines developed during that seminar have shown that by selecting population strata and adequately motivating the individuals, the number of volunteers can be adequate for a representative sample to be obtained. These are the only points at this stage on which I would like to comment.

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

Mr Nyborg. — (DK) Mr President, I should first like to take this opportunity of thanking the rapporteur for the work he has put into this report, which as usual testifies to Mr Noè's expertise.

The proposal before us must be considered in conjunction with the Commission's earlier proposals concerning the limitation of lead and cadmium in ceramic articles intended to come into contact with food and on the approximation of the laws of the Member States relating to the limitation of lead content in the composition of petrol.

In this connection, it is, however, difficult to estimate what quantities of lead are harmful, as the amounts absorbed under given conditions differ from one individual to another. Thus, the results offered here can be no more than a guide.

There are also difficulties of analysis as regards the measurement of increased blood lead levels, and more thorough research must be done before we can be certain of the results. Various experts have expressed differing opinions on the maximum permissible blood lead level, and the Committee on Public Health and the Environment considers that a limit of 35 micrograms per 100 ml should be set as the maximum permissible blood lead level. This is not based on research results but on a series of experts' opinions and analyses carried out in different laboratories.

The limit of 35 micrograms per 100 ml must therefore be considered open to correction. The right thing to do is therefore to introduce a ceiling of this type for a limited time, until further intensive research manages to produce new, better and more dependable information on the real danger levels.

The proposal for a directive on air quality standards for lead results from the fact that lead has a specific action on the lungs if the individual inhales sufficiently large quantities. In view of the substantial concentrations of lead compounds found in certain places, it seems only reasonable to introduce specific measures with a view to reducing the atmospheric lead content in areas where it seriously exceeds the generally recognized danger levels.

The two proposals before us must be seen as a positive step towards combating lead pollution. Similarly, it is most advisable that particular attention should be given to inves-

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tigating the size of lead particles in the atmosphere and their degree of harmfulness to the lungs, as well as to methods for measuring such particles.

It should be noted that in the interests of protecting human health, further and more intensive efforts should be made to improve, and later to harmonize, standards on blood lead levels. I ought, however, to stress that we should not take an excessively one-sided view of air pollution problems. Chemistry professor John McKetta of the University of Texas has recently made some critical comments on the subject of the air pollution studies conducted to date. He maintains that the pollution from automobile exhaust gases does not have the highly negative effects attributed to it hitherto and, as an example, he claims that the air pollution from tobacco smoking is many times more harmful than air pollution from automobile exhaust gases. In other words, smokers subject themselves and others to pollution levels which are higher than those measured in our most heavily polluted traffic-congested cities.

We must therefore give priority to solving pollution control problems for which funds are granted, as these are not unlimited. We must concentrate on the most important problems so that we can achieve the greatest improvements in the environment and public health.

As can be seen from items 13 and 14 on pages 12 and 13 of the report, there is no dependable legal or scientific basis for air pollution danger levels for lead, nor has it been established whether lead is or is not more dangerous when combined with other air pollution factors. The Group of European Progressive Democrats, which is primarily interested in public health and environmental improvement, recommends that research should be accelerated and intensified in this area and that until more dependable results are available, excessively far-reaching and drastic measures against atmospheric air pollution should not be taken.

This being the case, we recommend voting in favour of the motion for a resolution.

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

Mr Spicer. — Mr President, I think the Commissioner has rightly said that this is a very technical subject indeed. The vast majority of people in this Parliament are not qualified to speak with the technical knowledge that it demands, and therefore I think we owe a very great debt of gratitude to Mr Noè, who brings I think a very critical and a highly know-

ledgeable approach to this subject. Above all I think that his comments in the report represent commonsense in their criticism. I have always believed, and I am sure most of us here as politicians have believed, that politics is the art of the possible and I would hope that we could extend that view to some of the work that we are proposing to do here and therefore start off in the areas where we know there are problems and then move out further instead of starting out by thinking big and finishing up by acting in a very much smaller and less worthwhile way.

I would particularly comment on the amendment to article 2, paragraph 3. In the original form, the directive would, of course, have inhibited the opening of new mine workings; in our committee the matter was discussed and Mr Noè very kindly accepted an amendment which makes it much more sensible, laying down the levels which are acceptable and within which people can work. Our group fully supports these changes. On the question of air standards one is again moving back into the area of what is realistic and what is unrealistic, and I really wonder, when the directive talks about all-urban zones with more than 500 000 inhabitants and then sampling urban residential areas with more than 250 000 inhabitants, whether this is really the right way to start. Every person here—and I particularly mention Lady Fisher, who comes from Birmingham and with whom we have had great discussions about Spaghetti Junction and the problems in that area—knows the danger areas that exist where the sampling could take place first. Again I come back to the question of what is immediately possible namely to isolate the danger-areas, from which we can work outwards as we have more expertise and more knowledge at our disposal.

With respect to the blood-levels mentioned in the directive, one can only look to the experts. Mr Noè makes the point in paragraph 10, saying that by calling for a maximum level of 35 micrograms per 100 millilitres the Commissioner is attempting to apply a more stringent limit than the professor who reported to the Health Directorate of the Commission on this subject in 1974. He recommended, I believe, an upper limit of 40 micrograms. The Commission, I think, is proposing that in 50 per cent of the samples taken, if the blood levels are higher than 20 micrograms, that is a cause for concern, but I wonder how realistic that is. An international health study made in 1967 showed that mountain people in New Guinea had a blood level of 22 micrograms, while a remote tribe of Central Brazil had a level of 23 micrograms. We all—particularly those of us who are on the

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Committee on Public Health and the Environment, whether we are experts in that field or not—want to see pollution lowered and public health improved, but I think the main contribution we can make from this Parliament is to examine proposed directives and ask ourselves whether they are really realistic, whether the starting-point is correct and whether we are not aiming too high. With those reservations on the directive itself, our group gives the fullest possible support to the valuable work Mr Noè has put in on his report.

President. — Since no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

5. *Directive on the classification, packaging and labelling of paints*

President. — The next item is the report drawn up by Mr Duval 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 Member States' laws, regulations and administrative provisions relating to the classification, packaging and labelling of paints, varnishes, adhesives and similar products (Doc. 420/75).

I call Mr Duval.

Mr Duval, rapporteur. — (F) Mr President, ladies and gentlemen, the Committee on Public Health and the Environment welcomes this initiative from the Commission, but regrets the long interval which has passed since the framework directive was adopted in 1967. Similarly, we should like to point out that the Commission failed to observe the deadline laid down in the Council Resolution of 17 December 1973 on industrial policy, in which it is stated that the proposal for a directive on paints and varnishes should be submitted before 1 January 1975. In fact, the proposal did not reach the Council until 30 June 1975.

The Committee feels that more detailed scientific research on this problem must be undertaken at Community level. The methods which the experts have used until now to assess the risks run by painters in their working environment are inadequate. It has been shown, for instance, that a painter inhales thirty times as much toxic matter as the standards lay down. The criteria for the classification of products

must not be limited to the composition of the product expressed in percentages. The user is not exposed solely to the contact with the product resulting from removing it from its packaging. He may also be indirectly exposed to concentrations which become harmful on coming into contact with damp or semi-dried surfaces, even if the product is not harmful in its original state.

The criteria for classification must therefore also take account of the normal uses of these products. Insufficient scientific attention has been paid to this problem. It is known that every day painters are exposed to a variety of minor but unpleasant ailments, such as irritation of the eyes and nose, headaches, bouts of dizziness, etc. These are daily hazards of a painter's life, unpleasant and dangerous hazards which ought to be reduced.

The Committee on Public Health and the Environment also considers that the overall problem of the classification, packaging and labelling of dangerous preparations and substances should be coordinated at international level. The Committee therefore asks the Commission to contact international bodies with the aim of coordinating action in this sphere.

For these reasons, the Committee on Public Health and the Environment asks the House to adopt the motion for a resolution.

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — Mr President, the Commission transmitted to the Council on 30 June a proposal for a directive on the approximation of the laws of the Member States for the classification, packaging and labelling of paints, varnishes, glues and allied products. The aim of the directive is to eliminate the existing differences between the national laws on paints, varnishes and so on which can contain dangerous substances. This directive falls within the framework of the dangerous substances directive and the solvents directive, which were adopted by the Council on 27 June 1967 and 4 June 1973 respectively.

Paints, varnishes, glues and allied products contain in certain instances toxic, poisonous or inflammable substances or those presenting other hazards. For this reason both a classification associated with rules of labelling, symbols and indications of danger, safety advice and so on, and requirements on packaging, are necessary to reduce the risk of accidents resulting from the marketing of these products and to ensure that they are used in a proper way.

¹ OJ C 28 of 9. 2. 1976.

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The existing proposal for a directive is dealt with by the resolution of the Council concerning industrial policy, according to which in principle it should have been adopted by the Council before 1 January of this year. As for all the directives on dangerous substances and preparations, this too is based on a solution of total harmonization. The requirements of the directive will ensure satisfactory protection to consumers by giving them precise information on the characteristics of products by means of clear labelling.

Furthermore, the proposal for a directive forbids the use of lead in paints which are intended to be used on surfaces likely to be licked, sucked or chewed by children. The committee procedure for the adaptation of the requirements of the directive to technical progress is also proposed. I would like to thank the rapporteur for this report and the Parliament for its interest in this directive, Mr President.

President. — Since no one else wishes to speak, we shall now consider the motion for a resolution.

I have two amendments tabled by Mr Spicer on behalf of the European Conservative Group:

Amendment No 1:

‘Proposal for a directive
Article 6
Delete new paragraph (g).’

Amendment No 2:

‘Motion for a resolution
Delete paragraph 6.’

I call Mr Spicer.

Mr Spicer. — Mr President, may I first of all say that one is on much happier ground here as a layman because we are dealing with a subject in this amendment that I think we can all fully understand, because we have all, at some time or other in our lives, actually had to deal with tins of paints and varnish, and some of us who have worked on the land have also dealt with dangerous sprays.

All I would do is to draw the attention of Parliament to the tremendous amount of detailed information that is going to be put on every package. First of all, all packages are to bear detailed instructions for use. Then all packages are to indicate the best storage methods, or methods which are unsuitable and may endanger health.

Our committee then had quite a heated discussion on whether we should add that first-aid

instructions should be printed on packages of toxic and harmful preparations. And really our objection to this is that we are not dealing with a clearly marked tin on display in a shop—of course, if we were, then you can have all the details you want—we are dealing with a tin of paint or varnish, we are dealing with a toxic spray, with a farmworker working far away from the farm itself. And what we believe—and what I know from my own experience—is that unless the first-aid instructions on these toxic spray tins are very detailed indeed, then they can do more harm than good to the person who may be involved in an accident.

That is basically why we are suggesting that that particular part should be deleted. It is a common sense thing to me that if spray or other toxic substance is described on the tin as toxic, if it bears detailed instructions for use, if it calls for caution in use, then the farmer—if it is a farmer—will turn round to the chap who is doing the job and say ‘For God’s sake, Joe, look out when you use this, be extremely careful, and if anything should go wrong then come straight back to me!’

I believe that by printing more and more detailed information on tins and containers we are in fact making it more likely that there will be accidents. Because all too often specifying first-aid treatment, rather than saying, simply ‘Contact a doctor immediately’ or ‘Do not immerse the part that has been exposed to this toxic substance in water’ can be very dangerous indeed. And it is for that reason, Mr President, that we propose this amendment.

President. — I call Mr Walkhoff.

Mr Walkhoff. — (D) Mr President, ladies and gentlemen, I cannot help feeling, Mr Spicer, that while pretending to base your criticisms of the report’s recommendations on technical difficulties, you are in fact motivated by considerations of a totally different kind.

In any case, I cannot see these difficulties. In Germany there are many firms which already print first aid instructions on their packages. For a do-it-yourself job during the Christmas holidays I myself used a solution which had such instructions on the packet. Since there were children in the house, I read them very carefully so that I would know what to do in an emergency—after all, even the greatest care cannot always prevent an accident. The information, which was concisely presented, in no way worried or confused me, as you seem to think it would an average user.

I therefore take the view that it would not be too much for industry to provide this type

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of information in very concise form, stressing what is most important.

This is where a decision simply has to be made between the interests of the consumer and those of industry. I suspect that you are out to save industry the few pence that it might cost to provide such information on packages. Here is our chance to vote in favour of the consumer; the committee has decided in the interest of the consumer, and so I ask the House to approve this committee proposal.

President. — I call Lady Fisher.

Lady Fisher of Rednal. — I would say to Mr Spicer that there are lots of other people besides farmers who use paint and adhesives. Mothers are very often in a very responsible position when children tamper with insecticides and paints and varnishes which they are not supposed to be tampering with; in such a situation she must make a very quick decision on what has to be done to alleviate the child's distress.

I would support Mr Walkhoff, who said that emergency first-aid procedures often prevent accidents from being as serious as they might have been without such treatments. I am therefore opposed to Mr Spicer's recommendation and in favour of the committee's report.

President. — I call Mr Spicer.

Mr Spicer. — I feel that I have a right to speak in reply to Mr Walkhoff. He is not a member of our committee; I am sorry he is not, because I think if he were he would see that the committee's work is not motivated out of any consideration for industry's interests, and there have been no representations of that kind to me or as far as I know, to any one else in the committee.

After all, the printing of a label involving just a few additional words means nothing at all in terms of extra cost. And I resent very, very strongly indeed, sir, the remark that you have made in that respect. I am not working and I have never worked in a hobby workshop; I accept the points that Lady Fisher has put, because of course she speaks from a housewife's point of view. What I am saying is that if you have somebody involved in industrial work or in farm work, labels are all too often mutilated or torn and it is easy to get the wrong end of the stick if one attempts to follow perhaps only semi-legible first-aid instructions. They simply cannot be detailed enough for somebody who is out in the field, particularly since there is

likely to be more paint on the outside of the tin than on the inside. But my main point in speaking again was to say that I resent very, very strongly, the implications of Mr Walkhoff's remarks, and I hope he will withdraw them.

President. — What is the rapporteur's position?

Mr Duval, rapporteur. — (F) I apologize if I cannot share Mr Spicer's point of view. 'First-aid instructions' are not intended to indicate the complete treatment to be given to an injured person. We apply a tourniquet to a severed artery, but this by no means constitutes the treatment proper.

What we are asking for in this proposal for an amendment is more or less what we find in the leaflets which come with pharmaceutical products, where there is a list of the uses to which the product must not be put, of the products which must not be taken with it, and of the measures to take in case of accident. What we want is some indication of these measures, not the entire treatment to be followed until the accident victim has fully recovered. I said that I could not accept Mr Spicer's point of view because I am, to a certain extent, obliged to respect the decision of the Committee on Public Health and the Environment, which unanimously—and that includes Mr Spicer, since he took part in the work of this Committee—approved this motion for a resolution which is now before the House.

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — The Commission would support the rapporteur's position on that amendment.

President. — I put Amendment No 1 to the vote. Amendment No 1 is rejected.

Since Amendment No 2 follows logically from Amendment No 1, it is also considered to be rejected.

I put the motion for a resolution in its original version to the vote.

The resolution is adopted.¹

6. Safety glass for use in motor vehicles

President. — The next item is the report drawn up by Mr Seefeld on behalf of the Com-

¹ OJ C 28 of 9. 2. 1976.

President

mittee on Regional Policy and Transport on safety glass for use in motor vehicles (Doc. 397/75).

I call Mr Seefeld.

Mr Seefeld, rapporteur. — (D) Mr President, ladies and gentlemen, as the old saying goes, 'the mills of God grind slowly'. And so, too, do the mills of parliaments and governments. However, when proposals are involved which affect all the Member States of the European Community and relate to European issues, one sometimes gets the impression that they grind more slowly than ever.

Proposal No 144 of the Commission dates back to 1972 and the millstones have been grinding away for more than 40 months now, despite the fact that repeated initiatives have been taken, realistic initiatives, and that all we have ever wanted is for this proposal to be finally implemented.

The proposal of the Commission of the European Community on safety glass in motor vehicles is an important one for two reasons. Firstly, it concerns the indisputable need to increase road safety for all road users, and secondly it constitutes a regulating mechanism which will ensure fair competition among the Community's car manufacturers. When the Commission originally submitted its proposal to the Member States, after we too had approved it, and asked the Council of Ministers for its approval—this was back in 1973—this hard-won basis of agreement on the transport policy and technical aspects of the proposal suddenly disintegrated, owing, I suspect, to commercial considerations, vested interests and objectively unsound arguments which we believed had long since been overcome. Thus this proposal has to this very day not appeared once on the agenda of the Council of Transport Ministers, who, in the opinion of the transport experts in this Parliament, meet far too rarely anyway.

It is to this House's credit that all the competent committees—the Committee on Economic and Monetary Affairs, the Legal Affairs Committee, the Committee on Public Health and the Environment and the Committee on Regional Policy and Transport—have approved Commission proposal No 144/72 and have thus upheld and contributed to unanimity in the European Parliament on the implementation of this proposal, which is of such importance for road safety.

I therefore decided in spring 1974, in addition to asking officials for advice, to conduct a survey among people whose occupations brought them into contact with this matter, to find out

what they thought of the Community proposal. I thus wrote to all the leading European motor vehicle and glass manufacturers in the European Community. Since these firms not only constantly accumulate practical experience but also carry out technically sound research, it seemed probable that the observations made by these manufacturers would be useful in helping the Council of Ministers to take a decision. I found myself wondering at the time why an individual parliamentarian, with the support of his committee, should have to collect documents which all the governments could doubtless have acquired long ago. In my letter I asked the manufacturers: what do you think of the Community proposal regarding safety glass in motor vehicles? What is your attitude towards the fitting of laminated glass as standard equipment on all motor vehicles? The answers can be found in a statistical table in the document which has been distributed. In the accompanying text you can take cognizance of the opinions of the leading manufacturers in the relevant industry, and with your permission, Mr President, I should like to read out a few passages from the original letters describing the views of these qualified persons on the safety glass issue.

In doing so, Mr President, I shall also have to mention certain firms by name. This is necessary to show that in the area of road safety in the European Community there are social privileges which cannot be justified or countenanced and must be strongly condemned.

Mr Gehrken, Director of the Safety Department at Daimler-Benz AG wrote:

'With effect from 1 May 1972 we decided to discontinue the fitting of toughened glass windscreens in our passenger vehicles. Since that time we have equipped all passenger vehicles manufactured by us with laminated windscreens; owing to the lack of energy absorption there was little point in continuing to develop the toughened glass windscreen. On the other hand, our research department has made further progress with the laminated windscreen.'

The technical manager of the Ford works, Mr Ebers, said:

'In view of the likelihood of legislation making the installation of safety belts obligatory, now seems to be the right time to start installing laminated windscreens in our cars as standard equipment.'

Mr Fuhrmann, technical manager of Porsche AG, commented:

'All Porsche cars have always been equipped with laminated windscreens.'

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Mr Rogers of Chrysler France stated:

'Laminated glass is standard equipment on all our models having maximum speeds exceeding 150 km/h.'

Mr Perlot, managing director of the largest glass-manufacturing concern in Europe, Saint-Gobain, wrote:

'I find laminated windscreens preferable from the road safety point of view.'

Finally, the managing director of Rolls Royce informed me that this company had been fitting laminated windscreens on all cars since 1946, because it was convinced that they caused less facial injuries in road accidents and prevented any loss of forward visibility.

These are the words of experts, whose firms have been spending considerable amounts of money on research into improvements in road safety. They have drawn certain conclusions from the results of this research and are prepared to translate those conclusions into practical action. Perhaps you have noticed, however, ladies and gentlemen, that the persons I have quoted mainly represent firms producing cars in the highest price range.

How closely this issue affects efforts to ensure equality of competition on the market emerges from remarks made to me which clearly reflect a fear of adverse commercial consequences, to which it is believed a realistic maintenance of safety awareness would lead.

One West German firm told me: 'We are in favour of a regulation introducing the laminated windscreen on *all* cars because this would eliminate any threat to competitiveness'. I was told that the customer might prefer the lower price of those manufacturers which do not fit safety windscreens to the advantages of laminated windscreens fitted on an optional basis. The British company Vauxhall said that they did not want to find themselves in an unfavourable market position vis-à-vis their competitors as a consequence of deciding independently to fit laminated windscreens.

In Italy, where laminated glass is compulsory, Fiat recommended a uniform regulation for Europe to replace local regulations, which they feel do not make economic sense.

This is just a small sub-section of a European transport policy which is practically in ruins, but I think these examples are important and symptomatic of all our endeavours in this area.

It may be objected that in view of the difficult economic situation in which many branches of industry in Europe find themselves at the

moment, the time does not seem ripe to introduce road safety measures of this kind. But if one places the safety of our citizens on one side of the scale and the cost to industry on the other, there can really be no doubt as to which must weigh the heavier. If the cost-orientated thinking of some industrial firms is to be decisive any innovation contributing to greater road safety is likely to run up against a brick wall.

While acknowledging the value of safety research already carried out in the motor industry without state help, I must add in fairness that except in the case of certain prestige firms the cost factors I have mentioned can only be imposed by means of national regulations. I have been very gratified to observe that there has been a certain change in the attitude of manufacturers of mass-produced cars. A number of car firms have in the meantime stated quite clearly that they recognize their safety obligations vis-à-vis consumers, i.e. their customers.

Now in certain countries, Mr President, ladies and gentlemen, definite legislation already exists. In Italy, for example, national legislation already stipulates that motor cars must be equipped with laminated windscreens, and firms in that country fit the lower-quality windscreens only on cars intended for the *European* market, although they are bound by law to use the better type for the Italian market. In addition to the Community country Italy, the safety-conscious Swedes and Norwegians, the United States of America, Canada and Israel have passed laws approving the use in their countries only of such vehicles as are equipped with laminated windscreens.

Another Member State, Denmark, is preparing similar legislation, as is Switzerland. This means that car manufacturers in the European Community must fit different equipment on all vehicles exported to the above countries from that used for vehicles sold on their home market. This is schizophrenic, because in a country in which laminated windscreens are obligatory not only the owners of expensive cars but, thanks to the wise precautions taken by their government, all car drivers benefit from greater road safety, whilst citizens of other countries are exposed to the danger that their toughened glass windscreen will suddenly shatter or craze, and, because the only reason for this state of affairs is that we cannot find the energy, or rather because our governments cannot find the energy to take the long-awaited decision in the Council of Ministers.

My appeal is therefore to the governments, to the people who, on whatever grounds, are post-

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poning the decision and do not appear to realize the implications of their indecisiveness.

Although I have almost given up hope that the Council of Transport Ministers of our Community will finally take a decision and achieve some progress in Europe's transport policy, I place my hopes in those mills of God I referred to at the beginning of my speech, which grind slowly but surely and which must one day succeed in dissipating the inertia of the Council of Ministers.

I wanted to stress this, and I would add that I drew up my report on behalf of the Committee on Regional Policy and Transport and that certain other committees, namely the Committee on Economic and Monetary Affairs and the Committee on Public Health and the Environment, have approved it. My Group and, in early debates, all the other groups of this Parliament were unanimous. As politicians interested in transport problems, we want Proposal No 144/72 to appear at last, after a delay of over three years, on the agenda of the Council of Ministers. Let us all hope that this Council will not only meet regularly but finally give proof of efficiency. On behalf of my Committee I would ask you to approve the motion for a resolution.

(Applause)

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

Mr Mursch. — *(D)* Mr President, I can be very brief because I fully support the comments made by the rapporteur, Mr Seefeld, on behalf of the Committee on Regional Policy and Transport. I should like to emphasize in particular that my Group also feels that it is high time the Council of Ministers took some real decisions. I fully agree with Mr Seefeld that we in this Parliament should not grant the Council of Ministers any more respite. We shall call the Council constantly to account in our sessions and shall demand month after month that they report to us on the decisions they have taken.

As far as the safety glass question is concerned, I do not want to get involved in technical details. There are no differences of opinion among us and my Group will therefore vote in favour of the motion for a resolution.

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

Mr Nyborg. — *(DK)* Mr President, I should like to thank the rapporteur, Mr Seefeld, for the excellent report he has presented to Parliament,

and to express my appreciation of his continuing efforts to improve road safety at European level.

The report under discussion deals specifically with safety glass for use in motor vehicles. The windscreen of a car plays a major role in safety, and we all know that much of the damage in a road accident is caused by the windscreen. Passengers are sometimes thrown through the windscreen and receive head injuries. The broken glass can cause deep wounds or blindness etc. The Community's harmonization work now extends to efforts to improve general road safety. This is good for various reasons, and it has led to the introduction, at Community level, of various minimum safety requirements for all types of motor vehicles. It is very surprising to see that only two out of a total of 43 motor-vehicle manufacturers are opposed to the use of HPR glass. This means that the manufacturers accept that HPR glass is much more suitable for motor vehicles than the alternative, tempered glass, and this also means that they recognize that HPR glass should be used for safety reasons, even if it is slightly more expensive.

The Group of European Progressive Democrats is convinced that the conclusions in the report are correct, i.e. that we should do everything possible to promote road safety and that we should do everything possible to reduce injuries and prevent loss of life in modern traffic. We therefore recommend that this motion for a resolution be approved.

President. — I call Mrs Kellett-Bowman to speak on behalf of the European Conservative Group.

Mrs Kellett-Bowman. — Mr President, I hate to be the one cuckoo in the nest, so to speak, but my group is not entirely convinced of the necessity for the compulsory introduction of laminated glass in all the countries of the Community. We are not convinced in particular, as regards the safety aspect.

The rapporteur said, when referring to this matter, that a suddenly exploding tempered glass windscreen can blind, but, in an accident, a laminated glass wind-screen can slit your throat. You take your choice. Our research in the United Kingdom has shown that only 2 out of 1 300 accidents, involving injuries of all kinds, occurred because of a shattered windscreen, but many very serious facial lacerations resulted from shattered windscreens and some of the most serious of these were caused by laminated glass.

I am unhappy, in particular, about the effect of different road conditions and the different climatic conditions in the various countries. The rapporteur says that the Swedes are conscientious

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tious as regards safety. Indeed, who is not? It would be criminal if we were only to consider the commercial aspects of this matter. But, in fact, of those countries which he lists in his report as having made laminated glass compulsory, only one is a Community country, and all have one thing in common. They either have extremes of temperature or they have dirt roads. In those conditions, I would not deny that laminated glass is superior to toughened glass, but in other conditions, such as prevail in other Community countries and in my own, I would suggest that either form of glass is serviceable and the consumer should be given the choice. When we look at the numbers of motor manufacturers who do in fact use toughened glass, it is true that they are in a majority, but, as the report itself admits, in volume terms they are not.

The rapporteur says he can see no reason why the report should not be adopted immediately. I would respectfully suggest that it ought, in fact, to be phased in very carefully because of the cost to the motor manufacturers, the difficulty of changing over and the difficulty, indeed, to the glass manufacturers also. But I find it extremely difficult to deal with his suggestion in the original report that laminated windscreens should be phased in according to the design speed of the vehicles. I really cannot see that this is practical and I feel it would lead to very many disputes about the design speed and could cause very considerable problems for the manufacturers and for those trying to draft the legislation.

On these grounds, Mr President, I shall not be supporting the motion for a resolution. I have obtained most of my information since we discussed the matter in committee, and I shall not be supporting the motion for a resolution and my group will, in fact, be exercising a free vote.

President. — I call Mr Mitchell.

Mr Mitchell. — Mr President, let me emphasize at the beginning that I am speaking here as an individual and not on behalf of the Socialist Group or for that matter on behalf of the British Government.

I would like to congratulate Mr Seefeld on his report but also tell him that I do not think his report should have been necessary at all. I do not wish to get involved in the arguments concerning the relative merits of laminated or other types of glass for windscreens. Frankly I do not know enough about the subject, but I do not think that this is a matter upon which there should be a Community regulation in any case. I think it is utterly absurd to have a Com-

munity regulation telling the countries what type of glass they should put in their windscreens. This is a matter which national governments are quite capable of solving for themselves. I have heard no good reason from the rapporteur for such a regulation and I look forward to listening to the reply from the Commission.

What I want to hear from the Commission is why they think a regulation is necessary. Why must it be all the same in all the countries? One of the difficulties about the EEC—and I have made this point in other speeches in this chamber—is that there is an excessive demand for harmonization. I shall continue to make this point on numerous occasions. We have had the absurd situation recently in connection with turkeys and fat content of milk, with all the attempts to impose the same standards throughout the whole of the Community. In my view this is absurd and while I do not quarrel with the content of Mr Seefeld's report—he may well be right on his technical matters—I do want to stress I do not think there should be a Community regulation at all. Therefore I think the matter should not have been brought here and we should not have had this debate today. *(Applause from certain quarters)*

President. — I call Mr Ellis.

Mr Ellis. — Mr President, I want to intervene briefly in this debate for a very special domestic reason, and I hope that the House will forgive me for doing so.

The cause of my intervention arises from certain very tendentious features that appeared in a programme on the British television network called *Nationwide*. The programme came close to slandering the attitude of the British Government in its negotiations with the other members of the Council in respect of this particular issue.

Now, as I understand it, in the Council's discussions of the original proposals from the Commission, the proposals were in fact supported by no-one. The British, French, the Germans and Dutch officials said that the available evidence then on accidents involving shattered windscreens was not sufficiently conclusive to show that the compulsory fitting of laminated glass windscreens was cost-effective and I am using the, perhaps emotive term 'cost-effective' but I am sure the House will realize precisely what I do mean. These various officials proposed that Community standards should be adopted for windscreens which would ensure that both types of glass were manufactured and fitted up to certain minimum standards. The choice of

Ellis

which type of glass would be left to the purchaser of the cars, as suggested by Mrs Kellett-Bowman. In Italy, however, all cars, as has been pointed out, were in fact already required to be fitted with laminated glass windscreens. Well, in the 'political' argument which followed, sight was lost of the fact that the actual standards of Italian windscreens were well below the proposed Community standards. The Danes supported the Italians, largely because they already followed the Swedish regulations which did require this particular type of laminated glass. I think it is therefore fairly clear that, far from being in a minority in blocking the Commission's proposal, which was the allegation in the particular programme on British television, the British have been with the majority, and furthermore the British interpretation of the evidence was supported by all but one of the major car-producing countries.

Now I intend to support this particular report. In fact I sat on the committee which considered it and I voted for it. But I must say I voted from a position largely of benevolent neutrality. I think it will do no harm and it may do some good, and therefore I shall support it. But I think Mr Seefeld has perhaps over-stated his case, because the evidence clearly is that the real precautions to be taken are largely things such as the fitting of safety harness and so on. Therefore my main purpose in speaking has been to try at least to justify the British attitude in this respect. While, in fact, the British attitude has not been that of the Archangel Gabriel, neither has it been the attitude of the Devil incarnate.

President. — I call Mr Osborn.

Mr Osborn. — Mr President, I listened very carefully to Mr Seefeld's presentation of this report in committee, and I am aware that we supported him unanimously in committee at the time. He has put forward the case of Daimler-Benz, Porsche and Rolls Royce. In my own city there is the Glass Research Association, and I have visited them from time and been very much interested in the standards they look at for safety and other criteria in glass. I am very glad that Mrs Kellett-Bowman has taken a lead in this subject because my own view about this is that I do not know. As a one-time scientist and a visitor to the Glass Research Association, I do not know whether Mr Seefeld is asking us to do the right thing or not. Mrs Kellett-Bowman said that if I do not know what the right course is then we ought not to give Mr Seefeld our complete blessing at this stage.

I have made a number of enquiries. The Road Research Laboratory, as Mrs Kellett-Bowman mentioned, has pointed out that the indications are that, under certain conditions, laminated glass can be more lethal and more dangerous than toughened or tempered glass. Conservative Members, both here and in London, who have been concerned with transport, would not say laminated glass should not be used because it is expensive. What we are concerned about is that the standard of safety in vehicles should be increased, whether by means of safety belts or by the design of a vehicle as a whole, and that the designers and manufacturers of motor vehicles should bear in mind the safety of driver and passengers. But correspondence and meetings that my group have had with the Society of Motor Manufacturers and Traders indicate that some manufacturers are not convinced that going over to laminated glass is necessarily the right answer in terms of safety. I would go a stage further and share Mr Mitchell's view in that I am not happy that this should be the subject of a regulation. What I am convinced about is that standards are vital in this field, as all technical standards for industrial production are vital with the interest of the consumer at heart. It is the standards of safety, the standards that must be met that are concerned, not the type of windscreen. Therefore I agree with the doubts expressed by some people. We want there to be adequate windscreen safety in vehicles. Technical changes are taking place all the time, and I am not foolish enough at this time to state categorically that for 5 or 10 years hence laminated glass is going to be the most safe for windscreens. And therefore I will support the abstention that Mrs Kellett-Bowman has recommended to my group.

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — Mr President, the Commission is grateful to the Committee on Regional Policy and Transport and in particular to the rapporteur, Mr Seefeld, for giving the opportunity to Parliament to renew its agreement with the proposal of the Commission on safety-glass for use in motor vehicles. The Commission remains convinced that the consequences of car accidents can be reduced by the adoption of this directive, and in particular by the mandatory installation in all vehicles of a laminated HPR glass windscreen, as evidenced by the analysis of accident statistics and other scientific information available. The increase in costs which this requirement might cause seems not to be a major obstacle to the adoption of the proposal. Nevertheless, the proposal has been questioned in

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discussions in the Council, on the one hand by some who maintain that the conclusions of statistical analyses of accidents are not sufficiently established, and on the other hand by the possibility that technological developments may reduce the relative gain in safety obtained by the adoption of HPR laminated glass. Frankly, I must state that the obligatory wearing of safety-belts, while reducing the frequency of impacts with the windscreen, will only partly reduce the risks of serious injuries when these impacts occur. The same arguments could apply to the reduction of speed-limits, but there it should be noted that a large number of serious injuries caused by impact with the windscreen occur at collision speeds well below the authorized speed-limits. The Commission hopes that this initiative of the Parliament will lead to a resumption of discussions in the Council so that it will be able to take a decision on this proposal for a directive as soon as possible.

President. — I call Mr Seefeld.

Mr Seefeld, rapporteur. — (D) Ladies and gentlemen, I should like to thank all those who have taken part in this debate and I would point out once again that this issue originally came up in 1972 and was supported unanimously by all the groups in this Parliament in 1973, 1974 and 1975. I would also draw your attention to the fact that at the committee meeting of 18 November all the Members present, despite certain doubts on the part of some of them, voted in favour of this proposal.

To be precise, two issues are involved here: firstly, what can be done to improve road safety and secondly, what steps can be taken to eliminate distortions of competition in the car industry? We cannot—and I say this in reply to one speaker—leave this to national regulations alone, because this would amount to discriminating against certain types of car and would give an unfair advantage to cheap cars, whose low price is perhaps due to the fact that little attention has been paid to the safety of their occupants.

The leading producers and glass manufacturers have made it quite clear that they can change over to a new system fairly quickly. Indeed, they have been preparing for it for a long time and are willing to accept this new regulation. Research will, of course, go on and perhaps other ways of improving road safety will come to light. I am sure that this Parliament will then make its voice heard again and will keep an open mind with regard to new discoveries. But today I would ask you to join us in making this appeal to the Council by approving this motion for a resolution.

President. — Since no else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

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: LORD BESSBOROUGH

Vice-president

President. — The sitting is resumed.

7. Tabling of a motion for a resolution

President. — I have received from Mr de la Malène, on behalf of the Group of European Progressive Democrats, and Mr Scott-Hopkins, on behalf of the European Conservative Group, a motion for a resolution on the entry into service of the Concorde aircraft on 24 January 1976, with a request for debate by urgent procedure pursuant to Rule 14.

The motion for a resolution has been distributed as Doc. 487/75.

I shall consult Parliament on the adoption of urgent procedure in one hour's time.

8. Regulation on transfers between the 'Food Aid' Chapter and the 'Guarantee' Section of the EAGGF

President. — The next item is a debate on the report drawn up by Lord Bruce of Donington, on behalf of the Committee on Budgets, on the proposal from the Commission of the European Communities to the Council for a regulation amending the Financial Regulation as regards the transfers between the 'Food Aid' chapter and the European Agricultural Guidance and Guarantee Fund 'Guarantee' section (Doc. 445/75).

I call Lord Bruce.

Lord Bruce of Donington, rapporteur. — Mr President, I rise to address the House in terms that are non-controversial for a change, and have the greatest pleasure in submitting the

¹ OJ C 28 of 9. 2. 1976.

Lord Bruce of Donington

resolution contained in Doc. 445/75 for adoption by the House.

In the course of my remarks I shall be referring to Doc. 329/75, which is the proposal from the Commission on which my report is based, to the Financial Regulation—in particular, Article 21, which is contained in the Official Journal of the Communities dated 1 May 1973, No L 116—and also to the Official Journal of 25 October 1974, No L 288.

Mr President, under Article 21 of the Financial Regulation, appropriations under each chapter of expenditure shall not be used for the purposes of other chapters of expenditure, but sub-section 3 of the regulation lays down: 'However, the Commission may propose to the Council that appropriations be transferred from one chapter to another. Proposals made by other Institutions for transfer from one chapter to another shall be automatically forwarded to the Council. The Commission may, when forwarding these, attach its opinions to these proposals.' Then it says: 'The Council shall act by a qualified majority, taking into account the urgency of the matter, and shall inform the European Parliament thereof.'

This is the basic section of the Financial Regulation which is touched upon by the proposal of the Commission that we are now considering. Also, Regulation No 2681/74 of the Council, to which I have already referred, dated 21 October 1974, makes provision for the transfer in certain circumstances specifically from the chapter dealing with food aid to the Guarantee Section of the EAGGF.

The proposal of the Commission which has been under review by the Committee on Budgets is specifically connected with food aid—i.e., Chapter 92, which in the course of 1975 resulted in the expenditure of some 16 million units of account for cereals, milk, buttermilk, sugar and various other expenses.

But Mr President, it is also necessary when considering the provision of aid in this way to take account of the export refunds that are due to be made. The procedure up to now has been, whenever food aid has been granted out of Chapter 92, to make periodic transfers to the appropriate Title No 6 covering the export refunds. The total refunds so far—though there may well be more when the final figures for the year are known—amount to some 60 m. u.a. Hitherto, the procedure has been for the Commission to come to the Committee on Budgets at frequent intervals to notify them that these transfers have been made, and the Committee on Budgets thereupon considers the question. But it is nowhere laid down in the Rules of

Procedure or in the Regulation or even in the Treaty itself what happens if ever the Committee on Budgets decides to reject the transfers that have been made. It has been represented to the Committee on Budgets that to deal with these transfers may conceivably result in some delay and inconvenience, and it has also been represented by the Committee on Development and Cooperation that they themselves would prefer this to be done in rather speedier fashion without the periodic intervention of the Committee on Budgets.

Now, what the Commission's proposals, which are reproduced in detail in Doc. 329/75, really mean is that instead of reporting to the Committee on Budgets periodically on this matter and presumably incurring the risk of their periodic displeasure or approval, as the case may be, the Commission would prefer to report—or to have the legal obligation to report and consult—only at the end of each financial year. This does not seem to us on the Committee on Budgets to be a world-shaking proposal that would have any very drastic consequences on the mechanics of the Community as a whole, and therefore, on purely practical grounds, the Committee on Budgets were disposed, albeit somewhat reluctantly, to decide that, since no harm was done by this, it would give a favourable opinion. At the same time, the Committee on Budgets were deeply sensitive to the fact that this did represent a certain diminution of their powers, formal and conventional though these may be; and, as is well known, the Committee on Budgets has for some time been seeking to extend rather than contract its area of control or influence over the Commission and Council. But the Commissioners were most persuasive and most reasonable, and so the Committee on Budgets decided that on this occasion it would accept the marginal diminution of its formal powers.

However, Mr President, you will be relieved to hear, as I am sure Parliament will, that the Committee on Budgets exacted its price. For some time now, the committee has been making urgent representations to the Commission for a thorough overhaul of the whole of the Financial Regulation. Indeed, my colleague, Mr Michael Shaw, has devoted many hours—indeed many days—and much persuasion to bring forward proposals for the consideration of the Commission and Council in this regard. And so the Committee on Budgets felt constrained to lay down certain conditions for giving its approval to these proposals from the Commission. And what the Committee on Budgets said quite clearly to the Commission was: If we do this, can you undertake to bring before the Committee on Budgets your pro-

Lord Bruce of Donington

posals dealing with the whole series of amendments to the Financial Regulation which are required and which have been put forward from time to time by the Committee on Budgets and notably by Mr Michael Shaw? The Commission that afternoon, being in a very reasonable frame of mind, I am bound to report, Mr President, said they could undertake to do that, and the date of March 31 was mentioned by us and to my recollection was assented to, if only by a nod of the head by the Commission.

So, Mr President, I have very great pleasure in submitting the report of the Committee on Budgets, which endorses the proposals on the Commission. But before parting with it, I sincerely trust that Parliament may receive a confirmation from the Commission that on their side, fulfilling their side of the bargain which was struck, they are in fact prepared to bring forward the whole question of the comprehensive amendment of the Financial Regulation before 31 March.

Mr President, I conclude by touching on one further matter which is connected directly with the proposals under consideration. I mentioned earlier that in 1975, so far as is known, some 166 million units of account were devoted to food aid, of which no less than 60 million were transferred or transferable to Title 6 under the EAGGF. Parliament will note that the export refund of 60 million units of account is a highly significant proportion of the total cost of 166 million incurred. Now, I don't want to embark on subjects that are not strictly within the purview of this particular resolution; but it is well known that there have been grave abuses in the field of Title 6 and in the disbursement and receipt of funds under the heading of export refunds. One hears stories in the national press of all countries that make it quite clear that at the moment, strictly within the letter of the law, the repayment of export refunds under the existing arrangements is open to grave abuse. One has heard cases of goods being delivered across the frontier, export refunds being paid, and then being driven back again, and then over the border again and export refunds being paid again.

As I say, it is not my function this afternoon or that of the Committee on Budgets to comment further on this matter, save to say that the Committee on Budgets will devote the most searching attention to the whole question of this fund in the year 1976 and will pursue most rigorously all instances of irregularity which come to its attention. And in that connection I would also invite the Commission's attention to the fact that I still await a reply to my Written Question No 574, which was tabled in

November, on the whole subject of frauds and irregularities in connection with Community funds. Having entered that caveat and delivered in as temperate and non-controversial terms as possible the admonitions of my committee, it is with very great pleasure that I ask the House to endorse the Commission's proposals and give them the powers for which they have come to Parliament to ask.

(Applause)

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

Mr Zeller. — *(F)* Mr President, speaking on behalf of the Christian Democratic Group, I welcome this regulation amending the Financial Regulation and making transfers possible between the food aid chapter and the Guarantee Section of the EAGGF. This measure, whose logic Lord Bruce of Donington has just explained, seems to us to be useful from two points of views: firstly it will help to make food aid more effective and prompt, which is certainly an essential aim, and on the other hand, it will make it easier to deal with agricultural surpluses, the responsibility for which has, up to now, been shouldered by the EAGGF.

We welcome the fact that it will also help to increase the Commission's scope for initiative, a trend we would like to see become more general. Moreover, it puts an end to some purely formal obstacles to its activities without restricting Parliament's opportunities for budgetary control, since the latter will continue to be informed of the transfers made.

In view of the very nature of the subject, namely food aid, it was proper for this amendment not to be tied to a more far-reaching amendment of the Financial Regulation. We therefore approve the procedure followed by the Commission, thanks to which the Community will be in a better position to face up to its world-wide food responsibilities.

(Applause)

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

Mr Shaw. — Mr President, I will speak very briefly on this matter but nonetheless very sincerely and I wish to start straight away by thanking my colleague on the Committee on Budgets, Lord Bruce, for the very full and clear exposition that he has given as to why we recommend the approval of this regulation.

Shaw

I would like to support his views wholeheartedly; he stated quite clearly that it was the general view of the Committee on Budgets that we should try and have an overall review of the Financial Regulation rather than seeking to do it piecemeal.

It is not that we have any doubt that the Regulation needs altering, but the more one looks into it the more one realizes that every article, or nearly every article, does have a bearing on the other articles, and as one is amended the others too must be looked at to see if there is anything else that ought to be altered to preserve coherence and ensure that the improvement is general. And I think that came out very clearly from what Lord Bruce has said.

But having said that, there are several factors we must bear in mind. The first is that the Commission felt strongly that this small piece of legislation would facilitate their work. The second is that the Committee on Development and Cooperation came out in favour and were anxious that everything should be done to try and assist in food aid. Finally, as far as the Committee on Budgets is concerned, this is the beginning of a new year and we are anxious to show ourselves, as I believe we have been in the past, ready and anxious to cooperate and to work in harmony with the Commission.

Since the Commission has said that, as a result of our request, it was carrying out a full-scale review of the Financial Regulation and to make some wide-ranging proposals in the near future, we felt that as a gesture of good will, put it no higher than that, we ought to go along with their wishes in this regard.

I would only say this: in supporting Lord Bruce wholeheartedly I do hope, for the reasons I have given regarding our belief in looking at things as a whole, that the Commission will not find it necessary to bring in any other piecemeal alterations to the Regulation before they are in a position to bring forward the wider proposals that they have announced. With those few words, Mr President, I should like to support and to thank Lord Bruce for the position that he has made.

(Applause)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, I would like to begin by seconding the words of appreciation addressed by the last speaker, Mr Shaw, to Lord Bruce of Donington for his report to Parliament, and

also for his characteristically incisive manner—which can have a refreshing effect, at least now and then, on this House—in presenting it. On behalf of the Commission I therefore thank Lord Bruce of Donington for his resolution, with which we agree fully.

My colleague, Mr Cheysson, who is primarily responsible for the budget, has reported that work has begun on a broader and more general review of the Financial Regulation, which he hopes to have ready very shortly. It is our understanding that Parliament should be able to begin its consideration of this review immediately after Easter.

Mr President, it is certainly right, as the rapporteur has said, that in relation to food aid the export refunds under the Guarantee Section of the EAGGF are an important factor. That much is clear from the figures he has quoted. On the other hand I would point out that, up to now, we have not placed any export levies on food aid. We supply our food aid at world market prices whenever these are the same as, or lower than, those in the Community, but when world market prices are higher than those in the Community then we make an exception, for food aid, as regards the export levy that applies to other products in such cases. Over the last two years an export levy has been applicable to wheat and sugar for long periods, but for food aid we have made an exception.

What the rapporteur has said with regard to the possibilities of fraud expresses exactly what I feel myself. He must agree with me that wherever a government in a free economy grants financial or other aid, it is always, unfortunately, subject to misuse in some quarters. But this does not mean that we have to look at the frauds that take place—and will no doubt continue to take place in the future—through rose-coloured glasses. The remarks made by the rapporteur and, for that matter, by the House in general help us to take the strongest possible line with regard to frauds and the possibilities of fraud and to continuously draw the attention of the executive bodies of the Commission and the Member States to the dangers threatening the Community's whole agricultural policy unless frauds are reduced to an absolute minimum.

Mr President, I would like to express my special thanks to Mr Zeller and also Mr Shaw for what they have said. I was particularly gratified by Mr Shaw's remark that this year I can make a start on tackling a matter whose progress both Commission and Parliament are evidently prepared to support by cooperating in a pragmatic and determined manner.

(Applause)

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

9. *Oral question with debate: Fishing industry*

President. — The next item is the oral question with debate by Mr Scott-Hopkins and Mr Corrie on behalf of the European Conservative Group to the Commission of the European Communities, concerning the fishing industry:

‘When does the Commission expect to announce its proposals to improve the financial position of the Community’s fishing industries?’

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, there may be some difficulty in holding this debate at the moment, but I hope the House will realise that this is not something which I or my group has just put down in the last few days. It has in fact been on the agenda for many weeks and I have had this debate postponed twice, both in November and in December.

The reasons for doing so at the time were, firstly, that the Commission had promised that it would be bringing forward various proposals and, secondly, because of a lack of time. I am therefore very glad that the House is now having an opportunity to debate this subject, because it is of great importance to those people who are engaged in the fishing industry, whether in the offshore industry, not only around the coast of the United Kingdom but of the rest of the Community, or in the deep-sea fishing industry from any of our countries.

Nevertheless, I must say to the House that I am fully aware that there are at present proposals under consideration in the Committee on Agriculture, and I have no wish whatsoever to trespass in this debate on the proposals that the rapporteur will be submitting to this House at a later stage. That would be quite wrong, Mr President, and undoubtedly you would call me out of order if I were to do so.

The basic facts, I think, are quite simple. They are that the fishing industry, not only in my country but also in the Community as a whole, is at this moment experiencing a grave financial crisis.

I have had representations from all sorts of people in the fishing industry—from the deep-sea to the offshore fishermen. One section of the industry, the deep-sea industry, has lost something like £ 9.5 million in 1975, and the

latest increase in fuel costs will probably mean a further loss of £ 4.5 to £ 5.5 million. And this is solely the United Kingdom. These increases in costs are not offset by any commensurate increase in the end prices, either.

What I am saying about the United Kingdom applies equally well to other countries of the Community. Quite obviously I have not got the same detailed information at my fingertips about the other Community industries as I have about my own. Undoubtedly, those details will emerge during our subsequent debates when we discuss the report of the Committee of Agriculture.

I have been talking to colleagues in this House during this week and in the views of some of them certain sections of the industry would not have survived if we had had to postpone this debate by even one more month.

But the facts that we have at our disposal concerning the United Kingdom industry are sufficient to warrant our saying that the Commission’s present proposals are a good first step, but they are simply inadequate to deal with the extremely grave situation we are facing at the moment.

The brutal fact of the matter is that for various reasons the situation of many companies, of many fishermen, individuals and companies, are extremely grave at present: I mentioned just now that there has been a great increase in the costs of the fishing industry, and the recent fuel price increases, which have affected the entire Community, have added to them. They bear heavily not only on the large companies involved in deep-sea fishing—we are, I understand, going to receive proposals from the Commission some time later this month or in early February on this—but also on the small family firms, the offshore fishermen, who run one boat or perhaps two manned by two or three people.

It is not only the offshore fishermen in my country, but also in the Mediterranean area, who are having to meet these increased costs; for the larger companies, too, it is becoming increasingly difficult to maintain their business and to maintain their boats. And I hope for that reason alone the Commissioner will take notice of what we are saying and will realise that we are not ringing the alarm bells just for fun, but because there really is a desperate situation, particularly for these smaller people.

Another factor causing difficulties within the Community is the level of imported fish prices from third countries. At the moment, as the House will know, the Commission operates a system of reference prices. It is well known that the industry has asked, and indeed this House

¹ OJ C 28 of 9. 2. 1976.

Scott-Hopkins

discussed the matter some 18 months ago, for a minimum import price and not a reference price. For reasons best known to themselves the Commission turned this particular proposal down. The present situation would brighten considerably if the Commissioner could say that he was seriously considering this matter and would be putting forward a proposal for a soundly based minimum import price system within the next few weeks.

Now I want to turn for one moment to the offshore fleet of the United Kingdom. There have been difficulties, and we all know it, and there is no point in going on discussing it, with one of our NATO partners, Iceland, and I have no intention at all of dwelling on the 'cod war', I raise it simply as an illustration of the difficulties we have gone through in other spheres as well.

The herring fishing fleet in my country has also had severe restrictions placed on its activities—I could give you the figures showing how much it now has to restrict its catches compared to the past. This is not the time to open old wounds by discussing the uses to which some of our Community partners are using this particularly delicious fish for: they are using it for industrial purposes.

I do not intend to go into that. But the net result has been that the herring fleet has had its scope to catch fish—not for industrial purposes, but for human consumption—severely restricted and this of course has had a very deleterious effect on that section of the industry.

This raises the whole question of areas of competence, not only for fishing; how far should territorial waters extend? Outside territorial waters, how should what is known as the Community pond be divided up, who should be responsible for it, where should its median line be, what conservation limits should be placed on it, and who should police it and control it?

The Commission cannot ignore the problem much longer. It is going to have to come forward very soon with proposals which are fair and equitable to the industries of the Community countries, on the questions of who and how much and where this fishing should be allowed within the Community pond. I hope a solution will be based on previous records of catches, I hope it will be based on records of what is actually being fished for and what is actually being done. There is a great sense of injustice, Mr President, which I am sure the House will be aware of, that the United Kingdom has been shut out of some areas in particular and indeed as far as sprats are concerned—and heaven forbid that this debate should concentrate itself on sprats—there is a great feeling of injustice that the Norwe-

gians are being allowed an allocation greater than that of the United Kingdom fisheries.

The same applies to mackerel. In the West Country, where there is a fair amount of mackerel, local waters are being, I must not say invaded, but fished, once again at the expense of the local fishermen, by outsiders, who are being allowed a greater proportion than the local fishermen. It is not only off the United Kingdom coast that this kind of problem arises. It also arises in the Mediterranean area, and it arises of course in the case of other countries which have access, since they border on it, to the Community pond.

I would say to the Commissioner that this is a problem which cannot be ignored any more. You have, Sir, a very short space of time in which to come forward with proposals if you do not want to see the fishing fleets, not only of my country, but of the Community as well, in the North Sea, in the Channel and in the Mediterranean, being decimated.

It is quite true, and these are my concluding words, that the Commission is now about to submit a document concerning the restructuring of the industry. That is fine, but it is not sufficient; it deals only with the offshore fleet. I would ask the Commissioner to submit, as soon as possible, proposals for a fairer distribution of catching ability, for conservation and policing of the conservation areas within the Community's ambit, and to submit proposals very soon concerning the level of import prices and the marketing of fish, what we call wet fish, within the United Kingdom and within the Community.

If this is not done then we are going to find our fishing fleets decimated. The temptation to be emotional, Mr President, talking about these people who go down to the seas and the hard lives they lead, is enormous, and I must not succumb to it. But I do hope that the House and the Commissioner will take great note of what I have said about the desperate position of some of our fishermen.

(Applause)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — *(NL)* Mr President I would be glad, in the first instance, to give an answer to Mr Scott-Hopkins' well-measured words. I would like to begin with this because a reaction on my part may be of interest to subsequent speakers.

I am indeed grateful to Mr Scott-Hopkins for having been prepared to have this debate post-

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poned twice. In my opinion, however, he has painted the present situation in the Community in far too sombre tones. I certainly agree that 1975 has been a very bad year for the fishing industry in the Community, one of the very worst years that we have known since the war in the fishing industry in Europe. But fortunately, during the last six weeks to two months, a distinct recovery in prices has made itself felt at a level that, taking the Community as a whole, I would call very satisfying. The disparities, however, are still very big. It is indeed very strange that there is so little integration in the Community fish markets. I cannot, for example, understand how it is possible, at a given moment, for a particular type of fish to cost in Ireland, for example, a third of the price that it fetches on the continent, in the Netherlands, Germany or France. But this sort of things happens in the fishing industry. We know of nothing like it, certainly not in this form, for any other agricultural or horticultural product. In the fishing industry, therefore, there is no question of a single Community price.

But what we can do is to compare prices. We can compare the price one month before the crisis with the prices in the middle of the crisis of last year and with last year's December prices.

For it looks, in general terms, as though the fishing industry crisis began in February last year and lasted roughly until October 1975. A slight recovery began in October which gained momentum in November. By and large, we can say that prices for the most important types of fish have now, on average, again reached the pre-February 1975 level.

The January 1975 prices were very satisfactory. They may, one year later, still be considered satisfactory, certainly in a sector like fishing which, in some of the Community countries such as Ireland and Great Britain, has been particularly hard hit by inflation. Now that, in spite of cost increases, we are back to the prices that prevailed prior to the crisis and which were very satisfactory, we can no longer contend, in my view, that the crisis on the market is still going on.

There are some other problems affecting the fishing industry, among others the fact that, at the moment, we are no longer granting a fuel subsidy.

We stopped that at the end of December. Next, problems are arising in some countries in connection with the international agreements on restricting catches. And there are other problems, as Mr Scott-Hopkins has pointed out, such

as the very important fishing in Icelandic waters and the enormous increase in wage costs in Ireland and Great Britain. But comparing prices over the last twelve months—those of January 1975 when they were very satisfactory throughout the Community, those of July last year when we were in the middle of the crisis, and those of the end of November, December and January, as they are now—it looks to me as though we in the Community now have the crisis behind us, particularly since we have no stocks left. As you know, we had accumulated large stocks as a result of over-fishing and the collapse in prices in the spring. These stocks have now been completely liquidated and the fishing directorate does not expect, as far as it is humanly possible to predict at this moment, that 1976 will bring a repetition of the 1975 crisis.

I believe that in the crisis we took a number of measures which were regarded, even by the industry, as highly positive. Let me summarize them.

Firstly, large-scale storage of the surpluses we had in the spring, paid for out of Community funds.

Secondly, import restrictions.

Thirdly, export incentives, again paid for out of Community funds, in order to solve part of the problem.

Does this mean, then, that I am satisfied that the crisis is behind us and that no more needs to be done? No, of course not.

As far as that is concerned I am fully in agreement with Mr Scott-Hopkins. One of the things that he insisted upon was an import system that would operate far better and in which the reference prices that we now know would be more in the nature of minimum import prices. With that idea I am fully in agreement. I would also like to tell Parliament and Mr Scott-Hopkins in particular that I shall be bringing forward, in the very near future, proposals for adjusting and improving the import system on a number of points.

In horticulture, too, we were constantly having troubles with the import system, the reference price system, etc. Last year we heard no more about them. In horticulture we now have a system that works, that has been made to fit, as a sort of minimum import system, with very satisfactory results. Just ask the producers of greenhouse products, for example, how well the reference price system for tomatoes, cucumbers, etc. works and you will get the same answer. In my view, we have to take the same approach with the fishing industry where we

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are dealing, in a certain sense, with similar products as far as perishability, etc., is concerned, and I am glad to be able to tell Parliament that I am going to take steps in this direction.

Mr Scott-Hopkins also stressed the problems bound up with the expected results of the law of the Sea Conference. I can tell Mr Scott-Hopkins and Parliament that the Commission recently put in a considerable amount of work on this subject. You know that, about a year ago, we had already hammered out a general philosophy that we outlined to Parliament and the Council.

Following various discussions, etc., a closer analysis has now been made, which was adopted by the Commission before Christmas on a proposal from Sir Christopher Soames and myself. This closer analysis of the problems of the Law of the Sea Conference, national quotas, and a small, purely national coastal zone is being discussed intensively at the moment with the countries taking part in the Law of the Sea Conference and the Member States of the Community. In this way the Commission will undoubtedly soon have all the material it needs to make formal proposals for regulations.

The time is certainly ripe for that. It is increasingly clear to us that the Member States can no longer find solutions if the Community does not act as such.

Otherwise—and if we also fail to take a strong position with regard to third countries now that we are confronted with the 200-mile zone—the problems of the fishing industry will get out of hand. We as a Community have to come forward, in our turn, with our own 200-mile zone with its own rules.

I have already been busy for months on these problems. The Commission finished studying them just before Christmas. Intensive consultations are now taking place with the Member States, and in the Council. We hope shortly to come forward with clear proposals for regulations in order to settle these matters at Community level.

There is one more thing I want to bring up. The whole fishing industry, from both the policy and economic standpoints, is becoming a far weightier matter for the Community than it ever was before. Last year we were confronted with such an increase in work that, at the moment, I am having the greatest trouble in enabling the people concerned to keep pace with things. We have far too few staff available. The fact that we lost our very competent head of division for the fishing industry just

before Christmas through a heart attack speaks for itself. It is my belief that the fishing industry, as far as implementing policy, planning and even producing ideas is concerned, will hardly get off the ground at Community level until we have a fullscale fishing industry directorate that will not only be responsible for market and prices policy but can also take charge of structural policy and also I hope, before long, the international aspects of the industry. It is my intention to come forward with the necessary proposals in this connection. I am at the moment consulting with my colleagues on this but I hope that Parliament, if it proves necessary, will be able to help me later on if the Council creates more difficulties for us in this regard.

(Applause)

10. *Decision on urgency in respect of a motion for a resolution — Referral to committee*

President. — As announced earlier, I would now like to consult Parliament on the request for urgent procedure in regard to the motion for a resolution on the entry into service of the Concorde aircraft, on Wednesday, 24 January 1976 (Doc. 487/75).

Are there any objections to the request for urgent procedure?

I call Mr Fellermaier.

Mr Fellermaier. — *(D)* Mr President, ladies and gentlemen. This motion refers to the entry of Concorde aircraft into service on Wednesday, 24 January 1976. The Members tabling it cannot consider it to be all that urgent since otherwise they would have been more careful with their wording, for the Concorde will in fact enter service on 21 January. The movers hardly seem to want to outdo the Concorde in speed.

The motion for a resolution speaks of paying tribute to a unique achievement and that one can certainly describe it as. But there have been other great technical achievements in the last few years in Europe and elsewhere. Talking of technical achievements, it is just as great a technical achievement, for example, to develop a high-speed trans-Europe express rail service to carry people safely across Europe on the ground. It was undoubtedly a great technical achievement when fast ocean liners were competing for the blue riband and reducing the distance between the United States and Europe. I wonder whether it is really the job of the European Parliament to congratulate two airlines, in competition with other airlines in Europe, for bringing a particular type of aircraft into ser-

Fellermaier

vice on commercial grounds, whereas other state or non-state airlines use other types of aircraft. If you talk of technical achievement you must also talk about the risks to civilisation of supersonic aircraft. It is not for nothing that many countries in the world are refusing to give supersonic transport aircraft permission to land. For this reason I do not see any grounds for holding an urgent debate here and now, because the Concorde will fly just like its Soviet rival. But both will suffer in the same way, that is that hardly any country will give them landing rights in Europe or elsewhere. Certainly a number of national parliaments in the European Community will hesitate to open their national airports to the Concorde.

Looked at like this, ladies and gentlemen, precisely because this question of environmental protection cannot be divorced from the technical achievement, this request, on grounds of political seriousness, should be referred to the relevant committee and I am therefore opposed to the request for urgent procedure.

(Applause)

President. — I call Mr Normanton.

Mr Normanton. — Mr President, may I, on behalf of the European Conservative Group, put a totally different face upon the presentation that we have heard from Mr Fellermaier. Let me, first of all, correct him, if I may: the 21st of this month was the scheduled date for launching this first venture. But for technical reasons, and, indeed, landing difficulties in South America, that has had to be deferred to the 24th. So I hope he will take it from me that we have done our homework on that small technicality. But we are not concerned with technicalities in that sense, Mr President. What we should be concerned with are two other very important points. This is an occasion when we can, if we so wish, take some satisfaction in the technical expertise and in all the efforts and energies that have been expended by industry inside Europe, when we can do so quietly, calmly, but with confidence, bearing in mind that we have in this House only too frequently heard strong objections to the domination of the United States in many technical fields. This is an occasion, and I respectfully say we could take advantage of it, but we cannot do so after next Wednesday. Therefore, Mr President, I strongly urge this House to decide that we should do so now against the background of the United States' resistance to European aircraft innovation making an impact on the other side.

(Applause)

President. — I would like to remind speakers that this is not a debate on the value of the Concorde but on whether this motion be taken under the urgent procedure.

I call Mr Pêtre.

Mr Pêtre. — *(F)* Mr President, with regard to the request by urgent procedure, I must tell you first of all that the proposal certainly has our blessing.

As regards urgency itself, forgive me but I find it strange that at the end of a part-session of Parliament—almost whilst the doors are closing—we should be asked to deal by urgent procedure with a question that surely merits much more than a cursory and unprepared debate. Of course we are full of admiration; of course what British Airways and Air France have achieved has produced positive results and we ought, as Europeans, to be proud to see Concorde flying. But, gentlemen, let us not turn it, however spectacular it may be, into a political exploit. I therefore join Mr Fellermaier in asking that it be referred to committee.

(Applause)

President. — I call Lord Castle.

Lord Castle. — I express my surprise first of all, Sir, at the great latitude you allowed earlier in the debate as to discussion of the merits of the case. I accept, however, your ruling and I myself will not indulge in a discussion of the merits of the case one way or the other. I do, however, express some surprise that a matter of this kind, which could have been put down weeks ago because the date was then known, is regarded as a matter for urgent procedure in a week in which we have had a discussion on whether or not a man's sentence or lack of sentence, a man's being held in jail is a matter of urgency or not. However, it would seem niggardly on our part if we did not bestow praise where praise was due. And I think if we exert our national prejudices against Anglo-French or Anglo-German or Anglo-Luxembourg activity it would be so much the more difficult for us in future to urge Community cooperation.

Sir, I do say that usually I am prepared to follow the wisdom, sagacity and experience of the leader of the Socialist Group through hell and Tory ranks; but this afternoon such is the urgency of the procedure that the Socialist Group has not had a chance to resolve itself and we must all decide in our own individual minds whether we are going to give praise

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where praise is due to a superb piece of not private enterprise but public enterprise.

(Applause)

President. — I call Mr Behrendt.

Mr Behrendt. — *(D)* I have only one question for the Conservative Group and the Group of European Progressive Democrats: do you consider that you are no longer bound by the agreement that a motion for a resolution with request for debate by urgent procedure, tabled, as yours is, on the last day of a part-session, must first be communicated to the other Groups?

President. — I call Mr Ellis on a point of order.

Mr Ellis. — Is it in order for the gentleman to say that we are on the last day of this part-session whereas in point of fact we are, as I understood it, agreed that if there is business to be done it can be done tomorrow?

President. — That is correct.

I call Mr McDonald.

Mr McDonald. — Mr President, I should very briefly like to say that I very much agree with the sentiments expressed by Lord Castle, except that I don't follow in the same direction. But I would like to add my praise and wish the venture every success.

President. — I call Mr Carpentier.

Mr Carpentier. — *(F)* Mr President in discussing the urgent procedure problem, we have allowed ourselves to stray somewhat and have, in a way, called the Concorde into question.

Urgent procedure or not, I think that what we need here is a far broader and far more general debate on the aerospace industry in the European setting because the fact that there is a Concorde (co-operation between France and Great Britain) and an Airbus (co-operation between France and Germany) suggests to me that here we have the beginnings of a European civil aviation policy and that, because of these achievements, we should rightly be pleased at what has happened and at the prospects that this opens up for European countries involved in the aircraft industry. I think it is true that, in this field, Europe would gain in stature if it could make an impact in a market dominated solely by the American aircraft industry.

(Applause)

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Perhaps I might be able to curtail this debate, since I don't think the House wants to spend too much time on it. In view of the way our motion has been received—I speak on behalf of my own group only, obviously not on behalf of the EPD Group—and of the fact that everybody has accepted the way the enterprise has gone forward, my honourable friends and myself would be prepared to accept the suggestion put forward by Mr Pêtre just now that this issue might be referred to the committee, after which perhaps a fuller debate and a fuller report, might come forward at a more suitable time. If it is the wish of the House—I have no wish to embarrass anybody or prolong this debate—perhaps this question could be referred back to the relevant committee.

(Applause)

President. — In view of the fact that the mover of this motion has agreed to withdraw the request for urgent procedure and has proposed to have the resolution referred to the relevant committee, under the regulations it is automatically withdrawn.

I am afraid that I cannot allow any further debate on the subject. It goes automatically now to the appropriate committee of Parliament.

I call Lord Castle on a point of order.

Lord Castle. — Mr President, you realize that such a ruling might place some people who participated in the debate on procedure in a somewhat false position. In the debate on whether or not this was a matter of urgency, we made remarks which possibly we should qualify to some extent in a large debate. Some of us, for instance, would wish to say that this praise that we give and want the Parliament to give does not excuse a single decibel of the attack upon amenity that Concorde will make.

President. — May I remind the House that, according to Rule 25 of the Rules of Procedure, a motion for a resolution tabled by a Representative shall be printed, distributed and, without prejudice to Rule 14, referred to the appropriate committee?

The request for urgent procedure has been withdrawn and, therefore, the matter is not up for any further debate.

I call Mr Laban.

Mr Laban. — *(NL)* Mr President, I have always had the greatest admiration for the way in which you have presided over our Assembly. However, I am sorry to have to say that you

Laban

contributed to the confusion in this House, because it is my understanding that when urgent procedure is requested the rules lay down that one representative can speak in support and one against the motion and that a vote must then be taken. I regret that you have not followed this procedure today and this is the reason why this confusing discussion has arisen.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, in my view we ought to accept a fair offer from someone tabling a motion—after all, it is he who should decide what is to happen to his motion. If he says he no longer wants the matter dealt with urgently under Rule 14 then, in accordance with our Rules of Procedure, nobody else in this House can continue to ask for it. That would be against the Rules of Procedure. Rule 25 reads: 'Such a motion shall be printed, distributed and, without prejudice to Rule 14, referred to the appropriate committee, which shall include the text of the motion in its report'.

I think that we should deal with the matter in this way and I would like to express my thanks to Mr Scott-Hopkins for his fairness.

President. — Thank you very much, Mr Fellermaier, for repeating what in fact I had originally said.

The motion for a resolution is referred to the Committee on Regional Policy and Transport.

11. *Oral question with debate: Fishing industry*
(Resumption)

President. — We now resume the debate on the fishing industry.

I call Mr Hughes to speak on behalf of the Socialist Group.

Mr Hughes. — Mr President, may I firstly welcome that this question has been tabled and the debate has taken place. May I secondly welcome rather as though it were the curate's egg much of what the Commissioner said in his reply. There were many features of his reply which gave considerable hope that there were proposals in the pipeline which might go a long way to solving the problem. In the difficult position I find myself in as the appointed rapporteur of the Committee on Agriculture on the existing proposals from the Commission on non-industrial fishing, I have to tread very carefully and must not in any way prejudge that report or the views of the committee. Might I, however,

comment briefly upon the difficulties that this debate has highlighted.

The first difficulty arises from the problems of aggregation and averages. It is no doubt the case that if one aggregates the problems of the Community as a whole, then the position of the fishing industry may well have improved, but if one looks at the disaggregated, specific problems of particular parts of the fishing industry, then that optimism is found to be wholly false. As regards the inshore fishing of much of north Britain, Ireland and other parts of the Community, the view that the crisis has passed its worst is not one which finds any support among those involved in the fishing industry. I know that my British colleague, Mrs Ewing, will grapple with the problem of Scottish fishing in greater detail when she catches your eye, Mr President. There is quite clearly therefore this first difficulty. Whereas over the Community as a whole the depletion of stocks has diminished, prices have firmed up; but the Commissioner himself was good enough to remark that this is an area where the differentials between Irish prices and prices in other parts of the Community, the differentials between quayside prices and fishmongers' prices, are very large indeed. There is no unity at all and any optimism must therefore be tempered by the knowledge that averages and aggregates hide the reality for a very large number of fishermen throughout the Community who are faced with destitution and economic chaos, as things stand at the moment.

The other feature which disturbs me in the Commissioner's reply is that the major problem of the conservation of stocks which inshore fishermen or others can actually ever fish for did not receive a single mention. It is no good the Commission's coming up with proposals to assist the early retirement of fishermen, making the existing reference price equivalent to an import price and so forth, unless there is also an adequate conservation policy that ensures that there are actually fish to fish. The real weakness of the present position is that the herring, the sprat, the mackerel and many of these species are being so grossly over-fished for industrial as well as human consumption as to render the long-term future of any fishing industry highly problematical. You therefore have an ecological balance as well as an economic balance, and the Member States severally within it are to my mind fundamentally failing to strike the necessary balance and ensure the conservation of fishing stocks which a reduced fishing industry can go after. Without being unkind to the Danes in particular, it is clear that there are members within the Community who by their industrial fishing programmes are

Hughes

endangering the livelihood of other members of the Community and are endangering more fundamentally the marine ecology throughout the continental shelf of Europe.

Finally, Mr President, there is the sociological problem that many of these fishermen live in remote communities where there is no alternative employment available. If one destroys their fishing livelihood one destroys not merely the employment of one person on a fishing-boat but the 15 or however many it may be who are dependent upon fishing in the particular small communities that are involved, and in the end you are killing a whole sociological unit. The small fishing-ports of western and north-western Europe cannot be looked upon as though they were a factory. Therefore, on the grounds that there are limits as to the amount of fish, sociological implications and so forth, while I welcome the debate, while I welcome many of the hints and indications of proposals that the Commissioner has made, I shall feel very uneasy unless the Community takes up the political problem of fishing far more realistically than it has done in the last few years.

(Applause)

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

Mr Gibbons. — Mr President, I would like also to say that I feel a grave anxiety in spite of the Commissioner's assurances today, which I welcome, about the fishing industry generally. I would like to express the fear that I feel is fairly widespread in my own country and probably in the United Kingdom as well, taking Mr Hughes's contribution as a guideline. There may be a tendency, as there has been in the agricultural sector of Mr Lardinois' brief, to apply Community measures evenly, both to the better-off areas of the fishing industry and to the more remote and more modest undertakings on the periphery.

I would probably be failing in my duty as an Irish representative if I did not refer to the particular state of the fishing industry in my own country and say that, comparatively speaking, it is an infant industry, but one that is of the greatest importance. It is of the greatest importance for the regional development for which this Community has been striving so vigorously in recent times. But it is difficult to see a coherent Community programme of regional development being implemented in my country, especially in the poorer areas on the western and southern seacoasts, without special attention being paid to the development of a

viable sea-fishing industry. I was very pleased to hear our colleague, Mr Hughes, refer to the urgent need for a close environmental study, an ecological study of the preservation of the species themselves. In many cases there is evidence that, because of over-fishing and in some cases because of marine pollution by oil and other causes, the species are being reduced in numbers. At any rate, the fishing industry, apparently in the United Kingdom, certainly in Ireland, has come to a very difficult time. There was dismay when it recently became clear that neither in the United Kingdom nor in Ireland in the last tranche of EAGGF grants had any sums at all been paid on fishing-gear. This has given rise to very justifiable anxiety, and I hope that the Commissioner will be able to assure us that people who, because of the time of their application for assistance from the Community, were disappointed, will not remain disappointed. And I want to say lastly to the Commissioner that it is of vital importance to consider that the evenly-spread application of any Community measure is as defective as it is obviously better, more economical, more socially just, to furnish the greatest assistance in the areas of greatest need.

(Applause)

President. — I call Mrs Ewing.

Mrs Ewing. — Mr President, behind the question about the financial position of the fishing industry, there is a much more important question, and that is a simple question of the survival of an industry. It is not a question of regional development: It is a question of regional death. The development is there already, and unless this Community takes action and comes out of its never-never cloud-land into the positive world of decision-making then existing regions are going to die. And I make no apology for coming from one of those regions, a region which sent me to the House of Commons and which indirectly has sent me to this House. I am shocked at the Commissioner saying that we are painting the picture black. It is a question of the survival of the protein of the North Sea in a world that is going to be short of protein within our life-times—my lifetime even, and I am middle-aged. I would like to say one or two things about this matter.

First of all, my government let the fishermen of Britain down by not insisting on different terms when they entered the EEC. And I do hope that the Commission mean it when they say they have the best will in the world to renegotiate it now that the EEC fish-pond has been enlarged by the rich fishing waters of the United Kingdom and of Ireland. Until the Law

Ewing

of the Sea Conference comes to a decision—and we know already that they are not going to come to a decision by 5 May because they have booked another date after that—there is a number of things the Commission and the Council of Ministers must do. First of all, until the Law of the Sea Conference gives 200 miles all round—which it is going to do and we all know this to be the case—we must enter upon a pact, as the EEC which we are, with all the North Atlantic countries now, as a matter of urgent necessity, despite what the Commissioner said. We know that the United States, Canada and Norway—Iceland has, of course, already acted unilaterally—have already indicated a willingness to enter on a pact for 200 miles, and that is what the EEC must come out and do long before the Law of the Sea Conference finishes with its delaying tactics. Because we know perfectly well there is not going to be any decision on this matter by the summer.

The second thing the EEC must do is to start genuinely to renegotiate the EEC fisheries policy, and not just to talk about it. I may tell you that the fishermen I know are not in the least impressed by this particular set of institutions in regard to their industry. And I say that with the uttermost gravity, because no matter how I put it to you I could not put it gravely enough to express the feelings of these people. You will have to decide now what to do with the EEC fishpond, and decide, I hope, to enter a pact with the North Atlantic powers.

The next thing I have to say concerns the EEC fishpond. There must be not just lip-service to what I read about the Commission's good intentions, about safeguarding the interests of coastal fleets. That is, I hope, something that is not just a piece of paper; I hope it is meant in all seriousness, and I suggest the following solutions in practical terms.

It is absolutely vital for the inshore fishing industry of the United Kingdom, of which Scotland happens to account for 80%—as has been said by Mr Hughes, a lot of it in the north—to have a 50-mile limit and to ensure when drawing this 50-mile limit that the Minch is exclusively for the fishermen of the United Kingdom. The EEC fishpond must then be between the 50 and 200-mile limits and that will mean that there is plenty of cod, haddock, red-fish, mackerel and blue whiting for the EEC fishermen, who have not been famous for their conservationist tendencies, who have fished their waters dry while the fishermen of the United Kingdom have been good conservationists. May I speak just for one moment about Scotland and say something about the Commissioner's reference to salaries. Does he not know that the

inshore fishermen of Scotland have no salaries. They all are share-owners of boats. They all get the same share as the skipper. And therefore they have a direct desire to pass the boats on to their sons and their grandsons and to keep the fish in the sea. We must therefore demand a ban on all directed industrial fishing, sprats being a rather special and fairly harmless case. At certain times of the year there must be a total ban on industrial fishing in the North Sea or there will be nothing for anybody, whereas if my proposals, which have the blessing of the Whitefish Authority and the Herring Industry Board, are listened to by this audience—which is now fairly scant—there will be enough fish for everybody. But only if we have a ban on industrial fishing and enforcement.

This brings me to my next point. One must say how bad the Danes are in scooping the small fish with the big fish: they are the pirates of the North Sea: their fleet will have to be pruned, or there will be nothing left for anybody. And the meshes of the nets must be enforced and fishing discipline in the whole of the North Sea must be enforced by the added fishery-protection fleets that will come from the EEC countries. Unless this is done, Mr President, there will be nothing left for anyone.

Lastly, I will just say this in the short time available for such a vital subject. If my proposals are not taken seriously, then in my country of Scotland and no doubt in Ireland and in parts of England too you are going to face the death of towns and villages with nothing left whatsoever and the death of a traditional way of life. This Community says it cares about these things. Well, if this Community cares about these things it had better take heed of the remarks I have made, which come from the most responsible experts I have met in the inshore-fishing industry of the United Kingdom. *(Applause)*

President. — I call Mr Fletcher.

Mr Fletcher. — I agree with many of the remarks that Mrs Ewing has made to the House this afternoon, but I am bound to say to her with the greatest of respect that a little more tact and a little less volume might be much more appropriate in these debates.

I would like to say also that Parliament and the fishing industry is greatly indebted to my colleague, Mr Scott-Hopkins, for continuing to press the urgency of this question, which is more than a matter of concern for one industry, it is indeed a matter which concerns the consumers in all of our countries, people who have

Fletcher

quite naturally taken for granted the existence of a strong, healthy and indigenous fishing industry.

These consumers, of course, expect us also to protect their interests and so the proposals that we have seen, and which are not the subject of this debate, and the proposals which we have been promised by the Commissioner, which are more relevant and unfortunately not before us yet, must be such as to tackle this problem as a matter of great urgency. It will have to be possible to implement them very quickly to save this industry from ruin.

Amongst the most reluctant people to join the European Community, as I know from my own experience in the United Kingdom, were fishermen, and they were reluctant during the European debate in Britain because they were afraid that this Community did not fully appreciate and understand their problems. I would say with the greatest of respect to the Commissioner that in tackling this he must take this opportunity to disprove once and for all the suspicions that fishermen have and will continue to have until they see a real and effective answer to the very urgent problems which they are facing.

It is important for us to remember that the inshore industry, particularly in Scotland, consists of boats owned by skippers, either by themselves or in partnership with the crew, again as Mrs Ewing pointed out. These men represent the best possible type of private enterprise and the best possible type of small industry, and this Community must encourage it. Fishermen are important people. I am sure that the Commissioner would agree that they are just as important as French farmers and they want to be treated in a way that shows that the Community understands their problems.

And so, when we have the promises of further actions today from the Commissioner, we must hope—and we cannot stress this too strongly—that these new measures will be implemented as well as drawn up in the shortest possible time.

(Applause)

President. — I call Mr Prescott.

Mr Prescott. — Mr President, I represent a deep-sea fishing port in Hull, and we have of course noted that most of the rationalization proposals in the document being referred to deal with inshore fishing.

I cannot help but make the point that during the referendum campaign the deep-sea trawling

industry maintained that it was in our interest, and the interest of the fishing industry to stay in the Market; now we receive a communication from the trawling industry, dated 5 January, saying we have been let down by Europe. That is cold comfort to the many hundreds of fishermen who have already been made unemployed by the policy developments. But I do not lay the blame totally at the feet of the Common Market.

There are perhaps a couple of points I would like to make. The rationalization programme which has been referred to is the traditional way of dealing with overcapacity in an industry. The problem facing the industry is that of too much capacity and too few stocks. Of course there are the problems of import prices, rising costs, and falling incomes, which the industry tell us about. But the long term solution should not consist merely in rationalizing by offering money to people to leave the industry so that capacity may be reduced. We must consider and analyse the particular problem and if it is a matter of stocks then clearly we have to do something about developing a policy of conservation.

The problems we have with Iceland at the moment are now being encountered by Norway, Sweden and Belgium, who are in conflict with other nations in their attempts to catch as much fish as possible so that they can obtain an economic return on too much capacity within the industry.

Therefore I feel that the rationalization for this programme may revolve about a problem that will substantially change within the next 12 or 24 months. For example, whether the Law of the Sea Conference comes to a decision this year or not, we must extend our limits to 200 miles. 30 nations have already done that and we cannot afford to wait for international agreements. It is quite legitimate for us to extend our limits to 200 miles. The Commission must begin now to consider the responsibilities and rights of each individual nation within that 200-mile limit as this is clearly something that will have to be agreed upon amongst the Member States.

If it is the exclusive right of each nation to fish within the 100 or 200-mile sector it is allocated by the EEC Agreement, it is possible that we may find ourselves with a very different kind of industry than we have at the moment. We may find ourselves catching inshore rather than deep-sea fish, and we may well be paying for ships to go out of business at the moment that we shall need them, depending on the type of fish that will be in the area

Prescott

at that time. So we may be attempting to solve a very different problem to the one that we may be facing in a year or two's time.

At the same time spending millions of pounds, particularly in Scotland and in some areas of Yorkshire, on encouraging people to leave the local industries will cost four or five times more in regional policies needed to develop alternative sources of employment. So we clearly need to look at the problem in a much more comprehensive way than merely offering compensation, which is the basis of the rationalization programme before us.

We have to find out, therefore, what the total allowable catches are in the different areas, and then decide which area each individual Member State can fish in. Then we can determine the sort of structure we are going to have, the sort of fishing policy we are going to have and approach it in a much more rational way than we are doing now.

I hope the debate we will have soon will be able to deal with the problem in a much more fundamental way. I feel that if we start discussing these arrangements in the EEC now, we can ask Britain to concede the rightness and justification of the Icelandic case. We in Britain must then come to the EEC and say the same problem which faces Iceland faces Britain, and we must ask the Community to recognize the problems of our inshore fisheries. The international organizations have failed. That is the reason why we are asking for economic zones to control fishing.

What I hope to see, Mr President, is a Conference of the North-West European Nations, including Norway and Iceland, to settle the total admissible catches in these areas; in this way we would make a contribution towards solving the problems of Iceland, Norway and the EEC countries in a more rational way than the conflict we are starting to see as a result of the present *ad hoc* policy.

(Applause)

President. — I call Mr Spicer.

Mr Spicer. — Mr President, you may remember that, last year, when we discussed fishing, one particular aspect we dealt with was the need for a Community research centre.

Now everything that has been said today by Mr Hughes, by Mrs Ewing, by Mr Prescott, by everyone who spoke in this debate must lend weight to the need for that. None of the research facilities available to us at the moment serve the needs of the Community. Inevitably,

as we move into a situation where the fishing policy of the Community as a whole needs rethinking, there is a real need for a research centre which can advise not only on the size of catches that can be permitted but also on the nets that can be used and on whether or not the views that Mrs Ewing has expressed about industrial fishing are right or not—and if they are right to what extent are they right.

You said that this was being considered actively within the Commission: I hope it is, and I hope that some funds will be set aside for the establishment of such a research centre in the near future.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, I must confess that I do not recognize in the Commissioner's words today the situation as I know it in the north-west of England in the fishing industry. There we have built our up-to-date trawlers and we have provided the best possible shore facilities and still we cannot make them pay because we have not got the fish.

I would therefore strongly endorse all that has been said about the urgent necessity of coming to a very rapid conclusion on the 200-mile limit at the Law of the Sea Conference, before we start on the far more complicated negotiations that will be required for mineral rights. But I would ask the Commissioner to realize that many of our fishermen will be out of business in the very near future, despite reorganization, despite reconstruction, despite the availability of the latest trawlers. They will be out of business simply because it is costing them £ 300 a day to stand idle for lack of fish.

I would beg the Commissioner to come to a very speedy conclusion on this 200-mile limit without which we cannot, in the fishing industry, survive.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, I would like to answer the observations made by several speakers whom I failed to convince with my first speech.

In order to show that I am not speaking without background documentation I would like to give you some figures. If we claim that the worst of the crisis experienced by the fishing industry in 1975 is now past and that prices are now beginning to improve to a reasonable level, we base this claim on a general picture and not on the low points in various parts of the Community. I believe that the main criticism came

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from the area of the United Kingdom and Ireland; here, therefore, are some figures to illustrate the position with regard to certain important varieties of fish.

In July the price of cod in Aberdeen had dropped 25-30%. At present prices have again found last year's level, 25-30% higher than last summer. In Grimsby and Hull this important variety of fish was selling at 25-30% less in the summer, but prices are now once again above the level of this time last year, which was before they began to collapse. For coalfish, another important variety in the United Kingdom, prices in summer had even fallen to 50% of the January price. This price has been re-attained in Aberdeen, but not in Grimsby and Hull where the improvement has only been 50%. Prices for this variety of fish have therefore not been fully maintained at last year's level: in Aberdeen they have reached last year's level, but not in Grimsby and Hull.

The price of haddock, another important variety, fell by 35% in Aberdeen in the summer. Half of this drop has been made good now. In Grimsby and Hull the prices dropped by 10% and prices now are up to 10-15% above those of a year ago.

I refer here to areas where the prices have lagged behind with respect to other parts of the Community, and particularly the continent where the improvement in market prices has been more marked. I have only one set of figures for Ireland—for Killybegs in West Ireland where the haddock price has failed to climb back to last year's level, and in fact has dropped even further. This is however the only set of prices I have for West Ireland or indeed for Ireland in general.

One thing these prices show is that the market for fishery products is not sufficiently integrated. I have already told you that for months at a time prices can be found in certain parts of the Community which are only one third of the prices obtaining in large areas of the Community. This means in fact that the normal market machinery operates unsatisfactorily, if at all, in the Community. I therefore believe that above all in those areas where for structural reasons fish prices are and remain the lowest, there is a major need for investment in commercial plant, such as refrigerating equipment, etc., to enable fish to be kept and facilitate marketing, export and so on.

In connection with what has been said by Mr Gibbons I do not believe that now is the time to concentrate mainly on new fishery vessels and so on, since this might increase even more what is already an over-capacity. But we

are at the moment intensively engaged in the preparation of our structural policy.

The greatest need at the present time, before this structural policy has been determined, is for commercial equipment, facilities and organisations, especially in the areas where prices of fishery products are very low.

All in all, I would like to thank Mr Hughes for his favourable reception of what I had to say, despite the fact that he is still not quite able to believe my claim that the crisis is largely over. Please understand that when I claim that the crisis is largely past for prices and the market, this does not mean that the effects of the crisis will no longer be felt by fishermen. It may be a long time before the consequences of the very serious crisis of 1975 have been fully absorbed. A number of good years are needed to remedy the damage wreaked in this one very difficult year. But I did say that the crisis is mainly over for the market and that the market prospects for 1976 are fortunately much better than in 1975—at the same time this does not mean that fishery problems are now once and for all over.

I entirely agree with what Mr Gibbons said about the need for a viable sea-fishing industry, particularly in West Ireland. I agree that it would also be a good thing from the point of view of regional policy if we could develop a more viable and resistant fishing industry in West Ireland in particular.

The first condition for doing this is, in my opinion, to attract more investment, and give greater weight to commercial organisation in order to boost the very low fish prices we find on average in this area—presumably by far the lowest in the whole of Europe—by a much more energetic marketing policy—marketing not only in Ireland but throughout the Community. Much remains to be done before this stage is reached and if people are willing to invest in this area and good projects are forthcoming, I can say without further ado that we shall give high priority to this matter not only in the framework of our structural policy but also under our regional policy.

Mrs Ewing made a sharp attack not only on what I had to say, but also on the Community fishing policy as such. Fortunately no Danes have made their presence felt, since I feared at one particular moment that we had slipped back a thousand years, with the Scots vilifying the invading Vikings. Fortunately things have not gone so far. I have heard serious criticism of some Danish organisations and realise that we are faced here with a serious problem. However, I believe I must say that Mrs Ewing's

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attack, particularly on our Danish friends and colleagues, was a little too harsh. I do not wish to go into this matter further.

But I do wish to go into what she said about renegotiations on fishery policy. I have never believed in renegotiations of fishery policy. I did not believe in renegotiations before the referendum in the United Kingdom, but people are free to use what terms they will. But it would be unacceptable to have to repeat for the fishery policy what went on just before April of last year. Another thing which is unacceptable—at least for me—is the renationalisation of the fishery industry. When I hear Mrs Ewing talking about a national fishing area of 50 miles, etc., this smacks to me of renationalisation of fishery policy and I must tell her, and I am convinced that I can say this on behalf of the whole Commission, that renationalisation 'through the back door'—which is what this could turn out to be—is certainly not a step forwards but rather a step backwards and therefore unacceptable to us.

I am grateful to Mr Fletcher not only for calling this matter an important one but also because he adopted in my opinion a balanced approach.

At one point he asked whether I agreed that fishermen were as important as French farmers. I would even go further and say that fishermen are just as important as Dutch farmers. In other words, I believe that fishermen are among the most important citizens of the Community, and are in every respect as important—and in many ways even more attractive—than our farmers and market gardeners. So it is not for the first time in this House that I support the view that fishery policy must be given considerably more weight in our Community, it must be given the chance to develop, especially with regard to international opportunities and not only the question of the 200-mile limit. The Community should also adopt as soon as possible the North-East Atlantic and North-West Atlantic fishery agreements.

One of the problems facing us in the fishing industry, in contrast to farming and horticulture, is that in the latter sectors the Community is not only responsible for its own market policy but also for relations with non-member countries. In the fishery sector, and that is one of the causes of all the problems, we only have responsibility for our own market policy and not for relations with non-member countries.

I am convinced that more and more countries are going to realise that this is an untenable position. I have long been of the opinion that this position is untenable but, particularly with

regard to foreign policy, many Member States are very cautious about giving the Community as such the responsibility for this policy. But I have become more optimistic, especially in the last month, about the prospects of our being able to incorporate, in the coming months, more of the foreign aspects of fishery in our whole market and prices policy. National governments are showing readiness to do this. It has taken some time and on the way we have had this year's crisis and big problems with some non-member countries. But the Community already possesses the major element, which is its own market—a major import market—and I therefore believe that it can make great progress in this field if it not only outlines an effective structural policy but also includes relations with non-member countries in fishery, as is already the case in agriculture and horticulture.

Mr Prescott was critical. He also put some frank questions to the Commission. But I see his remarks as constructive and I shall certainly take account of the points he has made here today.

Mr Spicer repeated what he said in October about the need for Community research on fishing, financed by Community funds. I believe that here we should collect together everything which is already being done at national level and that a certain amount of Community funds should be made available for the execution of Community research programmes by the existing institutions. I am grateful to Mr Spicer for his comments on the matter.

Mrs Kellett-Bowman again stressed that the 200-mile limit is an urgent matter for the Community and that we can no longer wait. I entirely agree with her that this matter must be cleared up. To repeat, Mr President, I believe that application of the 200-mile limit by the Community should in principle refer to Community waters, accessible to everyone in the Community, but with special provisions for coastal waters, thus rounding off the problems we had on accession three years ago. But we shall have to set national quotas within these Community waters to allow for losses incurred by the fishing industry of the country or countries concerned in the coastal waters of third countries, and to ensure fair distribution of the burden caused by reduced fishing opportunities. The structural policy must be adjusted to this, and use must be made of all the Community's resources in negotiations with non-member countries in order, naturally, to retain fishing rights in as much as possible of the coastal waters of non-member countries and to help where possible in developing new fishing grounds for the benefit of Community fishermen.

Lardinois

These are the main lines, Mr President, of the policy which I consider to be necessary. I am convinced that we have a major task before us. Unfortunately I cannot say that everything or anything will be achieved next month. But I do hope that the European Parliament will realise that we cannot do everything at once. I am convinced that if no great progress is made this will not be the fault of the Commission: I personally believe that 1976 could probably turn out to be the most important year for the common fishery policy since the Community came into being.

(Applause)

IN THE CHAIR: MR YEATS

Vice-president

President. — I have no motion for a resolution on this debate.

12. *Regulation on the organization of the market in sheepmeat*

President. — The next item is the report drawn up by Mr Gibbons, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation on the transitional common organization in the market in sheepmeat (Doc. 432/75).

Mr Gibbons, rapporteur. — Mr President, this report is based on the proposal from the Commission to the Council for a regulation on the transitional common organization of the market in sheepmeat. In the discussions in committee on this subject, there was a general consensus of opinion that the Commission's proposals were totally inadequate. You will have noticed from my report that I was also critical of the Commission's proposals, and I have many reasons to be critical.

We should first look at the existing situation. At the present time, the Community market is totally disorganized, to the detriment of producers. Member States are operating their own national measures, which are very divergent. There is no free movement of sheepmeat between the Member States.

This particular point will be of critical importance once the ruling of the Charmasson case takes effect from 1 January 1978 with regard to trade between the three new Member States and the old six. Prices for sheepmeat, especially in the United Kingdom and Ireland, are only

half the prices obtaining in mainland countries such as France. Irish producers of lamb have no steady access to markets in other Member States. For example, France opens and closes her frontiers to imports according to the state of her internal market. Members also operate divergent systems of national aids to support sheepfarmers' incomes such as the United Kingdom's deficiency payments system. But by far the biggest problem in establishing a common sheepmeat policy is posed by the massive and unregulated imports of mutton and lamb, from New Zealand especially, at very low prices.

If we turn to the Commission's proposals, we see immediately that these problems that I have just mentioned have not been broached at all, and a common organization of the market in sheepmeat cannot be achieved without effort. But the Commission felt that this was unnecessary, that it was only a transitional market organization. I, myself, however, consider, and indeed the committee has also considered, that transitional measures are unsatisfactory and ought to be avoided except in very exceptional circumstances. In the present case there seems to be no reason why a complete and definite arrangement should not be reached.

The proposals of the Commission do not provide for a common organization of the market in line with existing market organizations for other commodities such as beef or wine or milk products.

Notable differences are the lack of any provision for a system of market support and income guarantees; without these, and in the presence of such guarantees for the producers of other commodities, the Commission's attitude becomes very difficult to understand. Other procedures have the benefit of guide prices, intervention buying, producer subsidies and export refunds. A total lack of any such support is a discrimination against sheep-farmers and must be condemned as discrimination. As I have already said, it is not possible, in my opinion, to make out a logical case for being selective in this particular connection.

I myself don't think that intervention is a very good system of price-support. We have witnessed its many faults and failings over the last couple of years. In Ireland we saw that it did nothing for the producers of cattle during the cattle crisis of last year especially. In many cases, too, the benefits of intervention were syphoned off by cattle dealers and meat-factories. It would thus be useful to look for another and better system of price-support which could be used for sheepmeat and because of the small scale of sheepmeat production within the Community a system of deficiency payments might

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be looked at, I suggest, as a possible means of price-support.

A common sheep policy must also include measures to maintain increased production within the Community. Not only would increased production give a greater guarantee of supplies to consumers, but it would also improve the incomes of our sheepfarmers, most of whom live in mountain and hill districts in the poorer areas of the Community. We are all aware of the difficulty of earning a living in areas like that. The Community itself has shown its concern for people living in those poorer areas through the adoption of the directive on hill-farming and the disadvantaged-areas scheme. That directive allows direct income support for farmers who qualify, and while this is of great help to the farmers who do qualify, it is not enough to give them a decent income. Many of these farmers are in fact producers of sheep, and their incomes could be buttressed to an acceptable level through the adoption of a proper sheepmeat policy. During the committee's discussion of the Commission proposals, many members expressed deep concern for sheepfarmers in these disadvantaged mountain and hill areas in the poorer areas of the Community. It is obvious that the proposals put forward by the Commission are not sufficient to give them any kind of worthwhile assistance. All the evidence shows that the size of the flock in the Community as a whole is diminishing. In certain areas, such as my own country, a drop in the size of the national flock has been very considerable, and the rate of the drop is increasing.

Turning to the proposed guidelines, I consider it necessary that the Commission review their proposals and take into account all the factors I have mentioned. In my motion for a resolution, I suggest a number of guidelines which I feel can form the basis of a lasting organization for a market. The principal problem to be tackled in establishing a common sheep policy is the control of imports into the Community from third countries. It has already been suggested by many interested parties, including COPA, that imports should be controlled by the levying of import duties at Community borders so as to raise the producer-price of mutton and lamb to the desired level. It has also been suggested that the Community implement a safeguard clause if there is a surplus of supplies on the market, as is the case with beef and veal at the present time. This would basically give us a market organization for sheepmeat similar to the one that exists already for beef and veal. But the situation in the case of sheepmeat is different to that which applies to the other markets because of the Community's commitments under GATT. In the sheepmeat sector,

the Community has consolidated customs duties at 20% which means that the duty cannot be raised without proportionate compensation, and if there are any disturbances in imports that is out of the question.

So to introduce a market organization as we have for beef and veal would mean that the Community would have to renegotiate its commitments under GATT and this in all probability would be very difficult and a backward step in relation to the whole idea of GATT.

To overcome these problems, I propose a different approach that I believe would have the desired effect. My proposal is that the Community negotiate with exporting third countries a minimum price at which sheepmeat could be imported into the Community. With the implementation of this system of minimum import prices, the prices going to French producers at the very least would be maintained. Minimum import prices for New Zealand lamb into the United Kingdom would be raised periodically over a transitional period until they reached the level of prices obtaining in the French market. At the same time, prices of home-produced mutton and lamb in Ireland and the United Kingdom would also increase to the level of French prices. At this stage the national organization of the market in France could be fully dismantled and free trading in sheepmeat in all Community Member States could be achieved. With regard to the minimum import prices, the Commission should open negotiations immediately with third countries who export sheepmeat to the Community.

It is difficult to see why the exporting third countries would not go along with this proposal, because their producers would benefit from the higher prices for exports to the Community. If they failed to agree, the only alternative would be for the Community to take unilateral action and impose high levies and duties on imports of sheepmeat, and such a move would be much more detrimental to the exporting states.

With regard to national aid measures for sheep production in each of the Member States, I suggest that suitable measures be proposed by the Commission so that they can be replaced by Community aids. One way of doing this is to expand the measures under the hill-farming and disadvantaged areas directive, a method that is in fact proposed in the motion.

In conclusion, I wish again to stress the need for a lasting common sheep policy which can guarantee our sheepfarmers a secure income. This can only be achieved through the effective control of prices of imports into the Community from third countries. In any proposals for the

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organization of the market in sheepmeat, this fundamental problem must be solved.

(Applause)

President. — I call Mr Frehsee on behalf of the Socialist Group.

Mr Frehsee. — (D) Mr President, the Socialist Group thanks Mr Gibbons for his report and in particular for his conclusion that the Commission should reconsider its proposals.

We are not, however, in agreement with every point in the motion for a resolution. For this reason we have tabled a number of amendments. Nor are we in agreement with the explanatory statement to the motion for a resolution, e.g. paragraph 7 which deals with imports from third countries and paragraph 8 which concerns producer subsidies.

Our group, Mr President, considered the question of whether an organisation of the market in sheepmeat was necessary at all. Although we have basic objections to the constant increase in regulations on the organisation of the market under the common agricultural policy we must accept, in view of, *inter alia*, the Charmasson ruling, that we cannot do without such arrangements.

The basic requirement for a regulation on the organisation of the market in sheepmeat arose, it is fair to say, after the enlargement of the Community of the Six, i.e. after the accession of the United Kingdom and Ireland, where the share of total agricultural production accounted for by sheepmeat production is not inconsiderable. In the UK it is 5.6 and in Ireland 4.5%. In the Community of the Six only 0.7 or 0.8% of total agricultural income at that time was accounted for by sheepmeat production.

The second question that we considered was this: what kind of regulation was needed for the organisation of the market in sheepmeat and sheep? We came to the conclusion that we did not need a traditional and therefore rigid organisation of the market with guide and intervention prices, with safeguard clauses and optional or even permanent intervention, but instead that the object should be a simple—to this extent we perhaps agree with Mr Gibbons—and flexible prices and trade regulation. We take the view that a flexible common organisation of the market of this kind, i.e. quality and marketing regulations combined with a regulation on external trade with no automatic intervention clause, would suffice.

The Commission's proposal gives no clue as to the nature of the final regulation, which we

are going to need for the period after 1 January 1978, i.e. after expiry of the transitional period provided in the Accession Treaties. In effect, all that the proposal now on the table for a transitional regulation does is to legalise the existing situation. The compensatory amounts which France levies on sheepmeat from Great Britain and Ireland in the framework of its own national organisation of the market are now to become Community compensatory payments. These would be paid into the Guarantee Fund. The British deficiency payments are also to be continued for the time being but during the transitional period, i.e. by the end of next year, both have to be phased out, that is to say both the compensatory payments in France and the deficiency payments in Great Britain. However, these provisions could in fact also have been included in a final regulation on the organisation of the market. This, therefore, cannot be the reason for proposing only a transitional regulation.

It is very difficult to take up a position on this proposal before guidelines for a definitive market organisation of this kind have been established. A decisive factor, of course, is what the common price for sheepmeat will be after 1 January 1978. Will it correspond to the French price which we have just heard to be twice as high as the British, or will it correspond to the British price which is only half the French one or will it perhaps lie somewhere between these two extremes?

The proposal envisages doing away with this 100% price differential by the end of next year. From experience with other organisations of the market, however, we regard this as unrealistic. A sudden 50% increase in the British market price for sheepmeat—supposing that its price were halfway between the French and British prices—would naturally put a brake on the consumption of sheepmeat in the United Kingdom. A drop in the French market price over so short a period would inevitably result in French and even Dutch sheep breeders giving up sheepmeat production. A common price regulation, in which prices in any case would be above world market prices, naturally begs the question of what mechanisms would have to be provided to support this market. There is no knowing, and nowhere is it stated, what mechanisms would be provided in order to ensure the maintenance of this common price guaranteed to the producer.

A common price regulation also raises the question of whether, given the level of the common price that will then be established, the Community's protective measures effective from 1 January 1978 on, by application of the common Customs Tariff at the consolidated GATT

Frehsee

rate of 20% for sheepmeat, would be enough to prevent producers, faced with the fact that Community requirements could be more cheaply met by imports from third countries, having to choose between either giving up sheepmeat production altogether or else producing meat for the intervention agencies.

Much is yet unclear. For this reason we agree with the rapporteur and the Committee on Agriculture that the Commission's proposal should be reconsidered. A common price and trade regulation providing for quality promotion and marketing arrangements in combination with an external trade regulation would not be opposed by the Socialist Group.

A rigid intervention system, such as was originally to be deduced from the report—and I was pleasantly surprised at Mr Gibbons' verbal statement today in which he no longer refers to a rigid intervention system but to a flexible market and trade system of the kind we ourselves had in mind—a rigid organisation of the market of this kind, with guide and intervention prices and therefore of course with intervention, would not have our vote.

This proposed transitional regulation, on the other hand seems to us to go too far. Article 2 contains a whole catalogue of support measures which do not really belong to a transitional but to a definitive market organisation. They really ought to be held back for a final organisation of the market, because they have to be seen in context.

The safeguard clause in Article 6 should, in our opinion, be deleted and not replaced.

Apart from the fact that it anticipates an intervention regulation for a future final common organisation of the market in sheepmeat, it is not even necessary, since paragraph 3 of Article 7 allows 'national safeguard provisions'. In addition there is the question of whether the two are legally compatible.

Another question to be asked is whether the safeguard clause is compatible at all with the GATT. I say that purely in connection with our criticism of the proposed transitional regulation, which, in our view, needs reconsidering.

This transitional regulation, however, also appears to us to be debatable to the extent that no phasing-out timetable is provided with regard to the compensatory amounts provision under Article 4 and the guarantee price provision for the United Kingdom under Article 5. It is expressed in a sort of rhetorical fashion but a specific phasing-out timetable needs to be laid down leading to a common price by definite stages within a definite time limit. These two

articles are very vague. They contribute to the unconvincing impression left by the proposal as a whole.

For all these reasons—as I have already said—we are in agreement with point 7 of the motion for a resolution in the Committee on Agriculture's report, which calls on the Commission to reconsider its proposals.

We also agree with the Committee on Budgets that the national protective measures can already be abolished under Article 39 of the Treaty.

We shall moreover, Mr President, be tabling amendments to individual points of the motion for a resolution. These amendments bear the names of two members of the group but they are tabled on behalf of the whole Socialist Group. *(Applause)*

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

Mr McDonald. — Mr President, I wish on behalf of the Christian Democratic Group to welcome this report, which has been so ably and concisely presented by the rapporteur, Mr Gibbons.

I would agree with the Committee on Agriculture's criticism of the Commission's draft proposal for a regulation for sheepmeat on the grounds that it does not provide any guarantees to producers on prices and incomes and that it fails to offer adequate protection against large scale imports of sheepmeat from third countries. I feel that the committee properly notes the GATT commitment to a maximum 20% duty on imports of New Zealand lamb and suggests negotiating minimum import prices with exporting third countries. A further criticism of the proposal I suppose is that it does not include a timetable for the phasing out of the compensatory amounts.

While it is clear that the Commission's proposals do not offer sheep producers, especially in Ireland, the type of support that would be expected from a common agricultural policy for sheep and sheepmeat, nevertheless, Sir, the difficulties in the way of achieving an acceptable CAP are indeed considerable. The concept of a guaranteed price for producers inevitably involves some form of intervention in periods of depressed market conditions. It will not be easy in the light of the build-up of intervention stocks in the beef and the dairy produce sectors to get ready acceptance from a number of states for intervention in the sheepmeat sector, particularly as sheepmeat is a difficult commodity in some areas of the Community.

McDonald

I feel that one of our major problems is the vast discrepancy between the British and the French prices for lamb. The French fear that unrestricted imports from Britain will perhaps depress their prices.

But may I for a few moments look at the problem as it affects the farmers in my own country. I feel that it is extraordinary that Mr Frehsee seemed to suggest that, as sheep and sheepmeat production accounted for such a small percentage—four or five percent—of agricultural production in the whole Community, it was a simple problem. Well, so it ought to be all the easier to solve.

I think it is fair to point out that the United Kingdom is the largest producer of sheepmeat in the Community, and the latest figures that I could find suggest that they produced approximately 220 000 tons per year and they import 270 000 tons, in the main from New Zealand. France, on the other hand, produces some 125 000 tons and imports less than 50 000 tons per year. About half of that comes from the United Kingdom and a little over 3 000 tons, I think, from Ireland.

Ireland does, in fact, produce somewhat over 40 000 tons, of which we export approximately 11 000 or 12 000 tons, mainly to countries within the EEC. When you consider the fact that the Community as a whole imports some 300 000 tons of mutton and lamb, our problem seems to be to find a market for what would appear at first glance a very small amount—11 000 tons. Now, I am convinced that the expansion of mutton and lamb production will contribute to greater stability in the meat market as a whole.

I know that the Commissioner and his staff have given considerable thought and energy to the problem of the fluctuations in the price of sheep and to the opening and closing of the sheepmeat market. Nevertheless, I must reiterate that there are at present no guarantees for the Irish producers who export mainly within the Community. It is very difficult to explain to people who are engaged in sheep production that sheep is possibly the only sector of agricultural production not covered by the common agricultural policy, and that they are therefore not entitled to share in the guarantees, which amount to some £21 000 million, made available under the common agricultural policy.

I would therefore appeal to the Commission to make every possible effort to ensure that this very important area of agricultural production should have the same income guarantees and stability of prices that the CAP extends to other areas of agricultural production—not only for the sake of the producers but also to ensure a

constant and a regular supply of sheepmeat to the consumers.

We see in other areas that the CAP tends not only to keep prices up but also to regulate and control prices so that the housewife can budget her household expenses accordingly. I would therefore ask the Commissioner and his staff to evolve a system—even though the problem is small in relation to the common agricultural policy in general—that will extend to the primary producers of sheepmeat an almost guaranteed income or guaranteed prices for their products.

My group has decided to vote against the amendments because to accept them would make the motion for a resolution as a whole not worth the effort. If they were adopted, only paragraphs 1, 2 and 7 would survive, and I think that kind of resolution going to the Commission would not be a clear reflection of the conclusions reached, after long deliberation, by the Committee on Agriculture.

(Applause)

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

Mr Liogier. — *(F)* Mr President, ladies and gentlemen, all European countries and in particular those in the EEC have clearly understood the value of the existence of a strong agricultural sector and a high degree of self-sufficiency in food supplies. Enjoying a high standard of living—and fortunately so—they have had to take steps in order to ensure some equality of income for agricultural producers.

To achieve this aim, in conformity with the three basic principles we are familiar with—the single market, Community preference and financial solidarity—the Community market has to be sufficiently protected for the prices of our agricultural products to be fixed at a fair level, particularly in relation to production costs. In doing this, the Community has elected not to use the quota system, and instead to act on prices so that it could participate in world trade through the mechanism of levies and refunds. This clear-cut position was accepted by the new members when they signed the Act of Accession. And yet, since 1972, there has been no real new regulation. Market organisations have yet to be set up in sectors as important as sheep and alcohol.

Even though these sectors concern certain countries only, they have effects on consumption in all the others and they form an essential factor in the income and security of certain regions which survive by them alone. It is unacceptable, for example, that Ireland should continue to

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have no guarantee for sheepmeat whilst over 30 000 farms in that country raise sheep and 35% of production is exported to the continent of Europe.

What applies to Ireland also applies, for other reasons, to a large number of areas in France which in many cases are amongst the worst off in the country. This essential production in such poor areas is hindered through the absence of market organisations. This is undeniable.

The fact is that, unlike other agricultural products, there has never been any common organisation of the market in sheepmeat. It so happens markets are still organised in accordance with the regulations of the various governments, who often follow different rules. Of the Nine, France is the only country with a real national organisation of the market in sheepmeat. It so happens that this organisation, based essentially on the control of import prices, via the refunds mechanism, is consistent with community doctrine. It also satisfies the producers by ensuring fairly balanced prices for the various types of meat production.

But it is on the British market that the surpluses arise and that world prices are, in fact, decided. The difference between these prices and those that we consider necessary for France or Ireland is far greater than the difference that may exist for other types of meat. This is due to the fact that, for the big exporting countries, sheepmeat is only a by-production of wool production. That rare fibre however, which only sheep produce, is regarded by the Community as an industrial raw material and its market is not protected in any way. Whereas, for beef and veal for example, Community producers are protected by the support given to both the meat and the milk markets, in the case of sheep the producers' income is to be guaranteed purely through support for the meat market. This, therefore, implies a far higher level of protection than that accorded to beef and veal.

This having been said, if British breeders are able to operate at world prices it is essentially, as we all know, because of all the government help they get: deficiency payments on meat and wool, and subsidies for hillfarming. The latter, incidentally, total over 50% of the value of all sheep production in the area covered by the subsidy. Very fortunately, in the absence of Community regulations on sheep, Article 60 of the Treaty of Accession enables France to defend itself against the new members by its national organisation of the market and French producers are, fortunately, protected in this way.

The fact now has to be faced that, three years after the enlargement of the Community, the

positions have unfortunately not become any closer. On the contrary, the continued fall in the value of the pound, not offset by any compensatory monetary amounts, has widened the gap between French and British prices in spite of a substantial increase in world rates. Prior to the enlargement of the Community, no-one had been really concerned about introducing a regulation for sheep. With the Accession of the United Kingdom, the sheep problem became so complicated that its consideration was in danger of being postponed indefinitely. We were therefore awaiting, with considerable eagerness, the Commission's proposals regarding a general organisation of the markets in sheepmeat, for which we had been pressing incessantly throughout the many debates held in this House, some of them at our instigation.

For legal reasons bound up with the Charmasson ruling, the Commission, taking the view that there should no longer be any obstacles to trade between Member countries as from 1 January 1978, has therefore submitted to us the proposal that we are discussing. We say clearly, in spite of the Commission's initial good intentions, the proposal patently fails to meet the situation. This is also the conclusion rightly reached in the excellent report by Mr Gibbons, whom we congratulate on the quality of his work. Briefly, thinking it should take a pragmatic approach in order to avoid the problems which might arise in 1978, the Commission has prepared a proposal for a transitional regulation which would apply from 1 January 1976 to 31 December 1977. The idea is to introduce free intra-Community trade whereas imports from third countries would still be governed by the national arrangements now in force.

From this standpoint, maintaining the French system for imports from real third countries is meaningless. In 1974 they accounted for only 4% of our imports.

What, therefore, is the transition which the proposed regulation is supposed to allow since the final regulation which we should have in 1978 has not yet even been worked out. The proposed regulation would have the effect of having our market absorb, via the United Kingdom, the Community surpluses caused by imports from New Zealand.

The new equilibrium of the system is easy to imagine: on the well-known physical principle of communicating vessels, the Community market would inevitably have to find its equilibrium in relation to a situation of over-supply and, therefore, very low prices, out of all proportion, in other words, to Community production costs and the prices in practice obtaining at the present time in France.

Liogier

In practice too, the sheep problem would thus be far simpler to solve because French sheep-farming, followed by sheepfarming in a number of other countries, would soon have disappeared.

The basic flaw in this regulation, sufficient in our view to ask, as the Committee on Agriculture does, that it be referred back for reconsideration, is that it provides only for the application of the free trade principle without even referring to the two other principles that should also necessarily be incorporated in any common organisation of the market, namely the adoption of a common frontier vis-à-vis third countries and common management of such markets. These three principles form an indivisible whole and it is not possible to select, more or less at random, only certain of them, nor—which would come to the same thing—put them into practice one after the other.

A number of other, by no means negligible, imperfections in the proposal can also be pointed to. For one thing there is no datum, no level fixed in advance on the basis of economic or political considerations, no guide or target price, no recommended threshold price, no intervention price, etc. What is more, the compensatory amounts that are envisaged are of a curious type, since they apply in only one direction, French imports of goods coming from the United Kingdom or Ireland.

As to the safeguard clause in this transitional regulation, it is absolutely fictitious. This is a safeguard clause for a final regulation which does not allow steps to be taken in intra-Community trade although this is primarily what is wanted.

We are therefore disappointed and yet, in the past, the Community institutions have brought forward logical and fair transitional regulations. These systems, which did not have the cumbersome drawbacks, not to say deficiencies, which we have just complained of, enabled national policies, often poles apart initially, to come steadily closer. And yet, if the construction of Europe is to go on, and it must go on, it is inconceivable that sheepfarming should long continue not to be included. This thought must necessarily lead to a real policy decision aimed, for example, at the reduction of customs duties on sheepmeat. Compensatory measures would, of course, have to be found for the exporting third countries concerned. It is far from being impossible. And this would enable exports, from Ireland in particular, to establish themselves on the French fresh meat market with no fear of unfair competition. We are aware of the difficulties. The different trade policies long fol-

lowed by the United Kingdom and France have inevitably had a far-reaching impact on production and marketing structures themselves.

From now on, therefore, this problem needs to be seen in terms of a structural policy for which resources are not lacking, for they may be of many kinds, and we know very well that the Commission will be able to find them if it makes that its firm intention from now on.

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — Mr President, quite obviously, when the Commission were faced with the demand from many quarters to bring forward a draft regulation dealing with sheepmeat, their immediate reaction was to do as little as they possibly could. It is rather a difficult subject which also—we have got to remember this fact—really concerns only three countries. And the transitional draft regulations they have brought forward in point of fact achieve only the minimum so far as regulation of the market is concerned. This is an understandable approach by the Commission when dealing with a subject which is not of prime importance to the entire Community, though it is of great importance, as has been said by Mr Frehsee and others, for individual countries. But I am afraid, Mr President, I must join with those who have criticized the fact that this particular draft from the Commission is not really satisfactory.

I will come in a minute to Mr Gibbons' report and my comments on that; let me just say that I join everybody else in congratulating him not only on the hard work and the research he has done in producing this report but also on the way he presented it this afternoon.

The subject is, I think, of great importance to the Irish economy. We have heard from Mr McDonald how, from his party's point of view and indeed from the national point of view, it is of great importance; indeed the trade in lamb and mutton is of importance for both the United Kingdom and for Eire. The percentage of the market, the percentage of the agricultural income which it represents is greater in Ireland than it is in my country. Nevertheless, in the United Kingdom it is a significant factor in the agricultural economy.

Now, as I said, we are really dealing with the problems of three countries. We have just heard Mr Liogier saying that France was the only country with a controlled and properly efficient market for sheepmeat. Not entirely true. I think it exists in my country too, but of course I can

Scott-Hopkins

understand Mr Liogier's point. Their prices are 50% higher than in the United Kingdom market and the Irish one.

France is able to and indeed does, put restrictions on imports from new Member States—Ireland and ourselves—when it so suits her, when they think their market is getting over-filled and prices are about to tumble. But these restrictions on quantity have a severe effect on exports from our two countries. And so from one point of view two new member countries are saying to the Commissioner that they want freer access to one of the older member countries which has a very restrictive market-control system operating to the benefit of its own farmers.

At the same time, our Irish friends have taken exception as far as I know ever since we have been in the Community to the system which the United Kingdom has of importing under Protocol 22 lamb from New Zealand. I would make the point here by the way that none of that lamb is re-exported and Mr Liogier said just now that what would happen if the Commission's proposals went through would be that the United Kingdom would be re-exporting its surplus because of the New Zealand imports into France. Not true, Sir, as you know.

But these imports from New Zealand have had an effect on the minds of our Irish colleagues and they feel that these imports coming from a third country, although there is as far as we are concerned a deep obligation to continue this trade, are deleterious to the functioning of a satisfactory market for the Community.

I can understand that feeling, but equally I would ask them to understand our feelings concerning the long traditional trade with this country, which is something we cannot break off just like that. Indeed, many ministers of all political parties of the United Kingdom have given undertakings that it will not be done. The Community itself in the negotiations concerning entry was understanding on this point, and the net result of that was in fact Protocol 22, which allows these imports from New Zealand to continue, giving a specified amount, I grant you, and giving also a length of time after which this would have to be reviewed. And so, quite frankly, Sir, any tampering around with that before this period of time has expired in 1978 would be unacceptable, certainly to myself, and, I think, to many others from the United Kingdom regardless of what party they belong to.

I think there is one point which has not been mentioned in this debate so far, and that concerns the question of the consumer. Mr Liogier and, I think, Mr Frehsee also, talks about

the level of Community prices and how they are higher than world prices—if indeed they are. If you take the United Kingdom price as an average world market price, then they are about 50% higher in France and the rest of the Community than they are on the world market. And of course the consumer is paying that. Now I accept entirely that in the United Kingdom we have a subsidy system of deficiency payments which makes up the difference for our farmers between the world market price and the price we are paying to our farmers, which is still 50% below. But it is the New Zealand farmer who is able to rear sheep and export lamb and transport it over thousands of miles from New Zealand to my country and sell it in competition, without subsidies back at home, on the market in my country, to the advantage of our consumers. And the only point I would make about this, sir—no more than this—is that it behoves this House and the Commission to think seriously on the moral of this. There is a source of cheap supply, there is a source of sufficient supply. It will never be a source of sufficient supply for the whole of the Community, we do not want to see our sheep-farmers losing their income from farming sheep: far from it. But are we in a position to deny those consumers, not only in my country but elsewhere in the Community, access to a supply which is efficient, non-subsidized and tailored to the requirements of the consumer market? That is the point which we must always bear in mind, sir, and I am sure the Commissioner has always done so.

Turning to what the Commission are proposing the matter is quite simple. They are saying that there must be a relaxation over this transitional period, to allow access from the United Kingdom and Ireland, but particularly from Ireland, to the market of France and, I hope, to markets throughout the Community. At the same time, we must take steps to reduce subsidies such as the hill-farming subsidy which is given to those sheep farmers who are farming above a particular altitude in my country. (The number is not as great as Mr Liogier suggested: there are many sheep-farmers in what we would call the in-by land). This would be acceptable, Sir, because I think the hill- and mountain-area directive will go a long way toward dealing with this particular problem. I am quite certain that farmers in the United Kingdom would agree that this would leave them in virtually the same situation as far as help is concerned; the same would apply to the farmers in France, who will be in exactly the same position if they qualify.

On the whole, however, I think that what the Commission is proposing does not quite go far

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enough. There are difficulties as far as the consumers are concerned and there are certainly difficulties as far as GATT is concerned. I do not want to go into the argument further, sir, but if one looks at the report of Mr Gibbons and at the opinions of the other two committees who have examined this problem, the question of the GATT obligation is quite clearly set out and one finds it very difficult not to agree with the opinion of the Committee on External Economic Relations on this particular matter and also that of the Committee on Budgets. I would ask the Commission to re-examine the question whether, under Article 6, we are not in point of fact being *ultra vires* as far as the GATT arrangements are concerned.

I do not want to go into great detail on what Mr Gibbons himself is proposing. He knows my views on what he is saying in his paragraph 8, he knows that I would find that unacceptable. I think he knows why I have given some of the reasons here on the floor of the House now, particularly as regards the imports from New Zealand. But I do think, as has been suggested by other speakers, that this transitional arrangement put forward by the Commission would only endure for a very short period of time. And you know, honestly, Mr Commissioner, I do not think it is worth the candle. With the greatest respect to you, Sir, what I think you have to do is to say: 'No, this is not really what is wanted. I will take another six months or a year and I will come forward with a definitive proposal'—which you are going to anyhow, or so you say in your proposal—'I will come forward with definitive proposals to this House and to the Council of Ministers not for a transitional one but for a final, proper regulation of the market in sheepmeat.' I really believe that all the complications that exist, the various levels of compensatory amounts, the currency problems, the problems we have heard from Mr Liogier and indeed from Mr Gibbons from a different angle and also from myself, will persuade the House that this must be the right approach. I know the Commissioner wants to make a gradual approach but I would say to him that I really do not think it is worth it: put this on one side and come forward with a definitive proposal, perhaps at the end of 1976 or the beginning of 1977.

(Applause)

President. — I call Mr Kavanagh.

Mr Kavanagh. — Mr President, I can be very brief because I agree completely with the position taken up by the rapporteur and the various points in his report. As long ago as 5 October

1973, in a Written Question to the Commission, I asked the Commissioner to bring forward a resolution to create a sheep market for the Community, and in December 1973, when the Commissioner promised that he would do this in the early part of 1974, we looked forward to having that market. Now, almost two years later, we have that document before us, and all I can say is that it is just too little and too late. I think the experience of the red-meat industry in Ireland over the last few years, as the rapporteur has stated, has been very serious. The beef industry in 1974 suffered a considerable setback, and the rapporteur has told us of the falling numbers of sheep in recent times. This is of concern, I believe, to the whole Community. One of the foremost red-meat producers in the Community suffering as it is in this way and the high slaughter-rate for cows in Ireland at the present time must be a cause of great concern to the Commissioner and a setback to the production of beef in the Community.

The obvious alternative to beef, should there be a fall-off in Community production, is sheepmeat; but when the production of both of these is falling in two countries of the Community, a very serious situation arises which must be looked at, and I do not think that the document offered by the Commission will improve the situation in the mutton market. Mr Frehsee has suggested that the shortfall might be met by imports from outside the Community. This may be so, but I rather doubt that these imports would be as permanent as he thinks. Nor would they be cheaper. We have only to look at the problems concerning sugar imports in recent times to know that cheap exports do not last long, and indeed when they are most needed they tend to become rather dear imports. Nor can one easily import live sheep or fresh carcasses into the Community from outside. Therefore I would suggest that something more is needed than what we have been offered. The drain on the guarantee section of the EAGGF would be very small, should the suggestions in the report be acceded to by the Commission. The real casualties in this situation, I believe, are the poorest farmers in the Community who raise sheep on the fields of my own constituency in Wicklow and the neighbouring county of Carlow and in the Midlands and the West of Ireland. This morning, when I had the honour to present the Social Fund, the figures I gave showed that the huge numbers of unemployed which are expanding within the Community would be certainly inflated if the fall-off in the production of sheepmeat continued, because there is just no alternative to sheep-farming, no alternative employment for the farmers of these

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areas I have mentioned. So I find myself in total agreement with the rapporteur's position, and I shall support his report when it comes to a vote.

President. — I call Mr Nolan.

Mr Nolan. — Mr President, you will be very pleased to know that I am going to be brief. It has been said that the Common Agricultural Policy is the cornerstone of the Community, and I can never understand why it is that we have not had a common market for sheapmeat long before now. Is it because the sheep-farmers, as was said, earlier, by Mr Kavanagh, are the poorest farmers of the Community? There is no doubt in anybody's mind that they come from the mountains, the hills in France, in Scotland, in Ireland and in England. But if there were bigger numbers of sheep-farmers, and if they had had combine harvesters and tractors and blocked the roads, then the Commission and the Council and this Parliament would have listened to their problems long ago. Before Denmark and Ireland and the UK joined this Community, the French, who had an interest in sheep-farmers, put proposals forward about six years ago to this Parliament, the Commission and the Council, for a common market in sheapment. Their advice was not listened to. I would like to put on the record that I admire the French for taking their own initiative for their own sheep-farmers to ensure that they had an economic price for their sheapmeat. The French did that. Now all we are asking—we have asked for it here on many occasions—is that sheep-farmers in the Community should get a fair return for their labours in the hills, in the mountains, of the Community. They are producing lamb, they are producing sheapmeat; give them a fair return for their labours. That is all Mr Gibbons is asking for in this report. There is no harm in recalling what we have said here before: if we have more beef we have more milk, we can have a milk surplus, we can have a butter surplus, but from sheep-farming the only by-product we can have is wool, and wool is necessary. We are not creating problems by having an economic price for sheapmeat; there will be no mountain of sheapmeat or of wool.

I did say I would be brief, Mr President. I want to congratulate my colleague, Mr Gibbons, on his report, and I have no doubt that this Parliament will fully support it.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, I too would like to thank

Mr Gibbons for the report that he has submitted to Parliament, for the work, knowledge and experience that he has put into it and also for a number of ideas that he put forward to us this morning.

I say purposely a number of his ideas, because I do not agree with his basic argument. In other words I am not in agreement with the pressure on the Commission, which up to now the various speakers from the floor have all tried to apply, to come up with a final regulation on the common organisation of the market in sheapmeat. I do not see this happening, I say this in all frankness and with every emphasis, because I am convinced that if we were now to come forward with a final regulation for sheapmeat we would find ourselves again in exactly the same situation as with the final proposal for alcohol that we put forward in March 1972. That proposal has been on the table in the Council and in Parliament for four years and it is completely blocked. There is one lesson we should learn from the past and from the series of market regulations that we have drawn up. In the six original Member States we always began with a transitional regulation in order to bring systems and prices, etc., closer to one another. Then we came forward with a final regulation. And now you want us to come forward with a proposal for the two last products—and it is not for nothing that they are the last two since they are the most difficult particularly in the framework of the Nine—when there are completely different systems, one being protection against imports and the other deficiency payments. What is more we are talking about the biggest market with the biggest production, which on top of that still imports 60 per cent, namely the United Kingdom, which has very far-reaching commitments and remains involved, for political reasons, with New Zealand. Do you really think it is possible to come forward at first go with a proposal that will satisfy everybody? It can't be done. I have studied this matter for years, not briefly, for years. I took part in the 1970 discussion at the sitting of the Council of Ministers of Agriculture on this problem, which lasted a whole night, from midnight to 7 a.m. the next morning, because some Member States were then absolutely adamant in demanding a common organisation of the market. At that time, because negotiations had just been opened with the United Kingdom, the Commission absolutely refused, with the support of some other Member States, to come forward with a proposal.

The political complications that we have got into in relation to a common system for sheapmeat, as regards both external and internal

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policy, are so great that, in my view, a transitional regulation lasting a number of years is absolutely essential. We must gain experience, the markets have to grow closer to one another. After that, we can then come forward with a proposal. On the basis of my many years experience I believe that this is the only way to prevent us falling into a situation similar to that in the alcohol sector.

I say this emphatically, in the light of everything that we have lived through. We were asked, on the occasion of the so-called renegotiations with Britain, not to continue with the introduction of the Common Customs Tariff that was accepted by Britain in 1972. Even this point came up in the so-called renegotiation. We refused that request. We are now at 16 per cent; there is still one phase to come on 1 January 1977. But everything that this Common Customs Tariff and its introduction did to help the markets come closer to one another has been completely undone by the difference in monetary trends between the original six Member States on the one hand and Britain and Ireland on the other over the last two years.

I think that a solution to this problem is possible but only if the cyclical situation in the sheepmeat market, at world level and within the Community, takes a different turn from the path it has followed over the last two years, if monetary developments, particularly in relations between the Member States, become somewhat more settled and if the Common Customs Tariff is indeed fully implemented. Then it will be possible to find a solution—but that cannot take place all at once. The economic situation has to help us as it helped us before, at a particular moment, to solve another extremely difficult problem with regard to Britain, the Commonwealth countries and the original six Member States. I am referring to the sugar problem. The situation on the world market, at a given moment, made it possible for a solution to this problem, which indeed appeared to be insoluble and for which no solution could be found at the 1972 negotiations, to be found at another point in time. I believe that we shall be able to find a solution for sheepmeat, the very last product to take its turn for an organisation of the market, if we are willing to bring in a transitional period in order to cooperate, as it were, with anticipated developments.

So we cannot waste time. On the contrary, two years ago we planned, in the framework of the common policy for the hill areas and other problem areas, to give an extra incentive, extra subsidies, for sheepfarming. At the moment we are busy at the North-South conference in Paris

discussing the possibilities of an international regulation for wool and the basic raw materials for the textile industry. By a roundabout route we shall also be able to get to grips with this industrial product (as the Treaty of Rome calls it) in the Community.

We can expect that, through the effects of the Common Customs Tariff and what we hope and expect will be a somewhat easier situation with regard to monetary development, the national market organisations in Member States will come closer together. Then, following on the proposal that we have now put forward, we can certainly in one and a half years time make a final proposal with some chance of it being adopted. What use is it to you, ladies and gentlemen, if we now make a final proposal that is put on the shelf because politically it is simply not acceptable. This you ought to think over seriously. In many Member States new organisations of the market are not popular. Mr Frehsee has put it very clearly. We have had to win time. Over my dead body, Germany used to say, no more new market organisations. We have soft pedalled on this point.

Now, I am very pleased at the fact that, on behalf of his group, Mr Frehsee says that, provided it is not too involved an organisation of the market, he accepts this principle in view of the need to build up a common market for this important product. In other words we have overcome a reaction that has lasted for many years in one of our major Member States. I repeat, I do not want to get into a situation such as that in the alcohol sector for which the previous Commission attempted at the time to push through a proposal that then was completely blocked. This experience has highlighted the fact that when positions are too far apart the only chance to get anywhere is through a transitional period in which some issues are left open. I am convinced that sheepmeat is so important a product in the new Community that we must come forward with a regulation which gives the producers of this excellent product in the Community the backing that is absolutely necessary for them and is comparable with the backing that other meat producers in the Community are given. We cannot dispose of the matter by doing less in this regard for sheepmeat producers than for those of beef and veal. However, I would immediately add that we do not have to use precisely the same methods or provide massive support and so on, because the situation is different. The Community produces only 55 to 60 per cent of its sheepmeat requirements whereas, in some circumstances as in the years 1974/1975, we produce more beef and veal than we consume.

Lardinois

In other words we can use other methods in the sheepmeat sector. With market organisations the biggest risk we run is to make a regulation for one product that is a copy of a regulation for another, whereas the situation may be completely different. But in any case a transitional period is necessary in the present case. I therefore appeal to Parliament to vote for a transitional regulation however unsatisfactory this may seem. Once again I repeat with all emphasis that if we want to have a final regulation in 1978 then we have to make do with a transitional regulation. That is the most important point. I say this with all seriousness to a Parliament that I know wants precisely this group of producers, which I, too, think are very important, to be allowed to make a reasonable living on an equal footing with others.

(Applause)

President. — I call Mr Gibbons, rapporteur.

Mr Gibbons. — Mr President, I merely wish to correct an omission I made when I was speaking to the motion for a resolution initially. I should have referred to the opinion delivered by the other committee of the Parliament, in particular the one by the Committee on Budgets, and to remind the House that this committee also felt that the proposed transitional arrangements would not bring about the establishment of a common market in sheepmeat. It also felt that national protective measures should be abolished, that the budgetary aspects of the Commission's proposal would have a detrimental effect on the transparency of the general budget. Members of this House will be able to examine this, and I do call it to their attention, it is on page 19 of the English text of the report.

Mr President, I also want to express my pleasure at the final words of Commissioner Lardinois, where he accepts the principle that producers of sheep should be entitled to treatment as good as that of producers of other agricultural commodities. But then he goes on to make what was almost an impassioned case for the absolute necessity of having a transitional period in this relatively minor sector of the agricultural market. The difficulties are so enormous that they are totally insurmountable in the Commissioner's eyes.

Without wishing to cause offence, I must say that I cannot accept this. The markets in the other agricultural commodities are by comparison so very much greater that the Commission's objections to the setting up of a common market in sheepmeat are simply not acceptable.

Thank you, Mr President.

(Applause)

President. — The general debate is closed.

We shall now consider the motion for a resolution.

I put the preamble and paragraphs 1 and 2 to the vote.

The preamble and paragraph 1 and 2 are adopted. On paragraph 3 I have Amendment No 6 tabled by Mr Howell:

This paragraph should read as follows:
'considers that the proposals do not offer any guarantee of a reasonable level of prices and incomes to the producers.'

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — In the place of Mr Howell I beg to move.

President. — What is the position of the rapporteur?

Mr Gibbons. — Mr President, it is not clear what the mover of this amendment has in mind. The amendment as it stands seems to me to weaken unnecessarily the original text. I cannot understand why the reference to the actual type of people involved in the production of sheepmeat should be unacceptable to Mr Howell. I would ask his Group to consider withdrawing this amendment.

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

Amendment No 6 is rejected.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

On paragraphs 4 to 8 I have a series of amendments. All of these may be taken together.

Amendment No 7, which has been tabled by Mr Scott-Hopkins on behalf of the European Conservative Group, seeks to delete paragraphs 4, 5, 6 and 8.

Amendment No 1 by Mr Frehsee and Mr Laban, seeks to delete paragraph 4.

Amendment No 2 by Mr Frehsee and Mr Laban reads as follows:

The beginning of paragraph 8 to read as follows:
'8. Suggests that the proposals for a lasting common organization of the market in sheepmeat should not make provision for guaranteed prices, intervention measures or countervailing charges but instead should be based on the following principles:'

Amendment No 3 by Mr Frehsee and Mr Laban seeks to delete subparagraph (a) of paragraph 8.

President

Amendment No 4 by Mr Frehsee and Mr Laban seeks to delete subparagraph (b) of paragraph 8. Amendment No 5 by Mr Liogier and Mr Cointat, reads as follows:

Paragraph 8, subparagraphs (c) and (d)

These subparagraphs to be replaced by the following text:

'Achievement, over a transitional period, of free trade in sheepmeat in all Member States subject to the abolition of support measures not in keeping with Community practices and interests.'

Amendment No 8, tabled by Mr de la Malène, reads as follows:

Paragraph 8

Subparagraphs (c) and (d) of this paragraph to be replaced by the following text:

'achievement of free trade in sheepmeat and abolition of national support measures in all Member States on introduction of a complete and effective common organization of the market in sheepmeat.'

We shall discuss all of these amendments together. I shall then put Amendment No 7, which departs furthest from the original text, to the vote.

Now, if amendment No 7 is adopted, all the remaining amendments will be declared void. However, if amendment No 7 is rejected, I shall put the remaining amendments to the vote in the order of the paragraphs and subparagraphs to which they refer.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — I will be very brief, Mr President, because I have after all covered all the points that I think arise over this amendment. Following the speeches of Mr Lardinois, I am all the more determined to push this amendment to the vote. What he was really saying was that it is terribly difficult, he has done very little, but he had to do something.

What I was saying to him, and I wish he had taken the advice I was with respect offering to him, was withdraw this proposal and come back to us—not now—not immediately—come back to us in 1977 with the next stage. I don't believe this stage is going to help. It is going to hurt one country particularly, I think. You are going to cause difficulties for the other two countries, and I really do think that this needs reconsideration. I would hope Mr Lardinois, and I hope the House, will support this amendment, because what it really means is that if it adopts this amendment, then we are asking the Commissioner to reconsider. So I beg to move.

President. — I call Mr Liogier.

Mr Liogier. — (F) Mr President it is only on paragraph 8 that I wanted to speak. I think that it would be better to hear first all the speeches concerning the earlier paragraphs.

President. — Mr Liogier, the position is that because Mr Scott-Hopkins' amendment No 7 seeks to delete paragraphs 4, 5, 6 and 8, we must therefore discuss all the amendments together on these paragraphs including the amendments which relate to paragraph 8.

I call Mr Laban on a point of order.

Mr Laban. — (NL) Mr President, I thought that we were agreed but I now find that Mr Scott-Hopkins' amendment is put first and therefore has to be voted on first. That is precisely the reason why Mr Frehsee and I have not spoken in support of our amendment and why, at this moment, we still do not want to speak on our amendments to paragraph 8. The fact is that if Mr Scott-Hopkins' amendment is adopted then there is no further need for discussion on all the other amendments to paragraph 8. For this reason I would ask you to have Mr Scott-Hopkins' amendment put to the vote now and the matter would then be settled, at least if it is adopted.

President. — Mr Laban proposes that we should discuss and vote on the amendment of Mr Scott-Hopkins first.

Are there any objections?

I call Mr Liogier.

Mr Liogier. — Mr President, even so I think we should still discuss paragraph 8.

President. — I call Mr Ellis.

Mr Ellis. — I am rather hesitant to intervene in this debate which is on a specialized topic on which I am not particularly authoritative. It seems to me, however, that my position in deciding how to vote would be much easier, much more simple if some discretion had in fact been taken on paragraph 8. That is to say I would find it easier to decide whether or not to vote for Amendment No 7 if I had the arguments about paragraph No 8 first.

President. — Mr Laban, it would appear that there is not in fact agreement on your proposal and I am afraid therefore that we must carry on as I have already proposed.

Therefore, I would suggest that you should now speak in favour of your amendments.

President

Mr Laban. — (NL) In that case, Mr President, I would like first, on behalf of Mr Frehsee, to comment on my amendment to paragraph 4. We take the view that the Common Customs Tariffs cannot be changed because they have been consolidated in the framework of the GATT. Moreover that would cause difficulties with imports from New Zealand and consumer prices for sheepmeat in the United Kingdom would go up. We therefore recommend that Parliament adopt our amendment to paragraph 4.

At the same time I would also like to deal with our amendments numbers 2 and 3. I consider that the report rightly insists on a common organisation of the market in the sheepmeat sector in line with what Mr Frehsee has said on behalf of my group. We have a promise from the Commission on this. My group wants to bring about the removal of obstacles to trade sheepmeat in the Community. With the regulation proposed by the Commission this will not be brought about.

My group has never had in mind an organisation of the market with guaranteed prices, intervention possibilities or compensatory amounts. Certainly not the latter now that we are so dependent on imports from third countries. That would be bound to lead to an unnecessary increase in consumer prices. This is the reason why we have tabled amendments to the beginning of paragraph 8 and to sub-paragraph (a) to paragraph 8 which is logically related to it.

With a lightweight organisation of the market we could well, in our view, offer incentive premiums in order to encourage the production of sheepmeat—without in any way striving for self-sufficiency—and also to improve the incomes of sheepmeat producers. In our view the obstacles to this are listed in the other sub-paragraphs of paragraph 8 of the resolution.

Mr Liogier and Mr Cointat have tabled amendments on paragraph 8 to the effect that sub-paragraphs (c) and (d) should be deleted and replaced by a new text. The French have a highly protectionist market system and that, in our view, is difficult to swallow in the Community. There are better ways of settling this question, and in our view they are set out in sub-paragraphs (g) and (h) of paragraph 8 of the motion for a resolution, and it is our opinion that the wording we have suggested fits in with this more logically. I would therefore like to recommend to Parliament that it adopt our amendment.

Lastly there is our amendment in which we propose that sub-paragraph (b) of paragraph 8

be scrapped. This proposal to delete sub-paragraph (b) is, in our view, the logical consequence of the other amendments that we have tabled on this paragraph.

President. — I call Mr Liogier to move amendments No 5 and 8.

Mr Liogier. — (F) Mr President, to reply firstly to Mr Laban, let me say that if we adopted his amendment to paragraph 8, there would cease to be any common market, now or in the future.

I quote: "Suggests that the proposals for a lasting common organisation of the markets in sheepmeat should not make provision for guaranteed prices, intervention measures or countervailing charges, but instead should be based on, etc."

A moment ago, Mr Frehsee admitted certain things; Mr Lardinois said that Mr Frehsee accepted the principle of an organisation of the markets in sheepmeat but through the amendment that he has tabled with Mr Laban, I find that he has quite simply robbed the position he has taken of all its meaning.

I now come to my amendment.

Paragraph 8 proposes that 'the proposals for a lasting common organisation of the market in sheepmeat' be based on a number of guidelines some of which—sub-paragraphs (a), (b), (e), (f), (g) and (h)—are preliminary measures towards the objectives in view and with which, incidentally, we are in agreement, whereas the two others, sub-paragraphs (c) and (d) (free trade and the abolition of national support measures in all the Member States), indicate the objective in view, to be attained after these preliminary measures are put into effect.

The purpose of my amendment, therefore, is purely to clear up a misunderstanding.

In other words, under item 8 of its motion for a resolution, the Committee on Agriculture, following its invitation to the Commission of the Communities to reconsider its proposals, suggests that they be based on a lasting common organisation of the market in sheepmeat, in accordance with certain guidelines set out thereafter, as I have just told you, and labelled (a) to (h). The clearest result has to be the achievement of free trade and the abolition of national support measures in the various Member States, but obviously after—and only after—the measures set out in the other guidelines have been implemented and have been able to produce their effect.

Llogier

This is no doubt what the rapporteur wished to bring out in sub-paragraphs (c) and (d). But whereas, obviously, the achievement of free trade and the abolition of national support measures can only occur at *the end* of a transitional period, an unfortunate translation caused him to write "over a transitional period".

The only purpose of our amendment is to put right what, in our view, is a simple mistake. We nevertheless took the opportunity to compress the two sub-paragraphs (c) and (d), which in our opinion are complementary, into a single sub-paragraph (c). Our text would therefore be as follows: 'achievement of free trade in sheepmeat and abolition of national support measures in all Member States on introduction of a complete and effective common organisation of the market in sheepmeat'.

As regards amendment No 8 tabled by Mr de la Malène, this is, in fact, a standby amendment in case the amendment I have tabled myself is not accepted.

President. — Now, could the rapporteur give us his opinion on all these amendments?

Mr Gibbons. — Mr President, it's a rather difficult job to take them, but I'll take them as I meet them. And I'd like to say first of all on Amendment No 1 in the names of Mr Frehsee and Mr Laban, which calls for the deletion of paragraph 4, that it appears to me to be a deliberate shutting of the eyes.

Paragraph 4 of the resolution says: 'Notes that the proposals offer no solution to the problem of imports from third countries into the Community.' Now there is nobody in this House or outside it who will deny that there is such a problem—a problem caused by massive imports from third countries. And the motion for a resolution calls for the consideration of this problem. The amendment on the other hand thinks that it ought not to be considered—we ought to shut our eyes to it.

It is an amendment that appears to be inspired by a reluctance to face the fact that the poorest people in this Community are the people who will suffer.

During his speech to this particular amendment Mr Laban said that one of the unacceptable results is that there would be an increase in the price of sheepmeat in Great Britain. He said this in spite of the fact that that price is only about half the market price in France and is ignoring altogether the right of the sheep producers to some increase in their incomes, just as everybody else has had increases in their incomes.

But I have never understood socialism, I do not know how it works. And it would appear to be that the socialist view is that while everybody outside the agricultural area, outside the food producing area, must frequently get increases in their remuneration—the people in that area, the agricultural area, must be depressed and pushed down and people must shop around all the world for dump markets, for the products of sweated labour, to feed the members of the Socialist Party. This is the only interpretation. I simply fail to understand the philosophy behind it.

As far as Amendment No 2 is concerned, Mr President, this amendment, like the one I have just referred to, was defeated by the Committee on Agriculture by 15 votes to 7. Similarly, Amendment No 2 was withdrawn on behalf of the Socialist Group and calls for the introduction of an element into paragraph 8 that would, in my opinion, stultify the whole paragraph completely, because it says a common organization of the sheepmeat market ought not to provide for guaranteed prices or intervention measures or cultivating charges, but instead be based on the following principles. The following principles are looking for those very things. So, again, I do not understand the logic behind this amendment either.

I want to go on, Mr President, to Amendment No 3 in the names of our colleagues Frehsee and Laban. This calls for the deletion of subsection (a) of this paragraph and, in my opinion, it denies the right of Community sheep producers to the same protection that other producers of agricultural goods get. Why this should be denied I have not the remotest idea. Possibly the mover of the motion has, but if he has he didn't disclose what it was when he was introducing the amendment.

Amendment No 4, in my opinion, is a denial of the principle of Community preference and is a tacit acceptance of the right of third countries to dump cheaply produced food and food produced in a completely different economic climate into the highly expensive agricultural market of the European Community. It was rejected by the Committee on Agriculture which considered it at great length by 12 votes to 6.

On Amendment No 7, Mr Scott-Hopkins did say that his purpose in moving this amendment was in order to throw the whole thing back into the lap of the Commission and say that what we have been offered by the Commission is totally unacceptable to this Parliament, will you please take it away and propose something that we can really consider as being a serious attempt to organize the sheep market.

Gibbons

Now I cannot possibly recommend the acceptance of the amendment, but I do see the philosophy behind it and it is this, in my opinion: the proposals made by the Commission are so bad that they had better be chucked back with the request that they be reconsidered, rewritten and resubmitted.

Mr President, while I do accept the indignation expressed, or implied, in the amendment, I cannot accept it. I would prefer that the positive and concrete proposals that are embodied in the motion for a resolution as it stands, especially in paragraph 8, be put to the Parliament to stand or fall.

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

Mr McDonald. — Mr President, I shall be very brief and deal in a few general remarks with all the amendments. I should like to remind the House that the Committee on Agriculture dealt in depth with this report, with this problem, on six different occasions in the autumn of last year and indeed every aspect of sheep and meat production and sheep farming was gone into in depth.

I must say that I'm rather shocked at the amendment proposed by Mr Scott-Hopkins: I think it is a clever trick to lump together the amendments of the various people in the House seeking to amend individual articles. He thought by putting them together he could completely destroy the report.

Again, as has been said by the rapporteur, we must remember that the vast majority of people who earn a livelihood from the production of sheep invariably come from the peripheral areas; there are still men walking in the mountains with sheepdogs and crook and they are certainly the lowest paid amongst us in our Community. We must also remember that the price of wool is less now than it was 12 years ago. Is there any other sector of the Community with incomes like that?

And if we are really sincere in talking about the incomes of our farmers or the incomes of our people, here we have a minority of people spread across most countries of the Community; those most affected I suppose, are the poor farmers in France, the poor farmers in the United Kingdom, and indeed certainly the poor farmers in Ireland—we have them in the mountains of Wicklow, of Connemara, indeed in most places where the land is marginal or mountainous.

I would ask this House not to reject these amendments, not because this regulation is

going to mark a great step forward, but it is a step forward and it is a genuine attempt to improve the lot of the only people in the agricultural community who do not enjoy the guarantees of income and the support price systems under the common agricultural policy.

So, Mr President, on behalf of my group, I would ask that all the amendments be rejected.

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

Mr Frehsee. — (D) Mr President, there are a number of things I have to say now that the rapporteur has asked what the logic and philosophy of the Socialist Group are in their attitude to this proposal by the Commission. I thought that I had made the logic and philosophy of the Socialist Group clear in my general comments. However that may be, Mr Gibbons, it is based on the Rome Treaty, on Article 39, and on Article 110 as well.

Article 39, the Magna Carta of the common agricultural policy, says that the objectives of such a policy shall be to ensure fair incomes for agricultural producers, ensure that supplies of food reach consumers at reasonable prices, assure the availability of supplies and maintain stability. All this is set out in Article 39 and it is on this that we have based our attitude here today to this proposal for a transitional organisation of the market in sheepmeat.

But we also had in mind Article 110 of the Rome Treaty—which states that trade flows must be maintained.

All our comments, therefore, on your arguments in the report regarding imports from third countries also, as we see it, have their basis in Article 110 of the Rome Treaty; to that extent we agree with Mr Scott-Hopkins.

For the rest, may I point out, Mr Gibbons, that three-quarters of an hour ago we unanimously—if I saw right—voted for paragraph 3 of this motion for a resolution, which is entirely in the interests of the producers of sheepmeat. Paragraph 3 has, after all, been adopted.

Mr President, we have not withdrawn amendment No 2, as the rapporteur has just said; instead the facts are as follows. On my behalf and that of the Socialist Group, Mr Laban has stated that if Mr Scott-Hopkins' amendment No 7 were to be adopted all our amendments would be disposed of. And there is some logic in that.

Mr Scott-Hopkins' amendment goes farther than all our four amendments. In purpose, we agree completely, only Mr Scott-Hopkins goes further.

Frehsee

Mr Scott-Hopkins has said, in moving his amendment No 7, that it was a logical consequence of the way the general discussion has gone today and also a consequence of what Mr Lardinois has said.

If we go along with Mr Scott-Hopkins' amendment then the Commission will have a free hand to some extent. It has certainly heard our proposals and also the totally conflicting views that have been put forward today, for example a completely rigid organisation of the market on the one hand and a flexible trade and price regulation on the other. Mr Lardinois can go home with what he has heard and produce a new proposal for which he is now about to be asked.

If we leave paragraph 8 in, as we had originally intended before we saw amendment No 7, then the ideas of the European Parliament have to be expressed in detail. But that does not seem to us to go as far as what Mr Scott-Hopkins has proposed. For these reasons we stated, and Mr Laban has done this for the Group, that if the Scott-Hopkins amendment were adopted, which goes farther than our amendments, the Commission would then have a free hand and could take into account what has been said here. In that case our amendments no longer matter.

I shall try to summarise briefly what I said earlier at somewhat greater length.

We shall not be able to do without an organisation of the market in sheepmeat any more, Mr Lardinois, than we shall be able to do without an organisation of the market in alcohol. But please do not incriminate me. I have never spoken against an organisation of the alcohol market, never, not even before it was known that very soon there is to be a ruling by the European Court of Justice that will declare the brandy monopoly in France and Germany to be contrary to the Treaty. That is likely to come through in the next few days.

If I may take this opportunity, I would like to encourage you in that direction. I do not know if I can do this on behalf of my Group because I have not yet discussed the matter with its members. But I would nevertheless like to encourage you to put forward, as soon as possible, a new proposal for an organisation of the market in alcohol, for otherwise very critical developments could ensue for alcohol producers, particularly in those two countries. So, as far as this organisation of the market is concerned we are in favour of as flexible a trade and price regulation as possible—that is our philosophy—and definitely not for a rigid organisation of the market with intervention, guide prices and safeguard clauses. I think I have already made this clear.

To our way of thinking, it would also be wrong—and here we agree with the British—to cut ourselves off completely from the New Zealanders from whom we get 80% of our sheepmeat imports and that is quite a lot—if I am not mistaken it is practically 300 000 tons out of a total consumption of 750 000 tons. You cannot step up production that fast if you really wanted to go ahead and stop imports from New Zealand.

So this we just cannot do. Hence our philosophy on imports from third countries and on the very clumsy request of the rapporteur that minimum prices should be introduced and imports from third countries restricted.

Paragraph 4 however, which we wanted to delete, is distinctly protectionist, as Mr Laban has already said. It says that the proposals do not solve the problem of imports from third countries into the Community. One could also say that this proposal does not get rid of imports from third countries. That is what this paragraph 4 in fact reads. Thus we cannot accept paragraph 4 in any circumstances. I hope that is clearly understood.

It is also completely logical, Mr President, for you to have a vote taken on the whole of Mr Scott-Hopkins' amendment No 7 for that is one conception. The question of what kind of organisation of the market it is to be is thus left open as far as the European Parliament is concerned. We are in agreement only on the principle that there must be an organisation of the market.

We look forward eagerly to the new proposal that we now ask for.

(Applause)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — *(NL)* Mr President, I too am of the opinion that the rapporteur considerably underestimates the problems.

Imports of sheepmeat from New Zealand, for example, came to more than the imports of New Zealand dairy produce, as things stood at the time of the accession of the United Kingdom, and yet the latter was the last and most difficult point of discussion in the so-called renegotiations. I say that purely in order to show the nature of the problems.

From the Commission's viewpoint Mr Scott-Hopkins' amendments are a step forward. I am in favour of them. My only regret is that paragraph 7 is not also included. Then the resolution would have been somewhat more acceptable.

President. — I put to the vote Amendment No 7, tabled by Mr Scott-Hopkins and deleting paragraphs 4, 5, 6 and 8.

Amendment No 7 is adopted.

All the remaining amendments are void.

I put paragraph 7 to the vote.

Paragraph 7 is adopted.

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

The resolution so amended is adopted¹.

I call Mr Scott-Hopkins on a point of order.

Mr Scott-Hopkins. — I waited until the voting was over and the report was out of the way before asking you as President, Sir, and your staff to consider exactly the procedure we have gone through. As I understand it, your insisted that amendments which had the same connotations and were dealing with the same paragraphs should all be taken together, lumped together and discussed together. May I submit to you, Sir, that this is not strictly according to the Rules of Procedure and only if it was so desired by the House would they be so lumped together. Otherwise those amendments could have been discussed separately and have been voted on separately, one after the other. I am not asking you for a ruling now, but may I suggest, Sir, that this point be considered and perhaps a ruling in writing be given at a later date.

President. — All I can say to that, Mr Scott-Hopkins, is that the practice was exactly observed.

Whether the practice should be changed is perhaps a matter that ought to be considered.

13. *Regulations on the calculation of the levy and sluice-gate prices for pig carcasses, eggs and poultrymeat*

President. — The next item on the agenda is the report drawn up by Mr Hunault, on behalf of the Committee on Agriculture (Doc. 475/75),

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

- I. a regulation amending Regulation No 121/67/EEC in respect of the calculation of the levy and the sluice-gate price for pig carcasses;
- II. a regulation amending Regulation No 122/67/EEC in respect of the calculation of the levy and the sluice-gate price for eggs; and
- III. a regulation amending Regulation No 123/67/EEC in respect of the calculation of the

levy and the sluice-gate price for poultrymeat.

I call Mrs Kellett-Bowman on a point of order.

Mrs Kellett-Bowman. — It is already a quarter past seven and we have three very important items, or one item in three very important parts, including the vital subject of eggs. May I suggest that we conclude today's proceedings now and adjourn, and tidy up these remaining points tomorrow morning?

(Applause)

President. — There is one item left to be discussed; the report by Mr Hunault. From the floor I have no speakers inscribed, only the rapporteur. It would appear, therefore, that this matter could be dealt with very rapidly. However, I will ask whether there are any objections to the proposal to sit tomorrow morning to consider this one single report.

I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, tomorrow the Commission has a special meeting in order to discuss its position and reach definite conclusions with regard to Mr Tindemans' proposals. For this reason I would be especially sorry if, because of the debate on this subject, I were prevented from being present at this meeting of the Commission which could perhaps be its most important meeting in 1976.

President. — I call Mr Ellis.

Mr Ellis. — I am sure that the Members present in the House tonight would be quite pleased to see Mr Lardinois' deputy if Mr Lardinois finds it impossible to be here. I am sure that Mr Lardinois' deputy would be quite able to pass on to Mr Lardinois everything that has transpired in the House tomorrow morning, if we sit tomorrow.

President. — Mrs Kellett-Bowman told us a moment ago of the importance of this report; and in view of this I think that it would appear to be very desirable to discuss it in the presence of the Commissioner.

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — We have equal confidence in the deputy of Mr Lardinois. What we want to do is in fact to have an opportunity of hearing what has to be said, and I believe the House appeared to be unanimous in backing my proposal.

President. — I call Mr Liogier.

Mr Liogier. — (*F*) Mr President, this matter is so important that it had been agreed that it could be dealt with under the procedure without debate! The chairman of the Committee on Agriculture—I am sorry he is not here—was fully in agreement.

President. — I call Mr Laban.

Mr Laban. — (*NL*) Mr President, it is my understanding that the British Conservatives have proposed that the discussion of Mr Hunnault's report be postponed till tomorrow. Mr Liogier is perfectly right—this is a technical matter. It is certainly urgent but it has been thoroughly discussed in the Committee on Agriculture. The only explanation I can find for attempting to have this report dealt with tomorrow is a desire to collect an extra day's expenses. You can dispose of this report in one minute and I propose that Parliament does so and that the part-session be brought to a close.

President. — Objection has been taken to the proposal to adjourn this matter until tomorrow.

We will take the item now.

I call Mr Ellis on a point of order.

Mr Ellis. — My point of order was simply to refer to Mr Laban's remark that the purpose of the attempt to have this House sit tomorrow was to enable Members to draw their daily expenses: I would be very grateful, Sir, if you would ask Mr Laban to withdraw that remark. (*Applause*)

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, are we not entitled to take a vote on that matter, because it was a fairly unanimous view that we wished in fact to adjourn now?

President. — Under Rule 8 of the Rules of Procedure, the President has the power to adjourn the proceedings. The President-in-Office is not exercising that power.

I call Mr Liogier to present the report.

Mr Liogier, deputy rapporteur. — (*F*) Mr President, ladies and gentlemen, the common organisation of the markets in pigmeat, eggs and poultry-meat provide for a system of sluicagate prices and import levies based on the price of

feed grain in the Community and on the world market.

The Commission proposes to reduce the reference period from nine to six months, that is to say five months for recording average world market prices and one month for calculating the sluicagate price and levy. In view of the instability of grain prices on the world market, the Commission's proposal will undoubtedly improve the situation. This is why the Committee on Agriculture unanimously recommends its adoption.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — I come from an area which has a large number of egg producers. Neither this regulation nor any other is saving a large number of my egg producers from going out of business, and I could call on the Commissioner to do something to stop that happening. I have seen many of their books, Mr President. I had many of them with me here yesterday discussing this very problem. They are desperately worried because they are simply not making a living and more needs to be done than the paltry things that are being done at the present time to save their livelihoods.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (*NL*) Mr President, I thank the rapporteur very much for his report on behalf of the Committee on Agriculture.

This proposal certainly does not solve the problems in the eggs, pigmeat and poultrymeat sectors but I believe that the amendments will result in a system that is closer to reality, in view of the rapidly changing prices on the world grain market that we experienced last year and shall probably continue to experience in the future. I would not like to raise any vain hopes that, in the framework of the Community, it will be possible to bring in any kind of guaranteed price—or anything like it—for egg producers. Egg production, certainly in Great Britain but also increasingly so in other parts of the Community, is indeed becoming an industry in its own right. Since there are no very restrictive production regulations, supply and demand can be balanced through the price mechanism. If then we want to do something for this sector, the stress should not be on Community regulations. At very most, the Community should show a certain tolerance. It should possibly even do something to see that

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producers themselves exercise greater discipline with regard to production.

I therefore say emphatically that I do not want to arouse any vain hopes. I do not believe that anything like a kind of guarantee for incomes or prices can be brought in whether in the framework of Community policy or in the framework of national policy.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

14. *Documents submitted*

President. — I have received from the Council requests for consultation on proposals from the Commission for

— I. a regulation on the temporary and partial suspension of the autonomous Common Customs Tariff duty for foliage of asparagus plumosus of subheading ex 06.04 B I

II. a regulation temporarily and totally suspending the customs duty applicable in the Community as originally constituted on foliage of asparagus plumosus of subheading ex 06.04 B I imported from the new Member States
(Doc. 282/75),

which have been referred to the Committee on Development and Cooperation as the committee responsible and to the Committee on Budgets for their opinions;

— a directive on the approximation of the laws of Member States relating to the field of vision of motor-vehicle drivers
(Doc. 485/75),

which has been referred to the Committee on Regional Policy and Transport as the committee responsible, and to the Committee on Economic and Monetary Affairs for its opinion;

— a directive on the approximation of laws, regulations and administrative provisions relating to the marketing of high nitrogen content ammonium nitrate based fertilizer (Doc. 486/75),

which has been referred to the Committee on Economic and Monetary Affairs.

15. *Date of the next part-session*

President. — There are no other items on the agenda.

I thank the representatives of the Council and the Commission for their contributions to our work.

The enlarged Bureau proposes that our next sittings be held from 9 to 13 February in Strasbourg.

Are there any objections?

That is agreed.

16. *Adjournment of the session*

President. — I declare the session of the European Parliament adjourned.

17. *Approval of the minutes*

President. — Rule 17(2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings of the sitting which were written during the debates.

Are there any comments?

The minutes of proceedings are approved.

The sitting is closed.

(The sitting was closed at 7.25 pm.)