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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 COLOMBO

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 13 May 1977.

2. *Apologies*

President. — An apology for absence has been received from Mr Fioret who regrets his inability to attend this part-session.

3. *Appointment of Members*

President. — On 26 May 1977 the Bundestag of the Federal Republic of Germany appointed Mr Hans Lemp, Member of the European Parliament to replace the late Mr Spilleke.

The National Assembly of the French Republic has renewed its delegation to the European Parliament. The members are as follows: Mr Ansart, Mr Bördü, Mr Bourdellès, Mr Caro, Mr Carpentier, Mr Cointat, Mr Cousté, Mr Durieux, Mr Maurice Faure, Mr René Feit, Mr Guerlin, Mr Hunault, Mr Inchauspé, Mr Kaspereit, Mr Krieg, Mr Pierre Lagorce, Mr Lemoine, Mr Liogier, Mr de la Malène, Mr Muller, Mr Pianta, Mr Rivierez, Mr Spénale and Mr Terrenoire.

The credentials of these Members will be verified after the Bureau's next meeting, on the understanding that, under Rule 3 (3) of the Rules of Procedure, they will provisionally take their seats with the same rights as other Members of Parliament.

I congratulate colleagues whose appointments have been renewed and welcome the new Member.

4. *Election of the Chairman of a political group*

President. — The European Conservative Group has elected Mr Geoffrey Rippon as its chairman.

I heartily congratulate Mr Rippon on his election and offer him a cordial welcome.

(Applause)

5. *Membership of committees*

Mr President. — I have received from the European Conservative Group a request for the appointment of Mr Geoffrey Rippon to the Political Affairs Committee.

I have also received from the Christian-Democratic Group a request for the appointment of Mr Müller-

Hermann to the Committee on External Economic Relations to replace Mr Klepsch.

I have received from the Socialist Group a request for the appointment of Mr Lemp to the Committee on Agriculture to replace Mr Schwabe and to the Committee on the Rules of Procedure and Petitions.

Are there any objections?

These appointments are ratified.

6. *Petitions*

President. — I have received

- from Mrs Edel, Mrs Holmes, Mr Holmes and Mrs Ulbricht a petition on the reuniting of families
- from Mr Zenner a petition on postal transfers from Germany to Italy.

These petitions have been entered under Nos 6/77 and 7/77 respectively in the register stipulated in Rule 48 (2) of the Rules of Procedure and, pursuant to paragraph 3 of that same rule, referred to the Committee on the Rules of Procedure and Petitions.

Petition No 15/76 on a proposal for a European charter for road accident victims, which had been referred to the Committee on the Rules of Procedure and Petitions, has, at the request of that committee and pursuant to Rule 38 (3) of the Rules of Procedure, been referred to the Legal Affairs Committee for its opinion.

7. *Documents received*

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

- (a) from the Council, requests for an opinion on the following Commission proposals or communications:
 - regulation on imports of olive oil originating in the Lebanon (Doc. 111/77),

which has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture and the Committee on Budgets for their opinions;

- regulation extending for the sixth time the system of temporary partial suspension of the Common Customs Tariff duties on wine originating in and coming from Turkey provided for in Regulation (EEC) No 2823/71 (Doc. 112/77),

which has been referred to the Committee on Agriculture as the committee responsible and to the Committee on External Economic Relations and the Committee on Budgets for their opinions;

- regulation amending Regulation (EEC) No 816/70 laying down additional provisions for the common organization of the market in wine (Doc. 118/77),

which has been referred to the Committee on Agriculture;

- the proposal for transfers of appropriations between chapters within Section III — Commission — of the

President

general budget of the European Communities for the financial year 1977 (Doc. 121/77),

which has been referred to the Committee on Budgets ;

— directive amending for the first time Council Directive No 76/118/EEC on the approximation of the laws of the Member States relating to certain partly or wholly dehydrated preserved milk for human consumption (Doc. 127/77),

which has been referred to the Committee on the Environment, Public Health and Consumer Protection ;

— the communication concerning the 1977 skimmed-milk powder and butteroil food aid programmes (Doc. 125/77),

which has been referred to the Committee on Development and Cooperation as the committee responsible and to the Committee on Agriculture and the Committee on Budgets for their opinions ;

— regulation amending Regulation (EEC) No 974/71 as regards the price level to be taken into consideration for the calculation of monetary compensatory amounts (Doc. 141/77),

which has been referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets and the Committee on Economic and Monetary Affairs for their opinions ;

— regulation laying down a licencing system to control the fishing operations of non-member countries in the maritime waters coming under the sovereignty or falling under the jurisdiction of Member States and covered by the Community system for the conservation and management of fishing resources (Doc. 142/77),

which has been referred to the Committee on Agriculture ;

— directive amending Directives 66/400/EEC, 66/401/EEC, 66/402/EEC, 66/403/EEC, 68/193/EEC, 69/208/EEC, 70/458/EEC and 70/457/EEC on the marketing of beet seed, fodder plant seed, cereal seed, seed potatoes, material for the vegetative propagation of the vine, seed of oil and fibre plants, vegetable seed and on the common catalogue of varieties of agricultural plant species (Doc. 146/77),

which has been referred to the Committee on Agriculture ;

— I. a regulation extending the arrangements applicable to trade with Malta beyond the date of expiry of the first stage of the Association Agreement

II. a regulation extending the arrangements applicable to trade with the Republic of Cyprus beyond the date of expiry of the first stage of the Association Agreement

((Doc. 151/77),

which have been referred to the Committee on External Economic Relations ;

— regulation on the application of the decision of the ACP-EEC Council of Ministers on the arrangements applicable to the staff on the Centre for Industrial Development as regards taxation, social security and jurisdiction (Doc. 152/77),

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

— the recommendation for a decision concluding a Financial Protocol between the European Economic Community and Greece (Doc. 154/77),

which has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Budgets for its opinion ;

— regulation concerning producer groups and associations thereof (amended proposal) (Doc. 156/77),

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

— directive on consumer protection in the marking and display of the prices of foodstuffs (Doc. 157/77),

which has been referred to the Committee on the Environment, Public Health and Consumer Protection ;

I. regulation on the granting of financial aids to demonstration projects in the field of energy saving,

II. regulation on the granting of financial support for projects to exploit alternative energy sources

(Doc. 158/77),

which have been referred to the Committee on Energy and Research as the committee responsible and to the Committee on Budgets for its opinion ;

— regulation laying down, in respect of hops, the amount of aid to producers for the 1976 harvest (Doc. 160/77),

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

(b) from the committees, the following reports :

— report by Mr Jahn on behalf of the Committee on the Environment, Public Health and Consumer Protection on the proposal from the Commission of the European Communities to the Council for a directive on bird conservation (Doc. 113/77) ;

— report by Mr Brégère on behalf of the Committee on the Environment, Public Health and Consumer Protection on the common policy on consumer protection (Doc. 114/77) ;

— report by Mr Cointat on behalf of the Committee on Budgets on draft amending and supplementary estimates No 1 of the revenue and expenditure of the European Parliament for the financial year 1977 (Doc. 115/77) ;

— report by Mr Meintz on behalf of the Committee on Social Affairs, Employment and Education on the communication from the Commission to the Council on reform of the organization of work (humanization of work) (Doc. 116/77) ;

— report by Mr Cointat on behalf of the Committee on Budgets on the inter-institutional dialogue on certain budgetary questions (Doc. 119/77) ;

— report by Mr Noe on behalf of the Committee on Energy and Research on the need for a Community policy on the use of solar energy (Doc. 120/77) ;

— Report by Mrs Squarcialupi on behalf of the Committee on the Environment, Public Health and Consumer Protection on the proposal from

President

- the Commission of the European Communities to the Council for a directive on the approximation of the Member States' laws, regulations and administrative provisions on the protection of the health of workers occupationally exposed to vinyl chloride monomer (Doc. 122/77);
- report by Mr Baas on behalf of the Committee on the Environment, Public Health and Consumer Protection on a proposal from the Commission of the European Communities to the Council for a decision adopting a research programme in the field of treatment and use of sewage sludge (Doc. 123/77);
 - report by Mr Cousté 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 on the elimination of double taxation in connection with the adjustment of transfers of profits between associated enterprises (arbitration procedure) (Doc. 126/77);
 - report by Mr Cointat on behalf of the Committee on Budgets on the initial list of requests for the carry-over of appropriations from the 1976 to the 1977 financial year (non-automatic carry-overs) (Doc. 127/77);
 - report by Mr De Koning, on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No 2727/75 on the common organization of the market in cereals (Doc. 128/77);
 - report by Mr Cousté on behalf of the Committee on External Economic Relations on the harmonization of export aid systems (Doc. 129/77);
 - report by Mr De Clerq on behalf of the Committee on External Economic Relations on the Second Financial Protocol between the European Economic Community and Greece signed in Brussels on 28 March 1977 (Doc. 130/77);
 - report by Mr Martinelli on behalf of the Committee on Development and Cooperation on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulations (EEC) No 1599/75 and No 706/76 on the arrangements applicable to agricultural products and certain goods resulting from the processing of agricultural products originating in the African, Caribbean and Pacific States or in the overseas countries and territories (Doc. 131/77);
 - interim report by Mr Nyborg on behalf of the Committee on Economic and Monetary Affairs on the free movement of goods (Doc. 132/77);
 - report by Mr Martens on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a directive laying down additional provisions concerning the surveys to be carried out by the Member States in the field of bovine animal production (Doc. 133/77);
 - report by Mr Santer on behalf of the Committee on Social Affairs, Employment and Education on the forthcoming Community Tripartite Conference (Doc. 143/77/rev.);
 - report by Mr Osborn on behalf of the Committee on Regional Policy, Regional Planning and Transport on the proposal from the Commission of the European Communities to the Council for a regulation on the necessary measures to achieve comparability between the accounting system, and annual accounts of railway undertakings (Doc. 144/77);
 - Report by Mrs Walz on behalf of the Committee on Energy and Research on the draft Council resolution concerning consultation at Community level on the siting of power stations, and on the proposal from the Commission of the European Communities to the Council for a regulation concerning the introduction of a Community consultation procedure in respect of power stations likely to affect the territory of another Member State (Doc. 145/77);
 - report by Mr Frankie Hansen on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council amending Regulations (EEC) Nos 816/70, 2893/74 and 817/70 as regards the maximum total sulphur dioxide content of wine other than liqueur wines (Doc. 147/77);
 - report by Mr Liogier on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 816/70 laying down additional provisions for the common organization of the market in wine (Doc. 149/77);
 - report by Mr Hughes on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation laying down a licensing system to control the fishing operations of non-member countries in the maritime waters coming under the sovereignty or falling under the jurisdiction of Member States and covered by the Community-system for the conservation and amangement of fishery resources (Doc. 150/77);
 - report by Mr Laban on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation temporarily suspending the autonomous Common Customs Tariff duties on a certain number of agricultural products (Doc. 153/77);
 - report by Mr Cointat on behalf of the Committee on Budgets on the draft estimates of the revenue and expenditure of the European Parliament for the financial year 1978 (Doc. 155/77);
 - report by Mr Notenboom on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a regulation implementing in respect of the own resources from VAT, the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources (Doc. 159/77);

President

(c) the following oral questions with debate :

- (by Mr Fellermaier, Mr F. Hansen, Mr Hoffmann, Mr Schmidt and Mr Seefeld to the Foreign Ministers of the nine Member States meeting in political cooperation on the time taken by the Foreign Ministers to answer questions (Doc. 134/77);
- (by Mr Hughes, Lady Fisher of Rednal, Mr Edwards, Mr Kavanagh and Lord Bruce of Donington to the Commission and Council of the European Communities on recruitment policy (Doc. 135/77);
- (by Mr Spicer, Mr Scott-Hopkins, Mr Shaw, Mr Noè, Mr Cousté and Mrs Kruchow to the Commission of the European Communities on Community safety standards for hotels (Doc. 136/77);
- (by Mr Normanton, on behalf of the European Conservative Group, and Mr van der Mei, on behalf of the Christian-Democratic Group, to the Commission of the European Communities on national aids and economic integration (Doc. 138/77);
- (by Mr Granelli, Mr Scelba, Mr A. Bertrand and Mr Pisoni on behalf of the Christian-Democratic Group to the Commission of the European Communities on action to safeguard human rights in Ethiopia (Doc. 139/77);
- (by Mrs Squarzialupi and Mrs Goutmann on behalf of the Communist and Allies Group to the Commission of the European Communities on home industry (Doc. 140/77);

(d) the following oral questions without debate :

- (by Mr Normanton, on behalf of the European Conservative Group, and Mr Van der Mei, on behalf of the Christian-Democratic Group to the Commission of the European Communities on national aids and economic integration (Doc. 138/77);

(e) — (by Mr Cifarelli, Mr Hamilton, Mr Cousté, Mr Dalyell, Mr Normanton, Mr Corrie, Mr Noè, Mr Ellis, Mr Howell, Mrs Kellett-Bowman, Mr Albers, Mr Dondelinger, Mrs Dunwoody, Mr Brown, Mr Evans, Mr Liogier, Mr Pintat, Ms Osborn, Mr Zywiets, Mr Bangemann, Mr Shaw, Sir Derek Walker-Smith, Mr Lagorce, Mrs Ewing, Mr Spicer, Mr Scott-Hopkins, Mrs Walz, Mr Patijn, Sir Brandon Rhys Williams, Mr Hamilton, Mr Dalyell, Mr Edwards, Mrs Kellett-Bowman, Lord Bessborough, Mr Cousté, Mr Normanton, Mr Zagari, Mr Radoux, Mr Fellermaier, Mr Mitchell, Mr Prescott, Mr Shaw, Mrs Ewing, Mrs Walz, Sir Brandon Rhys Williams, Lord St. Oswald, Mr Corrie, Mrs Ewing, Mr Dureix and Mr Cifarelli for Question Time on 14 and 15 June 1977 pursuant to Rule 47A of the Rules of Procedure (Doc. 148/77);

(f) from the Joint Parliamentary Committee of the EEC-Greece Association the recommendation adopted at Mytilene (Lesbos) on 18 May 1977 (Doc. 117/77),

which has been forwarded to the Committee on External Economic Relations and the Political Affairs Committee for information.

8. Authorization of reports

President. — Pursuant to Rule 38 of the Rules of Procedure I have authorized the Committee on Agriculture to draw up a report on the repercussions of the Mediterranean policy on Community agriculture. The Committee on Regional Policy, Regional Planning and Transport and the Committee on External Economic Relations have been asked for their opinions.

The Committee on Development and Cooperation, at its own request and pursuant to Rule 38 (3) of the Rules of Procedure, has been asked for its opinion on the present state of multilateral GATT negotiations, a subject on which the Committee on External Economic Relations has been authorized to draw up a report.

9. Order of business

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

The following Commission proposals to the Council have been placed on the agenda for this sitting for consideration without report pursuant to Rule 27A of the Rules of Procedure :

- regulation opening, allocating and providing for the administration of Community tariff quotas for certain wines of designation of origin, falling within heading No. 22.05 C of the Common Customs Tariff, originating in Algeria (1977/78) — (Doc. 86/77),

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

- regulation amending Regulation (EEC) No 471/76 in respect of the period of suspension of the application of the condition on prices governing the importation into the Community of fresh lemons originating in certain Mediterranean countries (Doc. 105/77),

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

Unless any Member has asked in writing for leave to speak on these proposals, or amendments have been tabled to them, before the opening of the sitting on Friday, 17 June 1977, I shall declare these proposals to be approved.

At its meeting of 27 May 1977 the enlarged Bureau prepared the draft agenda which has been distributed.

The Committee on Regional Policy, Regional Planning and Transport has asked that the report by Mr Osborn (Doc. 144/77) on the annual accounts of railway undertakings should be voted without debate.

President

The following reports have not been adopted by the appropriate committees and are therefore withdrawn from the agenda :

- No 97 — report by Mr Shaw on the compatibility of the Management Committee procedure with Article 205 of the EEC Treaty ;
- No 101 — Report by Mr Nyborg on action in the field of transport infrastructure ;
- No 103 — Report by Mr Nyborg on a European project in the field of transport on the subject : 'Electronic traffic aids on major roads' ;
- No 112 — Report by Mr Cousté on the crisis in the Community's iron and steel industry (Doc. 489/76) ;
- No 115 — Report by Mr Guldberg on disorders in world currency markets (Doc. 392/76) ;
- No 120 — Report by Mr Albertini on the fifth financial report on the EAGGF (1975).

I call Mr Cousté.

Mr Cousté. — (*F*) Mr President, as you will have seen from the headlines, the French National Assembly will tomorrow afternoon be debating the Government's bill on the ratification of direct elections to the European Parliament. Because of this, I would be pleased if the report on the elimination of double taxation, which is down for discussion late tomorrow morning, could be placed at the top of the agenda for tomorrow's sitting. This would allow me time to catch the 1 p.m. plane to Paris and to take part in the debate in which I am due to speak. I would be extremely grateful if the House could accede to this request.

President. — I think the reasons given by Mr Cousté will be accepted by everyone in Parliament ; he should be allowed to take part in this important meeting of the National Assembly.

I call Mr Klepsch.

Mr Klepsch. — (*D*) Mr President, I would just like to say on a matter of principle that we had agreed that we would not change the agenda during the first three days. I feel, however, that, since the Shaw report has been dropped, we could consider the report by Mr Cousté instead on the same day and still remain true to the principle we laid down. We would then be able to fall in with our colleague Mr Cousté's request, while at the same time not going back on our decision to refrain from amending the agenda during the first three days.

President. — I think Mr Klepsch has raised a problem which is very important for all of us ; at the meeting of the Bureau we did decide not to make amendments to the agenda as initially proposed, but perhaps to consider them subsequently.

However, the solution he has put forward seems to be a good one and I should like to ask Mr Cousté to agree to it, that is to present his report in place of Mr Shaw's. Will that enable you to get back to Paris ?

Mr Cousté. — (*F*) Mr President, I am entirely happy with this proposal, provided at least that the debate on the European Cooperation Grouping does not occupy the whole morning session. I fear, however, that this may well turn out to be a very long debate indeed.

President. — I shall get in touch with those concerned in the previous debate to try to ensure that your report can be dealt with. No changes have been made except that Mr Shaw's report is replaced, as it were, by that of Mr Cousté.

I call Mr Brégégère.

Mr Brégégère. — (*F*) Mr President, I deeply regret to have to make a similar request, for I count myself among those who are firmly opposed to changes being made to the agenda once it has been fixed by the enlarged Bureau. At 9 a.m. on Friday I am due to present a report, to which I attach much importance, on the Community's consumer protection policy. Unfortunately, I find myself in a similar position to Mr Cousté in that I shall not now be able to present this report, as there are a number of extremely important political meetings which it is essential that I attend. In these circumstances, would it not be possible, Mr President, for the report in question either to be placed on the agenda for Thursday or to be held over to the 5 July or 6 July sitting of the part-session in Luxembourg ?

President. — We have always followed the procedure whereby a rapporteur who is unable to attend to present his report tries to find someone to deputize for him ; could you not find someone to stand in for you ? Could you be so kind as to help us in this way ?

Mr Brégégère. — (*F*) Mr President, I would simply point out that I have been working on this report for two years and I have already presented it to a number of committees. It is a report to which I attach considerable importance. Earlier today, I suggested to my group that it should consider appointing a deputy rapporteur. However, it would seem that the group itself would like first to examine in detail the report which I am to present to the House. I am deeply sorry that this should be so, for the report should have been dealt with by the House long ago. However, for reasons beyond my control and that of the European Parliament, this has not so far been possible. If circumstances permit, however, it should, I feel, be included on the agenda for the July part-session. That is my personal view, but we shall, of course, abide by the decision of the House in this matter.

President. — I call Mr Ellis.

Mr Ellis. — Mr President, I just would like to say briefly in support of my friend and colleague Mr Brégégère that I think he has got a very important point here. This year has seen for the first time in the Community, I think, a really concerted, coherent attempt to emphasize the role of the consumer in the affairs of the Community. For example, the Committee on Agriculture, I understand, has had representations made to it for the first time from the consumer. This, I think, illustrates the importance of this topic. Now, once again — and it is not the first time this has happened — very important issues have been placed on the agenda for Friday. It is well known that on Fridays the audience here is very thin indeed and therefore I think that in the first instance this subject should not be debated on a Friday anyway. I am not questioning the wisdom or otherwise of the Bureau; I am trying to make the point that this is something really fundamental and really important. Since Mr Brégégère has spent a great deal of time on it and cannot be here on Friday, I think it ought to be postponed to a later part-session when the subject will then be treated with the consideration that it merits.

President. — I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I should like to comment by saying that, in the conclave meeting of the Bureau, we agreed on the principle that we would not amend the agenda on grounds such as these, because what has happened to Mr Brégégère has befallen many Members in the past and will continue to do so in the future since naturally none of us is completely master of his own time-table. The agenda of the European Parliament is fixed at a period when Members are perhaps not yet in a position to appreciate fully the extent of their national commitments. For these reasons therefore, we cannot make any amendments to the agenda since, by so doing, we would be breaching our own principles. However, if the Socialist Group were to request that the report be held over to the next part-session, we have up to now always accepted a request of this kind made by a political group, and, were the Socialist Group to take this step, I see no difficulty in deferring the debate until the July part-session.

President. — Mr Broeks, you are probably going to ask me to defer the report. However, following a difficult meeting in the Bureau it has been laid down fairly strictly that no changes should be made to the agenda on the first day of a part-session, but that proposed changes should be examined and a meeting held on the third day to decide what alterations should be made. My answer must therefore be that your request will be considered along with the others and I will give a reply in the House when submitting any changes to the Assembly.

I call Mr Broeks.

Mr Broeks. — (NL) Mr President, that is extremely considerate of you. You have anticipated my request. The Bureau should consider whether this item could be postponed to a later part-session, and I hope that we shall be informed of the full details on Thursday.

President. — That is agreed.

I would inform the House that Mr Fellermaier's oral question to the Conference of Ministers for Foreign Affairs on the time they take to answer questions has been withdrawn. The question was item No 99 on the agenda.

I call Mr Cousté.

Mr Cousté. — (F) Mr President, you will doubtless be aware that Mr Kaspereit and Miss Flesch, on behalf of the Committee on External Economic Relations and the Committee on Development and Cooperation respectively, have tabled a very important question on the outcome of the Conference on International Economic Cooperation, i.e. the North-South dialogue, recently held in Paris. I note that this has not been included on the agenda for the present meeting. I assume that there is some reason for this and that, if it is not considered at this part-session, the question will be on the agenda for the next. I would, however, ask you to explain this omission to the House, so that we can be sure that the question will not be passed over.

President. — This matter is not on the agenda because in fact it was raised after the agenda had been agreed. I note what you say, in the same way as for Mr Broeks' remarks on behalf of the Socialist Group, and this question will be considered along with the others which I am sure will be forthcoming.

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I should like to state quite briefly that my group intended to put forward its view on this matter. We have, however, kept to the agreement reached at the conclave meeting not to propose here today any additional items for the agenda, once the agenda has been fixed. I therefore feel that Mr Cousté is right, when he says that this matter must be dealt with at the July part-session. Everyone else will then have a chance to formulate their views on the matter.

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

Mr Spicer. — Mr President, two months ago, at the April part-session, I raised the question of overheating in this building. I am certain that we all looked forward to the June part-session when the air-conditioning would be operating efficiently and we would be working at a sensible temperature. I wonder if you could again ask your secretariat to make some enqui-

Spicer

ries about the general working conditions here because they really are deplorable. If this heat continues all through the week I feel our business will not be conducted as efficiently as it might be.

(Applause)

President. — This is not a question relating to the agenda but I share your dislike for the heat, and I suffer from the heat like you and therefore we are concerned about this now. In any case if the problem proves particularly difficult I shall refer it to the quaes-tors. In the meantime we shall see whether something can be done. I don't know what to suggest because I am not an air conditioning engineer.

The order of business for this part-session will there-fore be as follows :

This afternoon :

- Statement by the Commission on the action taken on the opinions of Parliament
- Meintz report on the reform of the organization of work
- Santer report on the Community Tripartite Confer-ence
- Oral question with debate to the Commission on home industry
- Squarcialupi report on vinyl chloride monomer
- Oral question without debate to the Commission on accidents at work.

Tuesday, 14 June 1977

10.00 a.m.

- Lautenschlager report on the European Cooperation Grouping
- Cousté report on double taxation
- Jahn report on bird conservation
- Oral question with debate to the Commission and Council on recruitment policy
- Osborn report on the annual accounts of railway undertakings
- Oral question with debate to the Commission on Community safety standards for hotels

3.00 p.m.

- Question Time (part one)

Wednesday, 15 June 1977

10.00 a.m. and 3.00 p.m.

- Question Time (part two)
- Patijn report on voting rights in direct elections
- Cointat report on the inter-institutional dialogue on certain budgetary questions
- De Clercq report on the Second Financial Protocol between the EEC and Greece
- Cousté report on export aid systems
- Oral question with debate to the Commission on human rights in Ethiopia

Thursday, 16 June 1977

10.00 a.m.

- Oral question with debate to the Commission on national aids and economic integration
- Interim Nyborg report on the free movement of goods

3.00 p.m.

- Joint debate on the two Cointat reports on the esti-mates of Parliament for 1978 and the amending and supplementary estimates of Parliament for 1977 respectively
- Cointat report on the carry-over of appropriations from the 1976 to the 1977 financial year
- Notenboom report on the Communities' own resources
- Martinelli report on the processing of agricultural products originating in the ACP States or the OCT
- Noè report on Community policy on the use of solar energy
- Walz report on a Community consultation procedure in respect of power stations

Friday, 17 June 1977

From 9.00 a.m. to 12 noon

- Procedure without report
- Brégègère report on Community consumer policy
- Baas report on the treatment and use of sewage sludge
- F. Hansen report on the sulphur dioxide content of wines (without debate)
- De Koning report on the common organization of the market in cereals (without debate)
- Martens report on surveys in the field of bovine animal production (without debate)
- Laban report on suspending the autonomous CCT duties on certain agricultural products
- Hughes report on the control of fishing operations
- Liogier report on the common organization of the market in wine

Since there are no objections, the order of business is agreed.

I call Sir Derek Walker-Smith for a procedural motion.

Sir Derek Walker-Smith. — Mr President, is this an appropriate time to enquire of you when you propose to give your ruling on the interpretation of Rule 47 (1), the point which I raised at the last part-session and which you undertook to consider and to give a ruling on ?

I hope it has not been forgotten already.

(Laughter)

President. — I can only say that I am not ready to consider the matter this part-session and I now propose to take it up again at the next.

Sir Derek Walker-Smith. — Thank you very much, Mr President. I shall await that with interest.

10. *Limitation on speaking time*

President. — I propose that speaking time be limited as follows :

Reports :

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

Since there are no objections, that is agreed.

11. *Amendments to the estimates of Parliament*

President. — I would remind you that the deadline for tabling amendments to the supplementary estimates of the European Parliament for the 1977 financial year and the estimates for the 1978 financial year has been set at noon on Tuesday, 14 June 1977.

12. *Action taken by the Commission on opinions of Parliament*

President. — The next item is the statement by the Commission on action taken on the opinions and proposals of the European Parliament.

I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, I am able to inform the House that the Commission has during the past few weeks elaborated a number of proposed modifications, taking account of the amendments adopted by this Parliament.

As regards financial establishments, we have forwarded the amendments to the proposal for a directive for the coordination of laws, regulations and administrative provisions regarding collective investment undertakings for transferable securities, on which Lord Ardwick presented a report to Parliament. As you know, Mr President, we accepted all but two of your amendments, these being the amendment to Article 27 (2) for which we proposed a compromise, i.e. an increase from 5 to 10 %, and the amendment to Article 72 referring to notification to the Commission by Member States of the legislation in force in this sphere.

As regards the modification of the eight motor vehicle proposals on which Mr Nyborg reported, your amendment has already been accepted by the Council.

As regards the amendment of the regulation concerning the conclusion of an agreement with the United States concerning fisheries off the US coasts,

on which Mr Hughes was rapporteur, the Commission was requested to submit an annual report to the Council and Parliament on the application of this agreement.

The procedure to amend our proposal is currently under way and the modified texts will of course be forwarded to Parliament.

Voting on the report by Mr Lezzi on the second deputy director for the European Foundation for the improvement of living and working conditions was suspended at the last part-session. Meanwhile the Commission has now taken steps to ensure that the Council will defer its decision on this proposal and that the question will be re-considered during the budgetary procedure for the 1978 budget.

13. *Reform of the organization of work*

President. — The next item is the report (Doc. 116/77) by Mr Meintz on behalf of the Committee on Social Affairs, Employment and Education on reform of the organization of work.

I call Mr Meintz.

Mr Meintz, rapporteur. — (F) Mr President, I rather think that Mr Spicer's remarks have shown that even for us the problem of humanizing work, is, as it were, a burning issue. However, I should like to point out that your committee and rapporteur approached with some trepidation the problem of humanizing work, which was referred to us after the Commission had presented its communication. The problem we are dealing with is a vast one, for it encompasses not only all aspects of work organization, but also the whole spectrum of human activity and attitudes in regard to work. Consequently, we ran the risk of trying to tackle too many problems at the same time. At first sight, the humanization of work appears to be a wide theoretical concept which has implications for man, his environment, his place of work and the economic and social organization of labour.

However, we did not have to concern ourselves with all these problems because the Commission's communication confines itself to a number of specific issues, being based on the Social Action Programme published by the Commission in October 1973. This document concentrates primarily on the problems associated with work on assembly lines and similarly repetitive jobs, and suggests that the monotony involved in such work should be eliminated by the use of methods designed to provide greater job satisfaction. This idea is dealt with in greater detail in Action III 10 of the action programme, which states that the objective should be to change those patterns of work organization which tend to dehumanize the worker and create environmental and living conditions which are incompatible with modern theories on social progress.

Meintz

This broad definition of the concept of the humanization of work is repeated in different terms in the environmental action programme, which proposes that methods should be devised for reducing job dissatisfaction and encouraging effective participation. There even exists a third definition of this concept — on which the Commission's communication is based — in the Council resolution concerning a social action programme, which mentions the need :

to establish an action programme for workers aimed at the humanization of their living and working conditions, with particular reference to ... a reform of the organization of work giving workers wider opportunities, especially those of having their own responsibilities and duties and of obtaining higher qualifications.

The action programme which we are debating today overlaps with several other programmes in the social sector and is, therefore, of an inter-disciplinary nature. In view of this, it is to be regretted that the Commission has not submitted a genuine action programme but merely a communication, the contents of which are extremely vague and have no binding force.

The document is divided into two sections: the communication and a background paper which is attached as an annex and which in many ways is quite obviously far more interesting and original than the communication itself. Judging by the content of this paper, we have reason to feel optimistic that the Commission will in future be more constructive in its proposals than it has been hitherto.

The Commission states that the purpose of the communication is to inform the Council of the action that it has already taken and of its proposals for future action. To turn briefly to the action already taken, the Commission refers to its document setting out the guidelines for a Community programme for safety, hygiene and health protection at work, a document which has already been approved by Parliament. It then discusses a number of pilot schemes introduced by various companies — and, in this connection, it is to be regretted that the Commission once again mentions only a few cases and gives no more than a superficial analysis of each — and, finally, it draws attention to the fact that the basic document discusses the role of the trade unions, whose position and significance will be affected by any change in the *status quo* at the place of work. The same is true for supervisors, section leaders and other employees occupying the middle ground between management and workers.

To turn to the Commission's future programmes, the Committee on Social Affairs, Employment and Education found, much to its regret, that few constructive measures have in fact been proposed. The Commission emphasizes the need to introduce institutionalized procedures for worker consultation and participation, and refers in this connection to the models for

worker consultation in the directive on collective redundancies. After citing this isolated example, the Commission proposal for a statute for European companies, the Green Paper on worker participation and company structure, as well as various other proposals of lesser importance, the Commission sets out eleven future policy guidelines. It is not my intention here to consider these guidelines in any detail, but rather to suggest a number of areas on which our research efforts might usefully be focused.

The first of the Commission's guidelines is concerned with measures to promote the reorganization of work, the second with the need increasingly to enlist the active cooperation of employees, the third with the advantages to be gained from the humanization of work and increased productivity, the fourth with the need to broaden the concept of productivity to include all identifiable economic and social costs and benefits, the fifth with changes in management structure and decision-making processes, the sixth with the fact that the reform of working conditions is a continuing process, requiring a high degree of flexibility and some measure of democratization of structures, and the seventh with the fact that the humanization of work will increase the chances of industrial peace. Of the remaining guidelines, I would single out that which relates to the need for humanized forms of work organization to constitute in themselves a process of learning.

As regards research into the problem of the organization of work, the Commission pins great hope on the European Foundation for the Improvement of Living and Working Conditions. It devotes a separate chapter to this Foundation, which it describes as the most important element of the Community's contribution to the humanization of work. In this connection, and bearing in mind that eighteen months have already elapsed since the Council regulation instituting the Foundation was adopted, it would be interesting to know what progress the Foundation has so far made on the various tasks assigned to it. As the Commission itself admits, these tasks cover an extremely wide field, for, apart from collecting information on action connected with work reorganization, the Foundation is also to study new social accounting systems and other methods of evaluating the results of work restructuring. Then there is promotion of research, particularly in the form of statistical surveys, to establish which problems should be given priority, analyses of the characteristics of unskilled work, tax incentives and investment policies and the scrutiny of factors likely to hamper or encourage, in the eyes of management and employees, innovations at plant level.

It will be appreciated, then, that the programme is a truly vast one, effectively covering all aspects of the problem of the humanization of work. Of the wealth of tasks to be undertaken, I have mentioned only the

Meintz

most important, but we are firmly convinced that, if we are to be able to achieve the kind of results which will make further progress possible, more staff will have to be assigned to these tasks and more time allowed for their completion.

In the light of the tasks enumerated above, the Commission has set itself several objectives, the first being to institute two *ad hoc* working parties with responsibility for studying the economic implications of reform and the possibility of introducing more stringent and binding standards for the working environment. These studies may naturally be of considerable value for shedding light on the problem of the humanization of working conditions, but it is to be feared that they may lead to some duplication of the Commission's and the European Foundation's work. It is also unfortunate that the Commission makes no mention whatsoever of the work carried out in this field by other international organizations, such as the Council of Europe, the International Labour Office and the OECD, as there is a clear case for promoting the coordination of activities and instituting consultation on the results obtained.

By way of conclusion, I should like to make it clear that, while the Committee on Social Affairs, Employment and Education has been somewhat critical of the Commission's document, this does not mean that its efforts have not been appreciated. On the contrary, a brief analysis of the motion for a resolution will show that we welcome the efforts made to promote the humanization of work and that, more especially, we commend the Commission for the quality of the background paper to its communication which, we feel, provides a valuable picture of the historical background and of the many ideas which have been put forward, particularly as it was drawn up on the basis of discussions with the social partners.

What we do find regrettable, however, is that, because of or perhaps in spite of the wealth of detail provided by this background note, the Commission has failed to put forward specific recommendations and, moreover, has opted to embody its proposals in a mere communication.

Nevertheless, we note with satisfaction that the Commission is considering the use of directives for future proposals on the humanization of work.

In this connection, we would urge the Commission to compile a summary of experimental schemes introduced at factory level, for we firmly believe that no other type of scheme can provide us with more useful information or provide a more infallible guide to future action.

A further point we would stress is that we consider it unlikely that, in its present form, the European Foundation for the Improvement of Living and Working Conditions will be able to discharge all the tasks which the Commission wishes to assign to it.

At the same time, we would draw the Commission's attention to the danger of duplication between the work of the groups it proposes to set up under its own administration and that of the European Foundation.

We also consider it to be extremely important — indeed, this is a point on which we insist — for consultations to be held with the trade unions, for without their collaboration any reform of the present organization of work would be impossible.

Finally, we are fully aware that in times of crisis the wisdom of initiating a programme aimed at promoting the humanization of work may well be challenged. As we affirm at the end of our resolution, however, it is our belief that any action taken to organize work along more humanitarian lines in no way conflicts with the efforts to find solutions to the major problems of our time, for such action aims both at increasing efficiency and productivity at work and at reducing unemployment to the greatest extent possible. This is why we would ask the House to approve the present Commission communication on the humanization of work.

President. — I call Lord Murray of Gravesend to speak on behalf of the Socialist Group.

Lord Murray of Gravesend. — Thank you Mr President. First of all I would like to congratulate Mr Meintz on his very comprehensive report and the way he presented it this afternoon. I am glad to note that in the report and in his speech he censured the Commission for the toothless and pious nature of their communication. I, like him, would like to see firmer action taken on the humanization of work.

One of the problems we are facing as politics and Commission work become more and more academic — I think this is highlighted in this report — is that there is very little knowledge and understanding of precisely the position of people who work on the shop floor. These are not people who are just facing it for six months or a year. When they start work on the shop floor in many of the jobs that we have been talking about they face a lifetime of forty-five or fifty years of working in jobs which are repetitive, boring and monotonous and give no job enrichment — whatever that means in the report — to those taking part.

I can speak as somebody who has spent a great deal of my working life on the shop floor doing a repetitive job in the newspaper industry, where my sole function for a very long period of my working life, was to put quires of newspapers onto a travelling elevator at the rate of one quire roughly every three or four seconds. It was a job that stretched for many hours at a time and I think I can say I do understand a little of the monotony and boredom that goes into some of the jobs we have been talking about. But I think we

Lord Murray of Gravesend

should also point out that the problem is not necessarily confined to jobs on the shop floor, whether in the newspaper industry or the motor car industry. There are many sedentary clerical jobs which have the same degree of boredom and monotony as many shop-floor jobs. Again, I can claim some knowledge of having worked as a clerk in a wages department sitting hour after hour, day after day, week after week, just calculating wages, and I think, that has the same element of boredom and monotony as many jobs on the shop floor.

In the motion for a resolution, Mr Meintz quite rightly points out that there is a possibility of a degree of overlapping with the committees being set up. It does seem to me that on some occasions — this is my word of criticism to the Commission — when they seem to be in doubt about what action to take, they set up some *ad hoc* committee to stretch out the time and avoid taking any positive action.

As to the point that Mr Meintz makes, in paragraph 8, about the trade unions, I think that over the past years the trade unions have taken a very responsible attitude towards the humanization of work. Some of the reports I have read from the International Labour Organization point out quite clearly that, for instance, in the past, in your own country Mr President, you have had strikes where the slogan has been 'health is not for sale'. The argument and the strike have not been about increases in wages but about health and safety at work and the need for humanization of work. The Swedish trade unions have played a major part, with other trade unions within the Member States. For instance, in 1973 there was a strike at IG Metall in Baden-Württemberg, where the slogan was actually 'humanization of work' and the need to make sure that people had a better environment for their work and were happier in their work.

It is vitally necessary to speed up worker participation, so that workers, whatever job they are doing, whether on the shop floor or some clerical job, are given the opportunity to take part. What we are dealing with is not just a question of a day-to-day attitude of the trade unions; we are dealing with a whole history of worker activity and lack of humanization in jobs since the industrial revolution; we are dealing with a whole lot of people who are doing some of the worst jobs but who are not always articulate enough, or not always able to present their own case. Not only that, they are in jobs where they need badly to work, where they need the extra earnings, particularly if they are women, particularly if they are older people or migrants. They are not always of a mind to object or to protest, because they know that the attitude of the employers may be to say: well, if you don't like it, you can get out, we'll find somebody to fill your place.

If I could come now to the Commission communication. In the guidelines they refer to the question of productivity and how it doesn't conflict with humani-

zation of jobs. But so often in the past when there has been reorganization in factories or workshops under the guise of time-and-motion studies, it has so often meant redundancies or a speed up of production, without a commensurate return for those people and a better environment in which to work. In paragraph V they talk about more research. It seems to me that part of this document is research, research and more research, and that we'll reach the situation before long where we'll have researchers studying researchers studying researchers. It seems to me that there's been enough research in this subject. The Tavistock Institute in Britain, the I.L.O. and the Swedish trade unions have all done a major amount of research; indeed, if you look at any of the I.L.O. documents and articles on humanization of work, you will find a big bibliography, that gets longer and longer, of all the research studies that have been done. We are now reaching the point where the Commission should come back at an early stage giving us some detailed ideas of the action they wish to take.

In the background paper in the communication document they mention remuneration, working time, fringe benefits and leave. Certainly these are things that need to be looked at very urgently in connection with humanization of jobs because there isn't any doubt whatsoever that there are groups of people who are unable to change their jobs, and that there are some jobs where it's absolutely impossible to set up different groupings and different ways of working that particular job. We ought then to look at the possibilities of dealing with some of those jobs another way, perhaps by shortening the working hours. After all there's nothing sacrosanct about an 8-hour day. In the past, when it was a 12 or 14-hour day, the arguments for keeping it like that were no doubt the same as they are now for an 8-hour day, but there are certainly very many jobs where a shortening of the working hours would in fact increase the enrichment of that job and certainly increase, in very many cases, the safety factors. This of course, goes also, for longer holidays in some of these jobs.

Mr President this is an interesting document, a document that we need action on, and I'm only sorry that it is only a communication and that the Commission have not asked for firmer action or pushed for firmer action. Having said that, I'd like to thank once again Mr Meintz for his report.

IN THE CHAIR : MR BERKHOUWER

Vice-President

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

Mr Wawrzik. — (D) Mr President, ladies and gentlemen. I should first like to convey on behalf of our group, our cordial thanks to our colleague Mr Meintz for his report and motion for a resolution.

Wawrzij

It is gratifying to note that this problem has been appraised on broadly similar lines in the House; we in the Christian-Democratic Group also take a thoroughly positive view of the report, particularly as regards the critical remarks contained in the resolution. Our fear is lest the humanization of work continue to be considered, by and large, as a theoretical and academic problem. Practical solutions seem to be disappearing in a maze of scientific institutes of every shade and variety, with possible action and actual achievements already registered in this field coming off badly in the process. No-one questions the value of scientific research. It is not particularly helpful however, if no practical headway is made on account of the time spent on such research. This being so, I fully endorse the criticisms of the Commission contained in the motion for a resolution.

I feel that we should move on from the expression of pious sentiments, in whatever context they appear. We should concentrate instead on helping both sides of industry to put into practice on the shop floor what is available in the way of useful experience of work humanization, by providing them with information that is of immediate use. Our appeal is addressed to both sides of industry; we would ask employers not to view the humanization of work primarily as a question of profitability, i.e., not to view it in terms of a loss of output.

As is clear from the report, we also appeal to trade unions to put aside questions of status and the fear of a possible loss of influence, the latter being in my view a false reading of the situation, and to take active measures in this field. I cannot but agree with the members of the Socialist Group that, wherever trade unions have taken a lead in this respect, the willingness of employers to recognize their achievements in this area has grown rather than diminished.

On behalf of my group, I am able to say that we endorse Mr Meintz' report; we trust that, in the future, the Commission will handle this matter differently and with a greater degree of urgency than has been displayed here; on this point too, our colleague Mr Meintz has our full backing. We approve in its entirety the report and motion for a resolution.

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

Mr Cousté. — (F) Mr President, ladies and gentlemen. I should like to begin by congratulating Mr Meintz on his excellent report, which has the approval of our group. The European Progressive Democrats attach the highest importance to this communication from the Commission to the Council on reform of the organization of work, or, to put it more simply, on the humanization of work. We there-

fore agree with the guidelines laid down in this communication, which I shall summarize very briefly.

Information on action taken regarding the reform of the organization of work must be collected, systematized and classified. I should like to point out that such classification must not only clearly stress the link between working conditions and employment but also the structure and level of employment as well as the action taken to reduce job insecurity and the arduous nature of work.

We also support the Council's initiative because of the advantages to be gained from studying new methods of social accounting and social evaluation. Indeed, a few days ago France adopted new legislation on social evaluation.

Finally, there is a need to coordinate research on the special problems of small and medium-size undertakings. I cannot emphasize too strongly to the Commission that working conditions in small and medium-size undertakings are of a special kind. I scarcely need to point out to this Assembly that workers usually prefer to work in small firms than in large undertakings. The working conditions in small and medium-size undertakings should therefore be preserved, while at the same time there is a need to ensure, from an economic point of view, that when the integration of work requires a larger unit, the size of the undertaking is compatible with humane conditions of work.

We also applaud the efforts the Commission has made to analyse unskilled jobs with a view to rehabilitation and training; for there is a need to improve the status of manual labour. As you know, France has even set up a Secretariat of State for manual labour.

As the information supplied by the Commission suggests, there is a need to study the impact of industrial policy on working conditions and to pinpoint the causes of the success and failure of the action already undertaken. These studies should also extend to programmes for shortening the working day either by introducing legislation, by drawing up a regulation or by means of a joint convention, industry by industry. The action taken should help to promote training and promotion schemes for manual workers by providing them with the opportunity of almost permanent training.

Finally, the development of counselling and control functions, which are the responsibility of work inspection services in the Member States, should receive practical encouragement.

With regard to the need for better accident prevention and to eliminate occupational diseases, it is quite obvious that, despite the progress already made, there is still much to be done. We therefore support the Commission's efforts in this area.

Cousté

There is, however, one area where we would like to see the Commission state more precisely what it wishes to achieve. How does the Commission plan to encourage the creation of new and more democratic structures in the organization of work? Does this mean providing tax incentives for regional decentralization? There is, of course, no need for me to point out the importance we attach to the growth and development of the regions. Or is it a question of pilot programmes which will be analysed and launched industry by industry or region by region?

Moreover, sectoral consultations should be encouraged. Because of the links between working conditions and employment, research and objectives should be coordinated with other bodies specially set up to deal with employment problems at Community level. I believe that this is one of the on-going preoccupations of the Commission and, in particular, of its Vice-President, Mr Vredeling. In any event, clear priorities must be established even within the Commission's programme, because we cannot do everything at once. Logically, proper Community organization of work should go hand in hand with any effort to organize or reform work at the most important level, namely that of the undertaking, be it work on the shop floor or in offices. As Mr Meintz said in his report, we note with satisfaction that the Commission plans to choose a directive as the means of translating the proposals contained in its communication into practice.

President. — I call Mrs Kellett-Bowman to speak on behalf of the European Conservative Group.

Mrs Kellett-Bowman. — Mr President, further to the point about the humanization of work in this chamber raised by my colleague, Mr Spicer, the conditions are quite bad enough for us, but they must be infinitely worse for the ushers, who are wearing what is laughably described as their summer uniform. Would it not be possible for dispensation to be given to those who wish to remove those very long outside coats, so that they might be in a little less discomfort than they must be at the moment?

Now I would like very much to thank Mr Meintz for this report. So often it is just a mere formality, at the beginning of a debate, to congratulate the rapporteur and then go on to say that you do not believe a word of what he said, that he probably had not read the document anyway and it was a rotten speech he had made etc. On this occasion nothing could be further from the truth. It is with a real sense of gratitude that my group approaches this matter, and would like to thank Mr Meintz for the very hard work he has done. It was a very difficult task, because proposals for the humanization of work always seem, on the face of them, to be worthy of praise, just like war against sin, but then he has not just said that he is in favour of this; he has gone on to adopt a critical attitude

towards the Commission's document, and he has not been afraid to spell this out, especially, if I may say so, in paragraphs 2 and 3.

Briefly, we in the European Conservative Group agree with the rapporteur in finding the Commission's communication disappointing in both form and content. A communication, unless it is the herald — and a very near herald — of definite draft legislation to come, is really a very feeble contribution to the debate on humanization of work which should be taking place in the Community at the present time. And even though much is made of the one new fact in this area of policy, the European Foundation for the Improvement of Living and Working Conditions, its tasks are very ill-defined. I shall be coming to that at a later point. Indeed, as Mr Meintz points out in paragraph 7 of the motion for a resolution, the Commission's own proposals, in Section 6 of the communication, for two *ad hoc* groups in this field do not indicate that it has complete confidence in the Foundation to do the work that is needed. Let me underline this: we have established a Foundation for the Improvement of Living and Working Conditions in Dublin, yet the Commission propose to establish *ad hoc* working groups in precisely those fields in Brussels. Now critics of the Commission as a gravy-train for civil servants hardly need ammunition when it is handed to them in this way, and this is an aspect we must never neglect, Mr President, in the run-up to direct elections. This is a working body and we do not wish it to be understood as just a place where high-paid posts are handed out to all and sundry. There must be no duplication in this regard.

As the communication makes clear, there are two main areas of humanization of work where Community initiatives may be expected to take effect. First, proposals for the consultation and participation of workers which become particularly important when methods of work need to be reorganized. I admit that I do agree with something that Lord Murray said about this, namely that when one is doing time and motion studies it is essential that the workers concerned should see some real benefit in their pockets from the results of the time and motion studies. Secondly, proposals for the reform of work organization, itself. Worker participation, as we know, has been, and will be the subject of legislation proposals from the Commission, but what about the organization of work? How soon can we expect to see proposals from the Commission? Or does it feel, perhaps, that this is an area where there is no urgent need for Community directives?

In the introduction to the communication we find the Commission's role defined as that of a catalyst, crystallizing ideas and assisting in the evolution of a common strategy. The role of the Foundation for the Improvement of Living and Working Conditions is

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rather remote from the actual improvement of conditions at the work place, since it will be primarily concerned with research, analysis and monitoring. It is also, as the rapporteur pointed out, 18 months behind in its work schedule. If the Commission's common strategy is to take the form of Community proposals rather than of gradual and haphazard improvement of conditions along more or less similar lines, we shall clearly have to wait a long time for anything to happen, if this document is anything to go by.

But we stand at a time when people in all the Member States are asking what good the Community actually does them. If their working conditions are bad and their national legislation is inadequate, what can the Community offer these people? A communication and a foundation almost wholly dedicated to research are simply not enough. I suggest that the Commission should look urgently at ways in which it might bring home to people the part that the Community can play in improving their working conditions. I do not entirely agree with paragraph 6. I agree that the cooperation and coordination of relevant international organizations is absolutely essential. That is absolutely implicit in everything that other speakers have said. But I would like to see the Foundation in Dublin undertake more work of a much more practical nature than it does at the present time. For example, instead of simply doing research — as somebody said it is research into research into research — analysing situations and monitoring factors, the Dublin Foundation should actually promote experimental projects to humanize work so that the results can be acted upon by the governments of the Member States.

Nothing succeeds like success and it is very important that people should know of the successes in other Member States. Many people in the European Community have heard of the Volvo factories in Sweden where work is organized in small teams capable of assembling whole cars rather than on the traditional production-line basis. How far can such production processes be successfully introduced into the car industry in the Community or indeed into other industries, both in clerical and manual work? I thought Lord Murray made a very good point about that, if I may say so. I feel, too that this is what Mr Cousté was pressing for in his particular comments. Without some sense of urgency and desire for practical application on the part of the Commission we shall not see the humanization of work get very far in our life-time, or indeed at this rate in that of our children, for two main reasons: first, because technological change is continually increasing the dehumanizing, robot-like element in the modern work pattern, so that, in a sense, to re-emphasize the human element in work is to reverse progress and reject the economy it entails. Secondly, because the developing

countries, with whom we are now competing in many industrial sectors, do not give a high priority to humanization of work. We who are connected with the Community's textile industry, know that it would be very difficult to persuade that industry to reorganize work if it increased costs and something has got to be done about problems of this sort. The relationship between humanization of work and industrial costs, and the problems of reforming labour-intensive industries which are enduring strong competition, are not dealt with in this communication at all. We believe that they should be and their omission only gives further evidence of the inadequacy of the Commission's thinking. We believe that they should look again at these vague and woolly proposals and bring forward something very much more definite on the lines that Mr Meintz has suggested.

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

Mr Veronesi. — (1) Mr President, ladies and gentlemen, we consider this to be a real problem to which this Assembly ought to give serious consideration.

I have described it as a real problem despite the fact that at one time attempts were made to get round it by shifting responsibility for various difficulties on to the workers and, above all, by considering certain illnesses and neuroses afflicting assembly-line workers as indicative of the lack of a desire to work.

It has subsequently been recognized that the problem exists, and is a real problem in a modern productive economy which has to be tackled. We have also been aware for some time of the harmful physical and, above all, psychological effects of assembly-line work and other monotonous jobs. The film 'Modern Times' by Charlie Chaplin is clear evidence that many years ago people had already singled out the bane of modern productive economies.

We are faced with an apparently irreconcilable contradiction. The development of automation, technology and the discovery of Taylorism, in other words the scientific organization of work, have undoubtedly brought considerable advantages: work productivity — or the quantity of work produced by each worker — has increased, and this has raised living standards; subsequently, however, we have had to set this against the negative aspects of such methods of production.

These negative aspects include the consequences for the environment, which have been mentioned on previous occasions, and, above all, the fact that this method of production has failed to a serious and unacceptable extent to take account of a vital factor and a decisive element in production — the life of the workers.

It is evident, therefore, that the problem today is extremely urgent and extremely serious. We cannot

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continue the practice of recent years of shifting heavy responsibilities onto the workers by accusing them of absenteeism and not wanting to work.

The problem is very complicated. Clearly, the so-called scientific organization of work is an attempt to make each stage in a process productive, like a chain of successive productive molecular elements; in this way the whole operation is made as simple as possible and joins together in a logical process beginning with the raw material and ending with the finished product.

This has undoubtedly helped to increase productivity, but it has also created conditions which, for many years, have made it impossible for workers to change their role in the workplace. This has benefited productive groups and large companies by enabling them to have an extremely rapid turnover of labour. An enquiry carried out in Italy found that, in an industry employing ten thousand workers, 85 % had learnt their respective tasks in five minutes. After five minutes therefore, the workers were ready to be plunged into the cycle of the assembly line.

Naturally, this method of production has brought certain advantages, as it has undoubtedly reduced labour costs per unit product; however, society has also had to bear the negative consequences I mentioned earlier. I think that one of the previous speakers was right in saying that we have ignored the significance of assessing the social consequences and the social costs of the organization of work as it is now conceived: there has been an increase in the number of workers falling ill, suffering from neuroses or unable to face up to the daily monotony and tedium of repetitive jobs.

Studies and research in this field are therefore most welcome. We appreciate the difficulties involved in such studies and do not expect them to produce definitive results immediately; however, we must persist if we really wish not only that the material wealth of mankind be increased, but also that man should be able to derive pleasure from that wealth in the knowledge that it is not merely the fruit of an evil system.

For these reasons, we too urge that this problem be tackled in a practical manner. We must single out different areas for research, given that the spectrum of modern production is extremely wide. In the light of this and other difficulties, a detailed study should be undertaken with a view to changing the conditions of production and ensuring that the worker feels himself to be playing an active and decisive part in the productive process, and ceases to be considered a mere unit or cog in the productive wheel.

We are therefore in favour of the motion for a resolution, and trust that the Community will promote this research with maximum open-mindedness and in a spirit likely to encourage the most daring innovations.

President. — I call Mr Ellis.

Mr Ellis. — Mr President, I think it would be true to say that most people who are engaged in gainful employment in industrial society dislike their work. When I say most people, I mean more than half the people, maybe three-quarters, 80 % or more. I will not argue about the figure, but it is an awful lot of people, and they regard their working day as a kind of interregnum to be finished as quickly as possible, at 6 o'clock or whenever, so that the true business of living can begin. Therefore if this is true, I cannot help but admire the enormously ambitious nature of the Commission's aims. I cannot help thinking of a verse, a couple of lines of which, translated into English, go something like this:

Oh Lord, why did you make the Pennant valley so beautiful, and the life of an old shepherd so short?

Well I don't know that the life of the Community is going to be short — I hope it is going to be a long life — but the beautiful valley ahead of it is going to take an awful long time to reach, because if we are really going to humanize work then we have a very big job on indeed.

I have stood up a little reluctantly, though I like to think, as I am sure do most Members, that I am an expert on work, but I stood up a little reluctantly particularly to make comments on three points that have been raised in the debate. I would like to preface my remarks first by saying that it is an awfully difficult subject and we have to be very clear in our minds. With the greatest respect I did not think that my very good friend Lord Murray, nor Mrs Kellett-Bowman when she supported him on the point, were absolutely correct, because while they were making the valid point that if work study is done, then workmen who submit themselves to this should have their just reward in terms of money, that has nothing to do with the humanization of work. You might even say that it is avoiding the humanization of work, that is paying money for people to do work that is not human. So it is quite important that we get our minds very clear about exactly what we are tackling. We want to make work attractive to people.

A number of points have been made and I want to comment very briefly on three. The first point was that consultation between managements and workers should be institutionalized, trade unions should be brought in and so forth. I agree, of course it should, but there are dangers, very real dangers, in institutionalizing anything, and I give you a classic illustration of the dangers of institutionalizing consultation. It happened some years ago in Britain, when there was a programme of railway closures and the then chairman of the railways decided to close up all kinds of branch lines that did not pay, and in due course the railwaymen went on strike. They were objecting to this,

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and the leader of the railwaymen and the chairman of the railways appeared on television to thrash it out. The union man said 'We don't object to this closure-programme, we are sensible people, we know that we need to rationalize. What we object to is that there has been no consultation'. At this the chairman said 'Nonsense, we have consultation on the third Tuesday of every month'. Well, you see, you can so institutionalize consultation that you get no consultation at all, and I make that one point that while consultation is important, it is not going to solve everything and there are a great many dangers.

The second point was the question of the improvement of working conditions, and I accept what everybody has said about this in this chamber. But there again, we can be misled into making serious mistakes, errors of judgment, because working conditions are not everything. The Hawthorne experiments, showed I think, quite clearly, in the mid-twenties, how one can be misled by considering that all that mattered were working conditions. The example I like to give here is the example from my own industry. I happen to have worked for 23 years in an industry that does not have congenial working conditions. I worked in the coal-mining industry, but it always struck me as peculiar that whenever I went into a public house in a coal-mining area, a public house frequented by coal-miners, you could scarcely move for the coal-dust. Everybody was talking about his work, what they did today, what the machine did, always talking about coal-mining. But if I went into a public house in Dagenham, which is a place in Britain where they make a lot of motor-cars, nobody ever talked about making motor-cars, they wanted to forget about it. While I do not doubt for one minute that the working conditions in Dagenham might not be perfect, I am pretty sure they are much better working conditions than in a coal-mine. So here again there are other matters that we have to take into consideration and I think that this gives us a clue — at least as to what ought to be done. Doing it is a different kettle of fish. The clue is that in a coal-mine, an awful lot of decision-making is left in the hands of the coal-miner. He puts his own props and so forth, he literally safeguards his own life by his own judgment, just as a farm labourer will do his hedging, his ditching and his milking and so on. He is making his own decisions all the time, he is his own boss; he is not an automated piece of machinery, and he gets the satisfaction from this. So here again I think that if we get misled by working conditions, we can go astray and we have to realize that, if I am right, if the attraction of mining — and mining can be attractive to many people — if the attraction is that there is a fairly large content of decision-making left to the actual operator at a junior level, then we are coming somewhere onto the right lines.

This brings me to my final point which refers to what Mr Meintz said when he spoke about needing new

techniques to make work attractive. I think the biggest single thing we could do would be to take automation to its logical conclusion, that is to say if we, as we now have done, have automated work to make the operator himself a machine, we ought to replace him by a machine. I will give another example. 15 years ago I visited a motor-car manufacturing plant and I saw people drilling the engine blocks and this was done in a kind of automated way. The casting came in and it vanished under a conveyor belt and came out the other side having been drilled in about eight or nine different places to different diameters and so on. All the operator then did was lift it off here with a hook and put it on there. Now if the operator had been actually doing the drilling himself the situation would have been different. In the coal-mining industry the engineering is not as precise perhaps as in the motor car industry. You take a little centre punch and give a little tap where the hole is to go, then you put in the drill. There is some kind of craft involved from which the operator can draw a kind of pleasure and satisfaction, but simply putting a casting into a machine and taking it out at the other end means that the operator has been automated into being a machine himself. Therefore what we have to do is to take it to its logical conclusion and automate completely wherever we can.

Stopping the automating process at the worst possible place is, I think, asking for trouble and it is significant, as pointed out in the report, that some of the highly automated firms are now trying desperately to seek remedies for this very simple, as I see it, mistake. The ultimate goal, of course, would be — this is this beautiful valley in the distance that I am looking at and the life of the old shepherd is so short — the ultimate goal is to take everybody out of manufacturing — because technically manufacturing can be automated — and to put everybody in service industries where there is a human content. You would then have arrived at the stage of literally humanizing work. I think to end I can give no better example than *our* job. How human our job is — and I doubt that there is anybody in this room now who would readily be prepared to lose his job.

(Laughter)

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — *(NL)* Mr President, my impression is that the debate on the humanization of work has prompted the honourable Members to think in terms of variations on the time-honoured 'return to nature' theme. In our modern world, work is naturally very specialized and compartmentalized with the result that, as Mr Ellis described it, human work, becomes so automatic that the only proper solution is to replace the man carrying out this last remaining operation by a machine.

Vredeling

Mr President, I think we should all be grateful to Mr Meintz for his report and the way in which he has brought this matter to our attention. It is of course no mere coincidence that the question of the humanization of work is a point of discussion in all our Member States. The trade unions in particular are constantly bringing it up, although in themselves the working conditions we have today are naturally a great improvement on earlier times. Nevertheless, and this links in with what has been said by the various speakers, this is a major issue at the present time.

National governments are also aware of the importance of this topic, witness their concern at the conditions in which work has to be repeated day after day. On the one hand there is the boredom and on the other the stress under which people have to work, and the fact that these factors demand too great a sacrifice of the workers. There are working operations which have to be carried out in virtual isolation. Furthermore, the lack of any feeling of responsibility, as pointed out by Mr Ellis, can be fatal for the individual worker who comes to see himself as a very small cog in a very large and alien machine. This point was also made by Lord Murray of Gravesend. I would answer that both workers and managements are faced with this problem and the related problems of rapidly increasing absenteeism, the consequent lowering of morale and the damaging effect of conveyor-belt work on the individual worker. For these reasons both sides of industry are endeavouring to find new ways of organizing work, calling on the skill and sense of responsibility of the worker and providing him with variety and the opportunity to take decisions of his own.

In speaking just now of his earlier work in mining, Mr Ellis himself drew a comparison with a sector with which I am more familiar, which is farming. I remember from my earlier trade-union days that the farm workers who were leaving the land for industry in such large numbers always preferred their work on the farm to the work in industry. Farm work was so badly paid that they had to be found other jobs, but the work itself, which offers such variety and calls for a large measure of independence, appealed to them more than work in industry.

In presenting its communication to the Council the Commission's purpose was to look at this debate in a European context. Work reorganization is a very important problem, today as much as ever before, and the main concerns seem to be economic questions and the problems connected with the employment market. We can see that, for instance, migrant workers from other Member States are regularly being replaced by indigenous workers who, as a result of their training, often come to the job with quite different qualifications and expectations.

We also realize that the European economy will depend in the future on a better-trained and better-

adjusted creative labour force and that we can no longer accept the fact that — as has so often been pointed out — people have to spend a large part of their working lives doing boring and apparently pointless work.

Carrying on from this I would now like to make a single comment on the motion for a resolution tabled by the Committee on Social Affairs, Employment and Education. The first paragraph welcomes the Commission's initiative — that was, as you will have realized, the previous Commission — and appreciation is expressed for the guidelines set out by the Commission and the analysis of the problems as contained in the background document — which is specifically mentioned — attached to the communication, a document which incorporates the results of discussions on this point held with the social partners. In paragraphs 2 and 3 there is regret at the fact that the Commission has chosen to put forward its ideas in a communication and not in a genuine action programme with specific recommendations, in view of the need for the reform of the organization of work which is so clearly enunciated in the background document.

I would like to make some comments on this criticism. If we compare things with the situation in the United States, we can see that the national governments have got no further at the present time than the stage of applied research. There is repeated reference to research, research and more research ... but even the national governments have as yet failed to take things any further and there is nothing in the nature of a definite amendment of legislation. So in answer to demands that the Commission should do this or that, I would say: in themselves, these demands are justified, but there is nothing to stop the honourable Members from saying the same thing to the governments in the national parliaments to which they belong, since our decision-forming process depends on them. Additionally, there is a substantial cost factor for firms which have already tackled the problem of the reform of work. It is probably hoped that the costs will be recouped at a later stage as the reforms bear fruit. I see here a further good reason for the view that accompanying legal measures should be coordinated at European level. I would point out that the extra costs involved will only be very small if the work reform factors are taken into account from the outset, when firms are being fitted out and factories built. Here the Commission is prepared to play a coordinating role but we must not overestimate its powers to intervene. The satisfaction expressed in paragraph 4 of the resolution at the fact that the Commission is intending to formulate more binding measures doubtless refers to the areas covered by a newly-established advisory committee for safety, hygiene and health protection and the Commission could also look into the possible harmonization of national laws on, for instance, night work and other matters. Paragraphs 5

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and 6 suggest that the experiments carried out by the new Foundation in Dublin, which the Commission sees as the most important element of the efforts towards the humanization of work, are not yet complete and that in this initial stage could benefit from practical support from the Commission and other international organizations such as the International Labour Organization the Council of Europe and the OECD. This point has been made by our rapporteur, Mr Meintz, and by Lord Murray of Gravesend. I can tell you that the Commission shares this view, and maintains very close contacts particularly with the International Labour Organization. Experience gained from the joint meetings between experts from the International Labour Organization, the Dublin Foundation and Commission officials has already indicated that, with the different frameworks within which these organizations operate, duplication of work can be avoided — the intensive cooperation means that each party knows what the others are doing and have already achieved. This does not mean that the concern expressed in paragraph 7 of the resolution, namely that duplication of work must be avoided, does not deserve my closest attention and I shall see to it that there is no such duplication. In conclusion, I would like to record my agreement with the sentiments expressed in paragraphs 8 and 9 of the resolution, namely that the trade unions must be very closely associated with the reform of the organization of work and that this is highly compatible with efforts to increase productivity and reduce unemployment.

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

The resolution is adopted¹.

14. Community Tripartite Conference

President. — The next item is the report (Doc. 143/77/rev.) by Mr Santer, on behalf of the Committee on Social Affairs, Employment and Education, on the forthcoming Community Tripartite Conference.

I call Mr Santer.

Mr Santer, rapporteur. — (F) Mr President, on 27 June a new Tripartite Conference will be held in Luxembourg almost a year to the day after the Tripartite Conference of 24 June 1976. Our Parliament was extremely interested in last year's Conference, its preparation and its results. It was the subject of several debates in this House.

The objective it set itself — to use the Commission's words — was to define and implement a genuine Community strategy leading to full employment and

stability. In fact, it was entirely devoted to the problem of re-establishing full employment and stability. At the end of its proceedings a consensus emerged between the interested parties, which led to the adoption of a joint declaration on a return to full employment and stability within the Community.

What does this declaration say? A return to full employment by 1980 is the objective supported by all. For this to be done the Community will have to achieve an average annual growth rate of 5% during the period 1976-1980, and the rate of inflation will have to be reduced to some 4-5% by 1980 at the latest. Clearly this will entail a larger increase in investments, especially those which create new jobs. Each party (governments, both sides of industry, Community institutions) promised to concentrate on achieving these objects, each within its own sphere of responsibility.

The governments would contribute to price stability in the medium term by reducing the budgetary deficits via a monetary policy corresponding to the growth prospects of the GNP by an active competition policy and, finally, by an active manpower policy.

As for the question — very controversial at that time — of a price and income policy, each party agreed to the following wording:

Only a joint effort by all parties to adjust salary increases at all levels to objective economic data, together with price restraint, will enable a better balanced and more equitable economic and social situation to be established.

Each institution, Council, Commission and Parliament welcomed the results of the Conference. It was the first time, it was said — and this at a time when the Community was in a particularly difficult situation — that all the parties representing the various sectors of society had been able to agree on a joint declaration aimed at convergence between the social and economic policies of the Member States. At long last, a Europe was possible, which took account of realities.

And what has happened, Mr President, a year later and on the eve of a new Tripartite Conference? Have we realized the hopes of last year? Today, nobody has any illusions any more. The results obtained in one year are well below what we hoped to achieve. The Community has not achieved the objectives it fixed for itself a year ago. Some progress has indeed been made, but on a limited scale. The decrease in the rate of inflation has been unspectacular and the differences in rates between the Member States remain considerable.

Unemployment is still with us and the hopes of millions of workers in this Community have been dashed. This is why we feel it is our duty to make an urgent appeal today to the Council and the Commis-

¹ OJ No 000

Santer

sion so that the forthcoming Tripartite Conference is not simply a verbal agreement between the parties but so that each one is properly aware of its own responsibilities, and does its utmost to translate them into something tangible.

To this end we would say that the economic situation, at present unsatisfactory, or even critical in several Member States, is certainly due to the constant overburdening of the GNP, to the indiscriminate evolution of the monetary policy at world level, to the world-wide confrontation between the industrial nations and the nations producing raw materials in the matter of the redistribution of wealth, to the steep and continued increase in oil prices and also to the lack of a political will in the Council to create an economic and monetary union for the Europe of the Nine in which the jurisdiction of the administrative bodies would be fixed so as to allow the decisions which are essential to economic and social policy to be taken at Community level. We must stress once again that neither unemployment nor inflation is bound to happen and that consequently we must treat their causes both at Community level and within the framework of flexible but coordinated national programmes; at the same time new Community actions, based on Article 235 of the Treaty, should be instigated.

We must urgently draw the attention of the politicians responsible to the fact that the social categories worst hit by unemployment and inflation: migrant workers, women, young people, the handicapped and inadequately trained workers, the retired etc., are those who are underprivileged by virtue of legal and social conditions even at a time of economic plenty.

Let me recall in this context the proposals made by Parliament through its rapporteur, at that time Mr Glinne, which still remain valid today.

We had proposed, as a contribution towards solving the present crisis and preventing its recurrence, the establishment of more efficient cooperation between the Community and national institutions, the same within the Community institutions and improved cooperation between the social partners and Community institutions, the encouragement of meetings at a sectoral level and on an equal footing between employers and employees' representatives at Community level, an increase in the money available in the Social Fund, the Regional Fund and the EAGGF, and closer coordination between these funds.

We also had proposed giving priority to joint social needs by adopting political decisions, exceptional measures in the short and medium-term, for social categories particularly affected which I have just listed, the introduction of social and educational allowances and the setting up of social infrastructures which could support better employment, regional planning

which would take account of the need to locate undertakings where manpower is available rather than continuing and increasing the transfer of workers, cross-frontier or otherwise, to excessively distant places of work.

We had also asked for a genuine democratic supervision by the public authorities and by employees' representatives of the incentives to private enterprise to increase employment within the framework of its social function, the fostering of public industrial initiative, particularly to combat structural imbalances, and the promotion of workers' asset ownership and participation in company decision-making. We emphasized then that a Community policy could only be effective if the Community Institutions had adequate instruments available and the power to use them, although we realize that an increase in the powers of these institutions is only acceptable if they are subject to genuine democratic supervision.

These proposals are still valid today: I think it was worthwhile to recall them.

If you will allow me, Mr President, I shall briefly add a few words on behalf of the Christian-Democratic Group. We are of course pleased that the dialogue between the social partners and the Community Institutions is being carried on in the present very critical social and economic situation. We are pleased to see this new initiative because we have always called for the participation of the social partners and the public authorities in concluding a pact — a social contract to be negotiated between all the parties, where all the parties are convinced that the acceptance of such a negotiated contract will be profitable to all.

We urge that this new tripartite meeting should not result simply in a verbal agreement but that each party should shoulder its own responsibilities. At a time when we are preparing to appeal to public opinion with a view to the direct election of our Parliament, it is quite inconceivable that our Community should not have the political will and courage to right the social and economic situation. We have no alternative. This is why we shall follow very closely the proceedings of the forthcoming Tripartite Conference, although we regret that the preparations for it were somewhat hurried.

We therefore call for the Committee on Social Affairs and the Committee on Economic and Monetary Affairs to draw up reports for Parliament on the outcome of this Tripartite Conference and for these reports to be discussed in this Chamber after the recess.

On this understanding we wish the meeting of 27 June every success. It will be important for all of us, for the political future of our Community is at stake.

President. I call Mrs Dunwoody to speak on behalf of the Socialist Group.

Mrs Dunwoody. — Mr President, one of the less endearing qualities of politicians is that they occasionally appear to be lecturing those who are doing things that they cannot themselves achieve. If the Committee on Social Affairs seem, in the wording of this resolution, to be reminding not only the Commission, but also those of us within the Community, of our responsibilities in the field of work, it is because we are desperately worried about the situation that exists in the EEC today. If there is one way which Europe can be made to be a reality to the peoples of the Nine, it is to be seen to be doing something which relates immediately to their own lives, and to be doing it in a way which has some political meaning. To the youngster who has left school, without sufficient training and with no possibility of getting a job, the niceties of European politics are very remote. To the woman who finds it extraordinarily difficult either to join a union or to get any proper representation in regard to equal pay, the involvement in the carrying of a beautiful mauve-covered passport is very minimal indeed. Therefore, we should ask ourselves as politicians, after a year of consideration of the problems of employment in the EEC; what have we achieved?

I can tell you that I do not believe — and this will not come as a particular surprise to Mr Santer — that it is necessary to point out to what is somewhat euphemistically called the 'social partners' the need to shoulder their responsibilities. The responsibilities of the trade unions, of the workers in industry, are very plainly understood by their members. In my own country they have given a very specific lead, they have shown a self-discipline and a commitment towards seeking a new economic order which could well have been copied by some other sections of the Community. And yet still we have the continuing problems of fundamental unemployment.

Here, in this Assembly, we debate, each time we meet, fundamental problems in our traditional industries. We even indulge in the niceties of dividing unemployment into groups. We say that there is structural unemployment and temporary unemployment. Yet we know that to the man who has no work, or the woman who cannot pay the rent, the reality is as total and as stark as anything they are ever going to meet in the whole of their lives. So when this grouping meets together, we, as a Committee on Social Affairs are concerned, not that they should produce at the end of their debates, a beautifully rounded statement of general intent. We want to feel that what they have done is to produce a really practical work plan for the future of Europe.

The Commissioner, when he talks about the Social Fund, knows that we as a committee are deeply concerned at how that Fund is being spent. We are deeply concerned, in a Community which still has far too many people unemployed in traditional industries, that far too much money is going to some subjects and not to others. We know that still the imbalance of funds between the various regional funds, the Social

Fund, the agricultural support fund, is such that when we ask for support, be it in an active plan in the textile industry, be it to look at the immediate problems of the steel industry, we are constantly told the Commission will do the very best it can. In European politics, it is getting to the point where that is really not good enough. This is going to be an even more urgent problem in the coming twelve months. What is it that we are seeking to do? We have recommended that in the Tripartite Conference the interested parties — and dear God knows that is all of us — should seek to find a consensus. We have asked that they should produce an active plan. We have said that they must be aware that this is the time to invest the Community discussions with a more binding character. And what we are seeking to do is to follow up the results of that Tripartite Conference in this particular Assembly.

But, I say to you today that we ourselves will be judged, in the coming year, as to what we have achieved. If we are, in fact, gathered together at the end of another year to demand of the Tripartite Conference that they yet again produce the answers that we ourselves are not capable of producing, then I believe we will have failed disastrously. We will have failed as politicians and we will have failed as Members of this Assembly. Let us say this to the Tripartite Conference: we know that all of the plans that have been put forward by the national states have proved to some extent inadequate. We know that the problems of continuing employment concern you all, but we ask of you urgently to produce answers. We can all of us find many debating points to score on the problem of the need for agreement. We can all of us go back to our constituencies and say we are aware of the structural difficulties of many countries which were in the forefront of the Industrial Revolution and have never yet put in enough investment to bring them up into the twentieth century in terms of employment. But what we do not have a right to do, as Members of this Assembly, is to leave it at that. What we should be doing in the next twelve months is to ask, as the Socialist Group has asked in this Assembly time and time again, to increase the Social Fund, to produce practical work-plans. We should not be talking to the textile unions about the problems that they know they have, we should be seeking the answers that we can give them and the support that will make sense to them in terms of their own national situation. I ask the Commission not to come back in twelve months' time and to bring us a report, not to go to the Tripartite Conference and remind everyone else of their responsibilities; I ask them to come to this Assembly in the next month with a plan, with a commitment, responsibilities; I ask them to turn that into practical jobs, because only in that way will Europe be judged to have been effective, only in that way shall we be fulfilling our task as Members of this Assembly and only then shall I expect in twelve months' time to be able to say that at last we have achieved something of value.

President. — I call Mr Meintz to speak on behalf of the Liberal and Democratic Group.

Mr Meintz. — (*F*) Mr President, it must be admitted that seen against the objectives set by the last Tripartite Conference the results achieved in a year are rather less than had been hoped. And yet policies adopted have been more or less in accordance with the guidelines recommended, great efforts have been made to reduce inflation, and a slowing-down in the growth of nominal salaries has been fairly generally accepted. But if results have been disappointing this is because the problems have proved more serious than they at first seemed.

We are not alone in advocating coordinated action on two fronts, that is to say, against both inflation and under-employment. In fact, this is the only way to a final solution of the problem without leading to the break-up of the Community.

We are very well aware of the limited room for manoeuvre of the Member States, which simultaneously have to combat inflation and under-employment. It is therefore important that Member States whose balance of payments is in surplus should take bold steps to revitalize the economy of the Community. But we know for a fact that the countries in question have already gone quite a way down this road, and we must beware of the possible inflationary effect of any new measures. But if we still insist on this point, it is to demonstrate that the only way out of the economic crisis lies in the combined endeavours of all governments, employers and labour, and the Community Institutions. And as to the Community, patient efforts must be made within two existing committees, the Standing Committee on Employment and the Economic Policy Committee, to bring about wider agreement within each group, that is to say, employers, unions and governments, and between them, on the great economic and social problems confronting each Member State to a greater or lesser extent.

The essential point in such action is not just the measures themselves taken at Community level, particularly in the social sector, although these are important; it is the readiness to give the Commission the central role which is its due and which it needs to be able to conduct a truly effective common economic policy covering both structural measures and short-term economic policy.

We have reached a point where it is no longer a question of whether this is possible. If we wish to succeed in maintaining our present level of prosperity — and I think we are all agreed on the necessity of doing so, particularly for all those who are economically disadvantaged and cannot keep up through their own efforts — there is only one possible conclusion, and we hope that the Tripartite Conference will realize it.

It is no longer a question of whether it is possible; it must be done.

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

Mr Cousté. — (*F*) Mr President, ladies and gentlemen, the Tripartite Conference is to begin on 27 June in Luxembourg, in accordance with the wishes of the European Council at its March meeting in Rome. We in the Group of European Progressive Democrats attach great importance to the success of this conference which has been held regularly since 1974.

It goes without saying that the outcome of this conference and the value of the discussions depend primarily on good preparation. From this point of view, the conference which last year took place on 24 June, was very useful, as, for the first time, it produced a joint declaration which, over and above its actual content, acted as a catalyst for a genuine consensus without which the economic problems of our Member States cannot be solved.

The success of this conference last year was — in our view — largely due to the method followed in its preparation; and the Commission (particularly Mr Haferkamp, whom I congratulate again, together with his officials) played a very important part here. But I would point out to Mr Vredeling that we should not underestimate the role played by the Council.

In fact, these preparations were marked by very productive cooperation between the Commission and the Council. Consequently, without diminishing the Commission's role, its responsibility or its freedom to make proposals, we consider it essential — if it has not already been done — to follow the same procedure this year, without too much red tape.

A useful and positive Tripartite Conference will only be achieved this year if there is comprehensive and open cooperation and provision of information. Furthermore, this is the only attitude which can provide the complete and objective information which the two sides of industry clearly require. We have also noted and welcomed the fact that the Commission, in the document 'Growth, stability and employment: stocktaking and prospects' (COM(77)250), which it recently adopted and which is to be used as a basis for the work of the Tripartite Conference this year, calls for the adaptation at national level of the basic economic policies to each country's individual situation, particularly in respect of balance of payments, rate of inflation and of course the need for an early increase in new investments. But we also appreciated the intention to coordinate the different schemes aimed at producing the required structural changes both nationally and at Community level.

The action programme on the iron and steel industry which Mr Davignon has just proposed on behalf of

Cousté

the Commission — and I am speaking, Mr Vredeling, as rapporteur of our Committee on Economic and Monetary Affairs — may be quoted as an inspiring example. In its proposals the Commission should use all means placed at its disposal by the Treaties.

We know that the Commission places great emphasis on the restoration of healthy economic growth to counteract unemployment. How right it is! And if various measures have to be contemplated in the meantime, while conventional methods of encouraging employment still have to be used and even strengthened, we could then, with this Tripartite Conference in view, make a number of points which we consider to be essential.

First of all, very obviously, as our colleague has just said on behalf of the Socialist Group, job-finding and vocational guidance services must be substantially improved. The transition from school to working life must be made easier and attention must therefore be paid to the guidance of young people as well as to the training of workers. It is pointless to educate them if, after school and even university education, they are not qualified for the jobs available on the labour market.

Opportunities for further education must also be improved. We all know — whatever our political persuasions — that we no longer live in an age where a man can expect to learn a trade and practise it throughout his working life. We must plan for education of both a technical and a general nature, and further education must allow our young people to learn new trades during their working life. Whether these trades involve manual or intellectual work, or the provision of services, flexibility and adaptability are essential.

Finally, Mr Vredeling, after hearing you speak out very clearly on the subject of the humanization of work, on the report and communication by Mr Meintz, which I have just welcomed, I should like to suggest that aid must be provided to encourage geographical and vocational mobility.

We are thus in favour of these guidelines and we are not afraid to say so. However, we are afraid — and I choose my words deliberately — that this Tripartite Conference is tending to become institutionalized and will finally want to take decisions. But while we repeat that we are favourably disposed towards this arrangement for the regular exchange of views between Member States, the two sides of industry and the Commission, we do not think that the conference is the right body to take decisions. We must — and here I endorse Mr Santer's remarks in an excellent report — return to the need for guidelines, and for each to take his decisions and bear his responsibilities. On these terms we wish the Tripartite Conference all success, and will vote for the resolution tabled by Mr Santer, particularly since, in paragraph 3, he points

out that consultation, which has produced very little result hitherto, will allow a number of objectives to be attained, be they no more than the fundamental ones of reducing unemployment and giving new impetus to economic activity in each of our Member States.

President. — I call Sir Brandon Rhys Williams to speak on behalf of the European Conservative Group.

Sir Brandon Rhys Williams. — Mr President, I wish to take part briefly in this debate on behalf of the European Conservative Group, because I have had the privilege of attending the two previous Tripartite Conferences — one in Brussels and one in Luxembourg. I felt that they were meetings full of hope and promise for a better understanding between what in English, at any rate, are so unhelpfully called 'the two sides of industry'. I have never been one to accept that industry is split permanently into two sides, like an army in a constant state of mutiny; there is only one side in industry and we are all on it, but we obviously have a great deal further to go before industry works as harmoniously with itself and with government as we would wish. I welcome Mr Santer's report and hope that the coming conference this month will be fruitful and successful. The economic auguries are not too good, and that is all the more reason for holding the conference and for hoping that useful and workable resolutions will flow from it. We cannot expect results in a specific sense to flow directly from the conference, but we are entitled to hope that the discussions between the important interests represented will bear fruit at one remove. Mr Cousté was making this point, that the conference is not an institution with powers to commit governments, unions or employers, but it is for governments, unions and employers, and particularly for governments, to take note of the agreed positions taken up at these tripartite talks and to guide their own policies and activities accordingly in the interests of economic confidence and mutual comprehension.

Setting up the conference is a valuable initiative, and it could well become an important regular Community event like the regular meetings of professional bodies or of political parties, but it is not a new organ of government in a legal sense: its discussions are not the precursors of legislation, and its resolutions do not have the force of law. But they certainly deserve the closest possible attention, and the greater the attention, the more specific they can be. The European Parliament has everything to gain from contacts with the conference, and should take particularly careful note of the various opinions expressed by representatives at the conference who can speak from direct practical experience of the economic processes in the Community as they really are.

In paragraph 5 of his motion for a resolution the rapporteur has a rather dangerous phrase, representa-

Sir Brandon Rhys Williams

tives of my group feel, where he seeks to ensure that the tripartite discussions should be invested with a more binding character. We should not let that pass without stressing that the conference resolutions are of an advisory, not a mandatory, character and should be respected in that sense.

We certainly would welcome a debate here on this year's conference. The Council has again invited the Parliament, I understand, to send observers to the conference, and we should certainly accept. Our duty as Members of the European Parliament is to listen and to respond.

Mrs Dunwoody made a moving speech pointing out the economic problems of the Community and showing what tremendous opportunities lie ahead, if we can take positive steps to solve them. I would not wish her to take it as a personal criticism if I said that I don't think from her speech that we were able to draw absolutely specific recommendations as to what ought to be done, but then none of us, perhaps, has been able to make sufficiently specific recommendations in the present economic and social crisis, and it is something which the European Parliament most definitely has to do. I entirely endorse what she said about that. We need to tackle the economic crisis with specific and practical proposals drawn from a knowledge of industrial and commercial life as they really are, not as we read about them in books or magazines and newspapers. We must avoid exhortations and tackle the facts as they are: we must certainly question the old orthodox remedies, which are not working, but we must also be constructive and realistic.

I hope that representatives of my own committee, the Economic and Monetary Affairs Committee, and not only of the Social Affairs Committee, on which I also have the privilege of sitting, will attend the conference. Our economic problems in the Community are not only the appalling social problem of unemployment and the rapid obsolescence of human skills; we have also to see the other side — the problems of inflation, low investment, the uncertain and unprofitable future for many of our industries.

Parliament will not be heard if we confine ourselves to exhortation or to criticism; we must also come forward with real and workable solutions. Our suggestions must be such that they could actually be implemented by governments or followed up by unions or employers. Close attention by the European Parliament to what is said by the economic partners at the Tripartite Conference will not only help to make the conference itself more fruitful, it could add measurably to the realism of our own debates.

While speaking, I think it would be appropriate for me to move formally on Mr Notenboom's behalf, speaking as an officer of the Economic and Monetary Affairs Committee, his Amendment No 1, which suggests that in paragraph 6 the words should be added:

'and the Committee on Economic and Monetary Affairs'. The same sense is followed by the second amendment, tabled by Mr Schwörer, on behalf of the Christian-Democratic Group, and by myself, on behalf of the European Conservative Group, which also recommends that the Committee on Economic and Monetary Affairs should send representatives to participate as observers at the conference and, if necessary, draw up a special report on the results of this conference. Since these two amendments are the same in intention, I do not feel it inconsistent that I should be offering them both to Parliament: naturally I would prefer the longer one, tabled on behalf of the Christian-Democratic and European Conservative Groups, but I think that they are not in fact controversial and I should be glad to be guided by colleagues as to which they prefer.

President. — I call Mr Mascagni.

Mr Mascagni. — (1) Mr President, I should like to make a brief statement to declare our voting intentions. We attach great importance to the problems raised in this resolution, in particular those connected with the Tripartite Conference, which also relates to the issues dealt with under the preceding item on the agenda. These problems concern work, the function of work and workers. Our feeling is that people tend to adopt one of two positions on such important subjects: the first possible position is limited to setting out principles which undoubtedly command our respect and expressing equally good intentions. Accordingly, we recognize the merits of the resolution and explanation given by Mr Santer. The second position, which we consider more valid, is an attempt to get to grips with specific structural problems of employment and job security. These problems are already being considered in this House, although not in detail, given the practical difficulties facing our Parliament at this historic moment. However, the functions of our Parliament are likely to increase and, in this particular matter, we intend to give maximum support to the trade unions and the function which they fulfil, to make a positive contribution towards solving those problems which the trade unions, more than any other institution, are capable of tackling.

This second position is given practical expression in the opportunity for action in this field, and in particular, the opportunity and need to act at a more specific level. I am referring here to the individual national Parliaments and the more general context of the political situation in our respective countries, bearing in mind that the results which can be obtained in this field at national level are likely to create conditions facilitating the construction of a united Europe which, by giving priority to the recognition of labour rights and thus to human rights, being capable of finding its identity and achieving all its objectives in a reformed society, will be of real historical significance.

Mascagni

We have raised these points in order that our contribution — however valuable in certain ways — should not prove to be merely academic. We will say no more, except that we will vote in favour of the motion for a resolution.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-president of the Commission. — (NL) Mr President, the way in which this debate has developed gives me little opportunity to reply to specific points. I feel that remarks have been addressed over my head to the social partners, as they are called, and not least, to the governments which are to take part in this conference. What Mrs Dunwoody said in particular must be seen as being addressed — at least this is how I understand it — to those responsible for giving shape to the conference. These are in particular the representatives of the employers and of the employees and of the governments who have to come to terms with each other. This is implicit in the words 'Tripartite Conference'. Tripartite means that three parties are involved, governments, employers' and employees' representatives. The Commission, Mr President, has an exceptionally important role to play in this. It has to bring the parties together to a final consensus of views. It is of political importance that such a consensus should be attained by the representatives of the employers at European level, the UNICE, the representatives of the trade unions, the European Confederation of Trade Unions, and government representatives: the Commission will do everything it can to achieve this. You know that the Council is to prepare its position at a separate meeting devoted to this subject. I hope that expression may be given at that meeting to such a consensus of views. It has rightly been noted that the Tripartite Conference is not a decision-forming body. Although this is true, it is an advisory body and it seems to me to be an extremely important point that the conference is the only forum where discussions can be held in public between the parties concerned and a consensus of views can be reached on the general direction for the future.

Compromises will inevitably be necessary in view of the conflict of interests, but this should not stand in the way of our objective. We are used to such things in our Member States. But it is important, Mr President, in this time of large-scale unemployment to which, I do not hesitate to admit, nobody really has a proper answer. Recently, another conference took place in Paris in which, as you know, some very highly regarded people took part and it was shown there that there is no general magic formula to get us out of this particularly serious situation.

The Commission is making every effort to gather together all the know-how available in our Western countries in order to implement the best possible solution. Here it is essential that the social forces — that

is perhaps a better description than 'social partners' — should come to terms, and we shall help them to do so.

Mr President, we shall, as Mrs Dunwoody requested, naturally be reporting to Parliament on our findings during the conference. Whether that can be achieved soon after the conference, I cannot say in view of the translation problems and other necessary activities. We shall do our best. One of our intentions is to provide a better follow-up to this Tripartite Conference and better preparation of the following conference. Here I feel something was lacking after the previous conference. These all represent no more than cautious attempts, in the nature of an initial experiment. We in Europe have had such a short time to work on these problems and we still have a lot to learn about how to deal with them.

There is room for improvement, particularly with regard to mutual cooperation between the government, employers and employees' representatives on the preparation of proceedings between the tripartite conferences. This is one area where we have had difficulties — the very short time available for preparation and involvement of the social partners. Things have not gone as well as last time, Mr Cousté, when there was much more time between the completion of the documents and the date of the conference. Nevertheless, Mr President, we shall make every effort, if it is at all possible, to reach agreement on a work plan for the future — something Mrs Dunwoody asked for. This, it seems to me, is one of the most important objectives of this conference and I hope that the representatives of the government which is to hold the presidency of the conference which, as Mrs Dunwoody knows, is in the hands of her compatriot Denis Healey, can bring the participants to a concrete agreement on the action to be taken in the future.

Mr President, I am grateful to Parliament for putting forward a resolution to stress the significance of the Tripartite Conference and I shall willingly do my best to make sure that any requests you make of the Commission in it are carried out.

President. — We shall now consider the motion for a resolution.

I put the preamble and paragraphs 1 to 5 to the vote.

The preamble and paragraphs 1 to 5 are adopted.

On paragraph 6 I have two amendments.

— Amendment No 2 by Mr Schwörer, on behalf of the Christian-Democratic Group, and Sir Brandon Rhys Williams, on behalf of the European Conservative Group, calling for this paragraph to read as follows:

6. Instructs the Committee on Social Affairs, Employment and Education and the Committee on Economic and Monetary Affairs to send representatives to participate as observers at the conference and, if necessary, to draw up a special report on the results of this conference.

President

— Amendment No 1 by Mr Notenboom on behalf of the Committee on Economic and Monetary Affairs :

Insert the words

'and the Committee on Economic and Monetary Affairs' after

'Committee on Social Affairs and Employment'

What is Mr Santer's opinion ?

Mr Santer, rapporteur. — (F) Mr President, I agree to the two amendments which have been tabled. Amendment No 2 calls for Parliament to have the status of an observer, which I thought had already been established, as Parliament had taken part in the last two meetings of the Tripartite Conference. But as 'quod abundat non viciat', I have no objections to the inclusion of these words in this proposal. I am grateful to Mr Vredeling for calling for a logical outcome to the conference. The Committee on Social Affairs, as the committee responsible, must submit a report, but the Committee on Economic and Monetary Affairs should also follow the work of the conference. I am inclined to accept the amendments, while pointing out that Amendment No 2 goes further than the amendment tabled by Mr Notenboom.

President. — To take account of the Bureau's specific powers in this area I propose that in Amendment No 2 the term 'instructs' should be replaced by 'suggests'.

I assume that Parliament can then agree with the two amendments. I put them to the vote.

The two amendments are adopted.

I put paragraph 7 to the vote.

Paragraph 7 is adopted.

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

The resolution is adopted.¹

15. Home industry

President. — The next item is the oral question with debate (Doc. 140/77) By Mrs Squarcialupi and Mrs Goutmann, on behalf of the Communist and Allies Group, to the Commission, on home industry :

Over the last few years the practice of home industry has become widespread in Member States, which, being pursued almost always clandestinely, deprives the workers of social security benefits while considerable profits are amassed by their employers.

1. Can the Commission provide details of the size of this phenomenon in the Member States ?

2. What steps does it intend to take to combat this exploitation of labour, which involves, in particular, women and children, and at present young people as well, namely all the weakest sections of the population ?

3. Does it not believe that, apart from being a social evil, home industry inhibits the technological development of companies and at the same time increases unfair competition between Member States and between firms ?

I call Mrs Squarcialupi.

Mrs Squarcialupi. — (I) I will be very brief. This question draws our attention to another aspect of the problems of work which have been discussed in this House this afternoon.

Home industry has in many cases become clandestine work. In other words, the laws which exist in many countries to protect it are not complied with. It is simple to evade these laws when workers are divided, each working at home and frequently in appalling conditions. In Italy, at least 90 % of the four million workers working at home, who are deprived of social security benefits, are women or young people.

This phenomenon of clandestine work, unprotected by the law, has become more noticeable in today's serious economic recession, which has led to the exclusion from the regular market of part of the labour force which, as a result, has had to undertake clandestine work. This problem is thus one of the many aspects of the economic crisis, and of the situation regarding women and the weakness of their position on the labour market. As we have said before in this House, this weakness is in no way biological or physical, but due to social, cultural and institutional factors determined by history and which can, therefore, be changed, provided there exists the political will to do so.

It might be asked why this question should be addressed to the Commission, when each State is capable of regularizing the position of its home industry workers independently. As I have said, this is not only an Italian problem, although it is particularly serious in our country, where industrialization has given birth to a large number of small — and sometimes very small — firms. The reason for involving the Commission in the problem is that this phenomenon generally leads to irregular volumes of imports from certain Community countries. As a result, many contractors look to the small firms and, naturally, clandestine workers, in order to make up lost profits.

In the textile sector in Italy, for example, as was pointed out by Mrs Dunwoody, competitiveness is almost exclusively ensured by clandestine and illegal work. The measures which we are requesting from the Commission call for great tact. We are aware that an indiscriminate campaign to combat clandestine work would merely shift the problem on to more depressed areas and other countries, and would thus be more harmful than profitable. We must remind the capi-

¹ OJ No 000

Squarcialupi

talist societies of Europe and North America that increased labour costs in the Community countries have created competition in countries where labour costs were significantly lower.

As regards the firms which rely on clandestine work, I would point out that this system seriously inhibits their technological development, as it carries no incentive to improve equipment or study new systems of production. In addition, since the phenomenon of clandestine work and home industry become more widespread with time, it will be difficult for industries relying on this system to make up for lost time and become reintegrated into a sophisticated market economy. As I have said, the problem of clandestine work mainly concerns women, but it also has serious consequences for those young people who, like many women, have no professional qualifications and are further swelling the ranks of the clandestine labour market. This phenomenon has reached alarming proportions in all countries, with increasingly serious repercussions. Even if clandestine work has hitherto been the grim preserve of women, it is now being extended to young people, with all the political, social and human consequences which, in our view, must be tackled by the Community.

President. — With Mr Vredeling's agreement, I now call Mr Vandewiele, the only speaker listed, to speak on behalf of the Christian-Democratic Group.

Mr Vandewiele. — (NL) I shall be very brief. On behalf of the Christian-Democratic Group I would like to thank our colleagues for drawing our attention to the problem of home industry. However, it is necessary to look at this problem in a positive light. There are probably still forms of home industry which are not clandestine and it seems clear to us that such workers should in no way be deprived of the benefits of social provisions and legal measures in their country. The previous speaker pointed out that we already have certain legal regulations, but that very frequently it is extremely difficult to check up on whether they are being applied. So we expect the Commission — and here I turn to Mr Vredeling — to undertake an extensive and thorough examination, partly with the aim of obtaining full data on this matter. In some of the Member States, — Belgium, for instance — there already exists legislation on 'under-hand' employment. Our group agrees with those questioners who asked the Commission to propose measures to combat every form of exploitation. It is clear that whenever really bad conditions arise — and such conditions do exist in certain countries, although I know very little about them — we should urge that they should be combated. I have one objection to address to the authors of the question concerning the formula contained in paragraph three of the oral question. We are aware of the fact that very frequently regrettable abuses are ascertained in this sector. It

remains to be proved however whether a general and absolute condemnation is warranted. The terminology used is somewhat impetuous. I would like to give a single example; I am familiar with the famous industry of the wood-carvers in South Tirol. I would not presume to say that this should all be technically incorporated in this question. There are examples of crafts, especially in mountain areas, which very frequently represent quite normal home industry. But the questioners rightly pose the problem of whether these people should be given the necessary legal protection of their social status.

I would like to ask Parliament, before it passes such a sharp condemnation, to instruct the Committee on Social Affairs to draw up a more detailed report in consultation with the Commission and possibly to consider a number of measures after a thorough investigation of the matter.

We shall listen with particular interest to the answer given by the Commission.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, in reply to the various questions I can tell you that the provision of exact details on the phenomenon of home industry, particularly clandestine home industry, is by definition extremely difficult. The Commission has certain impressions of the extent of the phenomenon. But I would first like to make one observation which follows on in a way from what Mr Vandewiele was saying, namely that we must avoid falling into the trap of thinking that all home industry is clandestine. He himself named the wood-carvers in Tirol, the cuckoo-clock makers and such-like, but there is also clandestine work and the author of the question rightly points that out. We have a very strong impression that this phenomenon is significant, particularly in one of our Member States — namely the Member State from which the honourable Member herself comes, Italy. A fair amount of clandestine home industry is still carried out there. I recall that during a recent visit to Rome, the Minister of Social Affairs, Mrs Anselmi, also expressed her concern at the increasing extent of this concealing of home industry to evade certain social charges. This applies particularly, as is stated in the question, to women and young people. It is the weaker categories of the population who are frequently the victims of this system.

We do not have the full data. We are not fully informed. An enquiry carried out by the Istituto di Statistica Italiano shows that this phenomenon has grown in Italy to affect of the order of 4.2 % of the working population, a not unappreciable proportion. We therefore intend to go into this matter more closely, in answer to the second and third parts of your question. The Istituto per la Formazione Professionale dei Lavoratori has been given a research

Vredeling

contract by the Commission. Part of this research is of a legal nature, but it is also to be devoted to the present extent of this phenomenon. We shall not omit to inform Parliament if it is proved — and there are indications that it will be — that this phenomenon embodies socially detrimental elements. It is therefore impossible for me to say more than that we shall be following closely the phenomenon itself and its possible expansion, and we shall call the attention of the authorities concerned to it. We in the Community naturally have to keep a close eye on the situation, but the primary responsibility, and this is my final word, lies with the governments of the Member States themselves.

President. — The debate is closed.

16. Directive on workers exposed to vinyl chloride monomer

President. — The next item is the report (Doc. 122/77) by Mrs Squarcialupi on behalf of the Committee on the Environment, Public Health and Consumer Protection 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 on the protection of the health of workers occupationally exposed to vinyl chloride monomer.

I call Mrs Squarcialupi.

Mrs Squarcialupi, rapporteur. — (1) Mr President, although I always appreciate the speed with which this Assembly gets through its business, I do not consider that those Members who are the last to speak in debates in this House should be under any special obligation in this respect. I had wished to reply to the Commission's answer — far from satisfactory in my view — to the last question, but my request was refused. In all probability, I will now be asked to give a hasty explanation of this directive: although I shall accede to any such request, I consider it unjust to allow ample time to those who speak first on crucial subjects, while other issues which I and many other people consider equally important are deemed to be devoid of particular significance.

As regards this directive on the protection of the health of workers exposed to vinyl chloride monomer, it has to be said that once again workers have been used as guinea-pigs in order to test the harmful effects of this substance. No more than ten or fifteen years ago, workers in factories where vinyl chloride monomer was converted into polymer, used to cool their drinks in liquid vinyl chloride which, among other things, gave off a very pleasant smell. As a result of drinking these cool drinks, and in all innocence, many of them died of one of the rarest and most terrible known forms of cancer — angiosarcoma of the liver.

Let us now consider the directive. Parliament was due to consider it in April, but following the tabling of amendments substantially modifying my own conclusions as rapporteur, the directive was referred back to the committee. The report now before Parliament was adopted by a majority of the committee with two abstentions.

The original differences, which were subsequently resolved, centred on the technical long-term limit value. In short, this signifies the maximum permissible concentration of vinyl chloride monomer in the working area, which the Commission, in the first draft of the directive, proposed to fix at five ppm for new works and ten ppm for existing works.

Although, naturally, we would not accuse the Commission of providing false information, we are entitled to suggest that the information is out-dated. Detailed studies were recently carried out concerning the horrifying discoveries of injuries inflicted upon workers by vinyl chloride monomer; following this study, information compiled some months previously, and the text of the directive, which was also drawn up several months ago, immediately became out-of-date. Moreover, my own proposal two months ago for a maximum concentration of 1 ppm has been rendered invalid by a letter sent by the Montedison company to the chemists' unions; in this letter, Montedison, which owns works in which this chemical substance is used, defines the average concentration as 1 ppm. Consequently, our proposal two months ago for a concentration of 1 ppm has, to some extent, been made irrelevant, as the level is already zero in factories in Marghera and many other Italian works.

Although, given the time available, I shall try to be as brief as possible, I would point out that this value, which offers a measure of reassurance for workers exposed to this highly carcinogenic substance, was unanimously adopted by our committee with two abstentions. Workers can be reassured by the fact that, even if it is known that vinyl chloride monomer is still carcinogenic at 25 ppm, studies are being undertaken on a permissible maximum concentration of 3 ppm. The other proposed amendments were also adopted unanimously, such as that reducing the period during which the Member States must bring national provisions into line with this directive from eighteen to eight months. The reason for this amendment is that even brief exposure to vinyl chloride monomer can cause cancer. Consequently, by bringing forward by nearly ten months the deadline for the application of the rules in the Member States, we have speeded up the process, in the knowledge that regular exposure of workers every day, every week and every month to pollution by vinyl chloride monomer can affect the cells and thus lead to cancer.

Squarcialupi

I hope that the text of this directive adopted by the committee will be approved by the Assembly, so that justice may be done to those workers who have always been the guinea-pigs of modern science, which has placed on the market, as it continues to do every year, hundreds of products without knowing whether they are harmful or not; their harmful effect is always recognized too late, after people have already paid with their lives or have been made permanent invalids.

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

Mr Noè. — (I) The Christian-Democratic Group approved this resolution. I should like to put one or two general points to the Commission, and say that the two elements in the decision-making process for problems of this type consist of, firstly, the established degree of harmfulness to human health, the quantities which are harmful and the processes which render the substances dangerous and, secondly, the measuring systems used. A detailed knowledge of all these factors is needed in order to reach satisfactory decisions.

On the basis of information at present available, we support the resolution; we are not satisfied, however, with the lack of established facts, both in this particular field, and as a general rule confronting those taking decisions.

Little over a year ago, I was rapporteur on the damage caused to human health by lead; I recall that there was considerable doubt as to its harmful effect.

As this problem comes up again and again — I even remember that eight or nine years ago, on the subject of nitrogen oxide, people were saying 'we do not know to what extent nitrogen oxide from car exhaust-pipes is really harmful' — I would say to the Commission that, rather than making occasional attempts to compile all existing information, continuous action is needed in this difficult field — and I am aware of the problems involved — if we are to fix parameters enabling us to establish the limits of toxicity. I make this point because I find it hard to follow the Commission's constantly varying values.

Fortunately, the evidence provided by Montedison — in which company I have worked all my life and thus have a fair knowledge of its work — provide a basis for action in this particular field. As regards measuring systems, which is the second key element and is directly related to the first, I feel that insufficient importance has been attached to it. I do not wish to dwell on this point at any length, but shall merely emphasize one fact: in the majority of cases, measuring today is done with instruments which take account of other substances apart from vinyl chloride monomer, such as nitrogen oxide. I know that there is another system which may be introduced progres-

sively and which is much more precise; but I consider it essential to ensure that, in future, the equipment used under the second system should be available in sufficient quantity in the working area.

I concur with the fourth paragraph of the resolution presented by Mrs Squarcialupi, in which the Commission is urged to work out a Community reference method in order to check measuring systems. This work is essential; in the Commission proposal, apart from the occasional suggestion, such as the definition of abnormal concentration as when the value exceeds approximately five times the preceding mean value, which is worthwhile because it suggests a rational approach to monitoring information, little consideration has been given to problems connected with the taking of measurements.

For many years, I have been involved in measuring dykes and have been able to make myself familiar with the subject. The measurements themselves are often worthless if they are not taken frequently enough or in a number of different places etc. Accordingly we will vote in favour of the resolution, but ask the Commission to give closer attention in future to the two key elements I mentioned earlier, harmfulness to human health and measuring systems.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, if I may make a single remark in reply to the report by Mrs Squarcialupi, I would like to begin by establishing that this is indeed an extremely technical matter, a point already made by Mr Noè. But what is at issue in essence is the protection of the health of workers who are professionally exposed to vinyl chloride monomer. It is of course a very important matter and I am pleased that there is a great measure of unanimity in Parliament on the Commission's proposal. The risks run by employees who are constantly exposed to vinyl chloride monomer have clearly been demonstrated. There are economic interests at stake. If the area of application of the directive were to be extended to end-products then the whole processing industry would be covered by it and the far-reaching consequences of such a measure would first have to be considered more closely.

I can tell you that we agree with the addition to Article 1 (1). Of course, as Mr Noè has said, our technical knowledge is constantly growing and as a result we could constantly tighten up our limits. I think that we would be over-shooting our target if we were to introduce the most stringent regulations right at the start.

There is a proposal for Article 3 (2) to introduce a maximum atmospheric concentration of 1 ppm for new works and for old works after an adjustment period of up to one year.

Vredeling

In my opinion this is going too far. We are prepared to amend our proposal to the effect that the maximum atmospheric concentration should be set at 3 ppm for new works, with an adjustment period for older works of up to one year. The amendments proposed to Article 3 (4) concerning a separate directive for emission and immission problems is one that I can accept. There are technical problems, experts assure me, in lowering the alarm threshold in Article 6 (3) from 40 ppm to 10 ppm. 15 ppm would be acceptable for reasons which I myself am not able to appreciate. I am no expert in this matter and have to depend on the Commission's staff. The proposed amendment to Article 9, to the effect that the public authority responsible for health protection at work should also be informed, is acceptable to the Commission. The Commission must however advise against the amendment to Article 11 to the effect that the standard procedure for the later technical adaptation of directives should be changed. It has already been said on many occasions that these are very technical adjustments which can be carried out quickly by the Commission, and Parliament will be kept informed according to the normal reporting procedure. You know that the Commission is always accessible at all times to the Parliament. If in Parliament's opinion something should be amiss, there would be the opportunity of immediate intervention. It would however be going much too far if we had to submit these technical adjustments to Parliament from the outset and follow the very cumbersome procedure of obtaining an opinion. Mr President, with all due respect, it should be noted that although Mr Noè has a technical background, most of the other representatives presumably do not, and I therefore believe it would be better for us to provide continuous information to Parliament and give Parliament the opportunity to intervene if something should go wrong. The period of eight months proposed in Article 13 for Member States to enforce measures under the directive, seems to me, Mr President, to be on the short side. We had originally proposed eighteen months, but the Commission is prepared to shorten this period, which is also rather too long. It would seem reasonable to accept a period of twelve months. I believe that I can say in conclusion, Mr President, that the Commission has demonstrated to a very great extent its readiness to consider the amendments and the desires put forward by Parliament.

President. — I call Mrs Squarcialupi.

Mrs Squarcialupi, rapporteur. — (I) I wish to make the following points: as vinyl chloride cannot always be eliminated from vinyl polymer, we feel that this directive should be extended to workers in the finished product sector, because if works emit polymers with toxic and carcinogenic gases from vinyl chloride monomer, this directive will then be

protecting workers in some factories and prejudicing the interests of those in others. As regards the 3 ppm suggested by the Commission as against 1 ppm, I thought I had already mentioned the levels reached in Italy, where works operate at 1 ppm, and the opinion of scientists in Germany, the United Kingdom, France and throughout the world that 1 ppm is the optimal permissible value in works, whereas higher concentrations are a serious health risk and may cause cancer.

I would add that this directive is a political directive expressing the political desire to ensure that the health of workers should not be sacrificed for reasons of profit or other factors. Lord Murray of Gravesend, citing the words of Italian trade unionists, said earlier that health was not for sale. This directive is thus not only technical but also political, and aims to protect the health of workers. Parliament should therefore demonstrate whether it wishes to take a political decision or discuss the relative merits of 1 ppm and 2 ppm. A decision on this last point should be left to experts responsible for the organization of works, not to politicians. The politicians should state whether or not they want to eliminate the risks to workers' health; my own political philosophy is such that I refuse to compromise on the values I have cited and which, it should not be forgotten, were approved by the Committee on the Environment, Public Health and Consumer Protection.

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

17. Prevention of accidents at work

President. — The next item is the oral question without debate (Doc. 137/77) by Mrs Goutmann, Mr Pistillo, Mrs Squarcialupi and Mr Veronesi to the Commission on institutions and norms for the prevention of accidents at work:

The number and variety of legal provisions in Community countries on the prevention of accidents at work; the welter of bodies concerned with supervision, and the resulting conflicts of competence and over-lapping of functions and activities; the diversity of standards of 'approval' and its adverse consequences which extend to trade relations between Community countries; the institutional and functional differences between industrial medical services; the growing social need for an essentially preventive approach to health care, with the prevention of physical injury at work as a fundamental factor in this comprehensive policy of industrial safety; the large number of workers migrating between Community countries and the psychological or merely linguistic difficulties which they inevitably encounter in settling into a different country's system and adjusting to its work conventions — all these facts lend dramatic urgency to the need for rapid action to reorganize matters on progressive uniform Community lines in order to safeguard one of the fundamental human rights.

President

Does the Commission, more especially in view of the conclusions and suggestions of the study by the Economic and Social Committee (Doc. CES 239/75 rr), intend to draw up one or more directives to ensure:

1. The upward harmonization of standards of health protection and safety in all the Member States?
2. Standardization of 'approval' criteria, so that accident prevention can begin at the design and construction stage for machinery and equipment, since these are often manufactured in one country but used in other Community countries?
3. Compulsory regular preventive health checks under uniform rules, especially for workers exposed to particular risks and performing particularly harsh jobs, to be carried out by qualified industrial physicians independent of the enterprise, in accordance with the principles laid down in ILO Recommendation No. 112?
4. The promotion of a Community policy that will fundamentally transform existing methods of prevention of industrial accidents and protection of the workers' health to achieve effective industrial safety in the administration of which workers themselves can actively participate?
5. The adoption of specific Community industrial safety measures for migrant workers?
6. Intensification and coordination of research and study on the subject in the various Community countries?

I call Mr Masullo.

Mr Masullo. — (1) The old principle of physics, 'motus in fine velocior', places me at a disadvantage, even if it must be added that the sense of things becomes clear at the end. At the end of this long sitting almost entirely devoted to problems of work, and not wishing to display false modesty, I feel that in a way my question sums up the significance of today's debate.

I shall be brief, as it is unnecessary to talk at length in order to speak sense. By a happy coincidence, my question ties up with the report by Mr Meintz on the humanization of work, and I believe that the sense of my question should be understood in the context of that same subject which, in my view, was not put in its proper perspective in the resolution presented by Mr Meintz. We have spoken of the humanization of work, but I hope that this Parliament has not employed the word 'humanization' in the sense of humanitarianism. Humanitarianism merely signifies concern, a sort of natural piety, or enlightened awareness of particular situations. The express 'humanization of work', on the other hand, should be understood as meaning the duty of contemporary society to develop man's potential to create and transform reality and his self respect in his work.

If the expression 'humanization of work' was used in this sense, we would be in complete agreement. However, it seems to me that, in Mr Meintz's valuable report, the significance which we attach to the humanization of work has not been made clear. I feel that both too much and not enough has been said about

humanization. Not enough because the humanization of work, even as we understand it, cannot be limited to an improvement or rationalization of work at the workplace, but involves changes in society, and the restoring of human dignity to workers at school, at home and in political terms. The problem is thus much more complicated. Not enough has been said on the subject inasmuch as, in my view and as was rightly noted by Mr Meintz, the communication merely mentions studies to be undertaken and fine-sounding proposals, without setting out detailed suggestions in respect of the legislation which must be introduced.

The purpose of my question, Mr President, is to ask the Commission to consider not so much the general issue of the humanization of work as the strategies which might be adopted in the fairly near future, with a view to achieving a harmonization of the laws of the Member States in the specific field of the protection of labour, such as those protecting workers against accidents and disease. The number and variety of legal provisions in the Member States, the welter of organizations concerned with supervision, the diversity of standards for approving the machines and products used in the workplace, the institutional and functional differences between industrial medical services and, above all, the lack of an essentially preventive approach to occupational accidents and disease — all these are weak points on which, going beyond the vaguely philosophical theories which apparently make up the Commission communication, studies ought to be concentrated not in the distant or very distant future but in the medium and, if possible, short term.

Clear guidelines exist for a harmonization of national provisions which would rapidly lead to an effective and realistic improvement or working conditions at the workplace. Naturally, this would not amount to a humanization of work, as that calls for a much more radical transformation; but failing that more radical transformation which we in this House have not yet launched — or have shown the will to launch — we should at least introduce, in the form of two or three directives proposed by the Commission, a series of measures opening the way for a harmonization of national provisions at a more advanced level than that which exists at present in this most difficult field, which is not only humanitarian — a word which I am reluctant to use preferring the term 'of an ethical and political nature' — but which has far-reaching economic implications.

Seeing that the Community is often more concerned by economic problems than ethical and political ones, it should be emphasized that inadequate protection of workers at the workplace is extremely damaging in economic terms.

That, Mr President, is the sense of my question to the Commission on behalf of many colleagues in the Communist Group.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, the social action programme adopted by the Council on 21 January 1974 contains a component referring to health and protection at the work place. I cannot deny that the practical implementation of this component of the social action programme is an extremely complicated matter. In the introduction to his questions the honourable Member himself referred to the jungle of national rules on this matter, and the report of the Economic and Social Committee also illustrated the same point. It seems to me superfluous to point out the implications of any proposals by the Commission on this very complicated subject. Apart from all kinds of political considerations, there must be research and research evaluation if we are to formulate concrete measures. One very good instance, Mr President, is the proposal we have just been dealing with for a Commission directive which covers one very small area, i.e., the protection of the health of workers occupationally exposed to vinyl chloride monomer.

Even for such a small sector as this, a very great deal of research and study is necessary before a directive can be elaborated. To return to the question asked, the Commission intends to draw up a kind of action programme for industrial health and protection in the autumn. Generally speaking, I am not a very great supporter of action programmes, but in this case I will overcome my own misgivings since this is indeed an extremely important, although very complicated, area in which we must definitely do something. I would like to point out that it will be necessary, if we are to proceed fruitfully, for the Council to promise to trans-

late the measures laid down in that programme into actual Community measures, preferably through a resolution. Only too often it is forgotten that it is not the Commission which regulates this kind of matter but ultimately the Council, which has to make the decisions. And without going into details at the moment, I can tell you that the problems raised, on which consultation has already taken place at an earlier stage with the social partners will, I hope and expect, be answered in the forthcoming action programme.

President. — This item is closed.

18. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Tuesday 14 June 1977, at 10.00 a.m. and 3.00 p.m. with the following agenda :

10.00 a.m.

- Lautenschlager report on a European Cooperation Grouping
- Cousté report on double taxation
- Jahn report on bird conservation
- Oral question with debate to the Commission and Council on recruitment policy
- Osborn report on the annual accounts of railway undertakings (without debate)
- Oral question with debate to the Commission on safety standards for hotels

3.00 p.m.

— *Question Time*

The sitting is closed.

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

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SITTING OF TUESDAY, 14 JUNE 1977

IN THE CHAIR: MR COLOMBO

President

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

President. — The sitting is open.

1. *Approval of the minutes*

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

Since there are no objections, the minutes of proceedings are approved.

2. *Appointment of a Member*

President. — The Bundestag of the Federal Republic of Germany has informed me of the appointment of Mr Jung as Member of the European Parliament to replace Mr Krall.

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 welcome the new Member.

3. *Regulation on the European Cooperation Grouping*

President. — The next item is the report (Doc. 519/76) by Mr Lautenschlager on behalf of the Legal Affairs Committee on the

proposal from the Commission of the European Communities to the Council for a regulation on the European Cooperation Grouping (ECG).

I call Mr Broeksz.

Mr Broeksz, rapporteur. — (NL) Mr President, I see that the Commissioner concerned is not present and, with your approval, I suggest we wait until he arrives.

President. — The sitting will be suspended for a few minutes to enable the Commissioner concerned to be present. The House will rise.

(The sitting was suspended at 10.10 a.m. and resumed at 10.15 a.m.)

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, I must apologize to you, to Mr Broeksz and to the Members of Parliament for being late. I had gone this morning to a meeting of the Socialist Group and was waiting there until the bell rang to indicate the start of the sitting. However, I have now found out that the bell does not ring in the

political group meeting rooms. It cannot be heard there and I did not realize the sitting had begun until I saw Mr Broeksz' name on the television screen. I hurried down here but it was already too late. My absence was not intentional, Mr President, and I was certainly not asleep. It was quite simply a technical problem.

President. — Mr Vredeling, I note your apologies to me and the House.

Further to what you have said, and in order to avoid any repetition of this sort of difficulty, I shall point out that a bell is needed to link the Chamber with the political group meeting rooms.

I call Mr Broeksz.

Mr Broeksz, rapporteur. — (NL) Thank you very much, Mr President. I was more fortunate than Mr Vredeling because I already noticed yesterday that the bell did not ring and was myself late yesterday; I was very sorry about that because I arrived as you were welcoming the new leader of the Conservative Group and I only heard the end of your remarks, otherwise I might have wished to put a question — but that is now irrelevant.

Mr President, ladies and gentlemen, in February I already had the pleasure of introducing this report to you since Mr Lautenschlager had left the Parliament. On that occasion I paid a well-merited tribute to Mr Lautenschlager for the work he had done and I wish to thank him most warmly again today.

I also put a number of questions and I hope that an answer will now be given to them. I am quite sure that my questions were noted.

Two amendments were also tabled on that occasion and, in accordance with the Rules of Procedure, I asked for them to be referred back to the Committee on Social Affairs. Happily Parliament agreed to my request, the committee concerned delivered its opinion and Mr Santer was appointed draftsman. I assume that he will be speaking on the matter today. I too tabled a number of amendments directly after the matter had been referred to the Committee on Social Affairs but I was horrified to see that the amendments were not received until yesterday. I wondered how that could be and I was told: 'The reason is that amendments are not accepted until the first day of the part-session'; but on the first day I had to present these amendments to my own group. This is a very regrettable state of affairs; I do not know what to do to make sure that, in future, amendments to items on the agenda of the first or second day of the part-session do in fact reach Parliament in good time.

Mr President, allow me to repeat that it was an excellent idea on the part of the Commission to submit a proposal to the Council on transfrontier cooperation groupings. Of course we, that is to say the Legal

Broeks

Affairs Committee and this Parliament, are already familiar with the European Company, but the corresponding regulation has still not been adopted by the Council and therefore does not in fact exist. It should be expressly stipulated that we are concerned here with a form of cooperation for small and medium-sized undertakings (although the exact boundary between small and medium-sized concerns has not been defined).

Big companies must be prevented from benefiting from this regulation. It might be maintained that this will not be easy because we are concerned here with groupings with a maximum of 250 employees. A number of activities are indicated but it is unfortunately nowhere stated how many groupings may be formed to carry out those activities. There is nothing to prevent three, four or even ten from being established; in my view that would definitely be undesirable and I have therefore tabled an amendment to obviate that as far as possible. I have asked for a limit of three, but if someone objects that three is not enough and we should choose a figure of four or five, I should not create any difficulties. But I do believe a provision which effectively limits the number to be necessary. It may be said that there is always Article 14 of the proposal which stipulates that anyone having a legitimate interest may request the dissolution of the grouping. But what legitimate interest could exist if there were five or even ten such groupings? I am not altogether clear on that score and in my view there are no limitations in the actual proposal regarding the possibility of setting up groupings. That is one point, one aspect of the question; the other aspect is the definition of small and medium-sized undertakings. Where does a medium-sized undertaking end: at 100 000 units of account, 200 000, 500 000 or 1 000 000?

I have proposed a figure of 500 000 units of account although I had no intention whatever of indicating a precise boundary to medium-sized undertakings. If someone were to say to me: 'But, Mr Broeks, why did you not choose a figure of 600 000 or 700 000?' I would not know the answer; I have simply put a figure down to enable the Commission to discuss it. The Commission may decide that 500 000 is quite appropriate; alternatively it may change the figure to 750 000. My intention is therefore not so much to give an exact indication as to enable the Commission to consider the matter. The Commission must decide how many groupings may be formed: three or five, and at what point an undertaking ceases to be medium-sized, for example at 100 000 or 1 000 000 units of account. I consider this very important. A further important matter is the seat of the organization. No stipulation is made as to where the seat must be established, except of course that it must be within the Community, but this means that groups can be established in Denmark or in the United Kingdom with a registered office in the South of Italy or vice versa. It might be maintained that this does not matter much at present. However, the grouping will be with us for a

long time and it is quite clear that if the Community is enlarged to take in Greece, Portugal and Spain, it would then be easy to establish such groupings in countries with low wages and then, for instance, to fix the registered office in the North of England or in Denmark.

Those are possibilities which I wish to prevent. I consider it normal that, when such a grouping is set up, the registered office should be established at the place of activity of the actual grouping. This is important not only to the employees but also to the creditors because they are covered by national law. But national law in which country? The country in which the grouping is established or the country in which it has its registered office? In almost every case the answer is the country in which the registered office is situated. But if, as is often the case, the relevant laws differ because they have not yet been harmonized, it is important for people living in one country to know quite clearly which law governs them and not to have to deal with the law of a different country. I maintain that this is important not only to employees but particularly to the creditors of a grouping.

There is a further amendment which is not quite so important; nevertheless it seemed necessary to table it. When we look at the proposal, the ninth or tenth recital read as follows: 'having regard to the fact that the grouping must, in the first place, allow cooperation between undertakings which carry out their activities on the territories of a Member State.' When you read that the intention is for this to be the first aim, you naturally wonder what the other aims are. But there is no indication of a second or third aim. The words 'in the first place' therefore seem completely superfluous and should be deleted.

I have already spoken about the amendments tabled by me and I assume that Mr Santer will be speaking on the amendments submitted by the Committee on Social Affairs, Employment and Education. May I say that I have no objection to withdrawing the original Amendment No 1 in favour of the amendment now tabled by the Committee on Social Affairs. Mr Santer and I will have no difficulty on that score.

A number of amendments have also been submitted by other Members; I should like to say a word about them when they come up for discussion.

(Applause)

President. — I call Mr Santer to present the opinion of the Committee on Social Affairs Employment and Education.

Mr Santer, draftsman of opinion. — *(F)* Mr President, ladies and gentlemen, in my capacity as draftsman of the opinion of the Committee on Social Affairs, Employment and Education, I shall confine myself to discussing the amendments considered or tabled by that committee.

Santer

In its proposal the Commission sets out from the idea that harmonious development of economic activities throughout the Community and continuous and balanced expansion are to be promoted by establishing a common market creating conditions similar to those existing on a domestic market. To this end the Commission considers that, in addition to the appropriate legal instruments for restructuring their undertakings, the parties concerned should also have means of cooperation across frontiers. In its proposal the Commission sets out to overcome the legal, fiscal and psychological difficulties which stand in the way of such cooperation at present. Having regard to the economic difficulties facing the entire Community, it must not be forgotten in this context that the fact of establishing or facilitating transfrontier cooperation would enable jobs to be safeguarded or even new employment opportunities to be created.

Despite the desirability of some flexibility, the proposal for a regulation on the European Cooperation Grouping must in our view comprise certain guarantees to take account of the different interests represented in the grouping. Firstly, in the interests of its members, the rights of certain minorities must be safeguarded. In the interests of creditors, sufficiently stringent criteria of responsibility must be laid down, since the cooperation grouping acts as a subsidiary to its members. Finally, and above all, it must be stipulated that pending the desired introduction of Community regulations, the cooperation grouping should remain subject to the legislation of the Member States in which either the registered office or the production units are situated. Additionally, the European Cooperation Grouping is of course governed by the collective agreements applicable to other undertakings in the country in question.

But the proposal for a regulation as submitted to us and as outlined in the introductory report presented by Mr Broeksz, who replaced Mr Lautenschlager, during our part-session in February contains no provision on the rights of worker participation. The explanatory statement on Article 1 indicates that the provisions of national law will be applied as regards the creation of representative bodies for workers within the undertaking. However, the creation of a grouping may imply the transfer of a number of jobs from one Member State to another. This transfer can of course only affect a specified number — at present 250 — employees per grouping, but it remains clear that some workers may see their right to be consulted and informed substantially curtailed when the registered office is established in a Member State in which the provisions governing participation are less stringent than in the states in which one or more other members of the group have their registered offices.

Of course the whole problem of the right of participation in Member States cannot be settled by this regula-

tion on the cooperation grouping. In considering this problem, the Committee on Social Affairs, Employment and Education decided to strike a compromise. In principle the committee believes that in the interests of legal certainty and to facilitate supranational agreements, the creation of a grouping should be governed by national legislation, having regard, for instance, to the fact that forms of staff representation or the overall concept of worker participation vary enormously from country to country.

On the other hand it must not be forgotten that corresponding provisions have already been laid down by the Commission and figure in the regulations and directions adopted by the Council providing for safeguarding of the rights of workers in the event of merger; the third directive on company law could be applied also by analogy. The Committee on Social Affairs therefore considered it opportune to embody the provisions of those directives already adopted by the Council in the present proposal for a regulation on the European cooperation grouping. That is the purpose of Amendment No 1/rev. tabled by the Committee on Social Affairs, following the amendment presented by Mr Adams and Mr Albers on behalf of the Socialist Group. Since the latter signified their agreement to Amendment No 1/rev. they might perhaps withdraw their original amendment. As regards the second amendment seeking to introduce a new Article 16 (a) after the present Article 16, the position is different. The legal situation resulting from the dissolution of a European cooperation grouping requires a number of safeguards for the interests of employees. The Committee on Social Affairs therefore endorsed the view of the authors of Amendment No 2 calling for prior agreement on action to be taken, particularly by drawing up a social plan for the benefit, of workers in the event of dissolution, if only to prevent undertakings from using this regulation as a way of evading other legal provisions.

Mr President, I have introduced the two amendments tabled by the Committee on Social Affairs, Employment and Education and I shall ask Parliament to adopt them.

I would add that the Christian-Democratic Group endorses these amendments.

(Applause)

President. — I call Mr Cifarelli to speak on behalf of the Liberal and Democratic Group.

Mr Cifarelli. — (I) Mr President, allow me to make a preliminary remark. Amendment No 1 tabled on behalf of the Committee on Social Affairs provides that workers' representatives must be informed in good time before the formation of a cooperation grouping.

Cifarelli

If I am not mistaken, Mr Santer said just now that the workers should be consulted in the event of dissolution of a cooperation grouping and not already when such a grouping is formed; the Socialist Group, however, has proposed that workers should be consulted in both cases. Since this amendment was tabled on behalf of the Committee on Social Affairs, I would like Mr Santer to say whether there has been a mistake or whether I have misunderstood him.

Mr President, I want now to indicate the position of the group on whose behalf I am speaking. I shall begin by recalling our views on this subject. The first proposal concerning a European cooperation grouping originated from a late colleague of ours, the liberal senator, Mr Armengaud, who was a capable and highly appreciated Member of this Assembly. The proposal was then developed by Mr Jozeau-Marigné, who is unable to be with us today because of a parliamentary debate in France on direct elections to the European Parliament. It therefore falls to me to continue and develop this tradition of my group. Mr President, I shall not hide the fact I find myself in some difficulty because the previous speakers — both Mr Broeksz and Mr Santer — spoke of the amendments rather than of the problem as a whole, while, while I had expected the debate to deal with the entire report.

It would be absurd of me to seek to take over myself a task which is theirs but I do want to stress that this proposal not only met with general approval by public opinion but also with the specific approval of a highly important organization, the Union of Industries of the European Community (UNICE), which considers it important to make available to small and medium-sized undertakings this instrument of cooperation presented to the Community as a whole on the basis of a successful French experiment with the *groupe-ment d'intérêt économique* or economic interest grouping. The distinct success of that instrument in France has led to a wish to introduce it throughout the Community so as to contribute to the genuine and effective creation of a common market.

In this connection I would point out that my personal views and those of the group to which I belong are opposed to any diffidence and limitations in this area. We do not consider production and profit to be a crime in the Community. If we have profit we shall have the benefits it brings. If we develop the economy, workers will also benefit. Excessive restrictions on the economy remind me of a married couple who are afraid that their children may one day depart from the straight and narrow path and decide quite simply not to have any children.

But I say that before children are brought into the world or before making economic progress, the necessary instruments must be prepared; if we find later that things are not exactly as they should be, we can consider appropriate measures when the time comes.

This means that we are opposed to any limitative amendments based on mistrust and on a social

concept which I have no hesitation in terming mediæval. In the middle ages, grain and currency were hoarded behind the walls of castles as a safeguard against the risk of shortage. Experience has, however, taught us that freedom of movement increases the general well-being by helping to avoid shortages and tight situations.

Having said that, I would add that our support for the European cooperation grouping is also due to the fact that big companies are able to overcome the barriers created by the fragmentation into national markets which is still often the situation in our Community. The big companies are not standing idly by and waiting for the adoption of the statute for the European company on which so much time has been lost because of the many difficulties which arose; these undertakings are acting directly to overcome the legal, physical and — I would even say — psychological obstacles, while the small and medium-sized companies are faced with a difficult situation; it is they who need assistance to overcome external economic drawbacks, such as a limited scale of production, information and services.

We are therefore opposed to the fixing of a maximum limit of 250 employees. There is no logical basis for that limit; we are not in favour of gigantic scale but we wonder why it should not be possible to form a group comprising nine undertakings, and why that group should be dissolved when its component undertakings grow larger. That seems to us to be simply one manifestation of that collective folly which, under the cover of various social or legal pretexts, in reality simply limits the possibilities of competition in the present European economy which needs a new impetus, especially if we want our countries to be free as they have been in the past and not — I shall never tire of repeating this — colonized by the new great powers of our era.

For this reason, we believe that the set of rules contained in the regulation should be widened: why for example should they not cover the production of goods as well as services? And since there is a joint undertaking to creditors, why should it not also be possible to issue bonds and encourage financial participation? Of course these factors must be governed by specific provisions. Cases of fraud must be repressed and distortions of competition made good: there is a whole armoury of legal weapons for that purpose and I see no reason why there should be unnecessary restrictions which might easily lead to the failure of this Community experiment.

We approve the fact that, to allow the necessary flexibility of action, the valid law should be that of the state in which the group has its registered office, and we also believe that these groups should be treated very favourably, because they are not aiming to acquire profit for themselves but to serve as instruments of advanced cooperation.

Cifarelli

In my country consortia can only include national undertakings and we do not have the same complex and well-developed forms of action which exist in France. We therefore believe it necessary to go beyond the level of national experiments.

I would add that these consortia — at least in the light of our experience in Italy, especially in regional development areas such as the Mezzogiorno — have the support of appropriate agencies. I would remind you of the Institute for Development Assistance to the Mezzogiorno — IASM — whose task is to ensure that tourist undertakings and small industrial companies can jointly participate in national and international exhibitions or trade fairs, participate jointly in technical progress and thus better equip themselves for greater competitiveness.

If this were also done at Community level we could move ahead to an adequate instrument of regional development policy which could finally be embodied in a range of convergent measures.

In line with these remarks and the appreciation of the subject put forward in Parliament today, we note the efforts made by our colleague, Mr Lautenschlager, who has prepared a carefully thought-out legal text. We support the amendments proposed by the Social Affairs Committee just as we favour consultation of the workers within the limits of respective national legislation.

As to Amendment No 2, we shall abstain when the vote is taken because, without wishing to raise a question of social control, we in fact consider that reference to national legislation provides a full guarantee of the sacrosanct rights of workers which must be respected and developed.

In conclusion we expect no miracles to emerge from this new economic entity. It has simply an auxiliary function to perform for undertakings and in that sense it deserves support. We therefore consider that there are grounds for confidence in the regulation in its present form, and that the experiment can be a positive one, as has been the case in France.

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

Mr Rivierez. — Mr President, we were reminded just now that it was at the initiative of the late Mr Armengaud, a French senator, and of Mr Jozeau-Marigné that the Community recognized the importance of this problem of cooperation groupings.

I want also to pay tribute to the very important work done by our former colleague, Mr Lautenschlager, who looked at this text with so much attention for many years. This difficult document has been the subject of repeated discussion in the Legal Affairs Committee. It is a difficult text because it was necessary to gain a full grasp of the subject and highlight the reasoning

behind the idea of a European cooperation grouping. This was a new legal form covered by Community law and intended to promote cooperation between undertakings of all sizes in different Member States, while respecting the rules of competition.

Its purpose is to allow Community undertakings to pool part of their activities or some of their functions so as to improve the results of their own economic activities.

Therefore this grouping is not designed as an economic entity separate from its own members and pursuing an independent life with a view to seeking profits; on the contrary it simply complements the activities of its members. In principle it is not entitled to seek profits for itself. However, if profits are earned they will be taxed at the level of its members.

The proposal for a regulation creating this grouping follows the proposal for a statute of the European Company. The two proposals are complementary. The purpose of the grouping is to allow provisional alliances of interest based on highly flexible procedures and rapidly adaptable to the evolution of the economic situation, while the European company will be used for much closer and generally irreversible forms of cooperation. We must therefore be quite clear in our own minds that the aims of the European cooperation grouping and of the European company are different. In particular, the field of application of the statute of the European Company completely excludes small and medium-sized undertakings. We must also not forget the specific character of the European cooperation grouping which consists in allowing companies to join together to perform specific task for a specific length of time, each of the undertakings preserving its independence and individuality. There is no change in the structures: all that is involved is cooperation and in no case a merger or concentration.

In view of these facts, the Legal Affairs Committee, by a repeated majority vote, refused to include in the project special provisions concerning workers of undertakings employed for a limited duration in a European cooperation grouping.

Worker participation is fully ensured by the legislation applicable at the place where the undertakings concerned have their head offices or under the respective national laws. Moreover, protection of workers is uniformly ensured throughout the Community by the third directive on the safeguarding of the acquired rights and benefits of workers; that directive relating in particular to the transfer of establishments, will be applied when working units are transferred from member companies of the grouping to the grouping itself.

However, following the opinion of the Legal Affairs Committee set down in the report by Mr Lautenschlager, we know that the Committee on Social Affairs, Employment and Education was asked for its

Rivierez

opinion by Mr Broeks and took over again the two amendments which had been rejected by the Legal Affairs Committee.

Mr Santer has just explained on behalf of the Committee on Social Affairs, the position which it adopted, but I must confess that I fail to understand that position when I read the explanation given by Mr Santer in respect of Amendment No 1, i.e. worker participation on formation of a grouping; the Committee on Social Affairs comments as follows on this amendment: 'The Committee on Social Affairs, Employment and Education takes the view, as regards Amendment No 1, that in the interests of certainty at law and of facilitating supranational agreements, the establishment of such a grouping should be governed by national legislation, since the forms of staff representation for example, as well as the general approach to worker participation, differ very widely. Moreover, attention should be drawn to the relevant provisions contained in the Commission's directive on the retention of the rights of employees in the case of mergers and the third directive on company law which, where appropriate, could be applied in a similar manner.'

On reading this text we see that the Social Affairs Committee is rejecting the amendment which had already been rejected by the Legal Affairs Committee. After noting this position adopted by the Social Affairs Committee, we are astonished to find that it has itself presented an amendment whose wording is contrary to the explanatory statement. It has taken over the amendment tabled by the Socialist Group in the Legal Affairs Committee; on the subject of arbitration, it states quite simply that there will be an arbitration tribunal. But as to the substance of the matter, it takes over the amendment rejected by the Legal Affairs Committee and indeed by itself earlier on.

Faced with that contradiction I endorse the question put to Mr Santer by Mr Cifarelli. As to the second amendment, calling for a new paragraph 16 (a), tabled by the Committee on Social Affairs, i.e. the social programme to be drawn up with the workers in the event of dissolution, I believe it should be rejected as the Legal Affairs Committee has done. It is necessary to understand the spirit of the grouping. The grouping does not constitute a company and has no legal personality or permanent existence. It is a provisional grouping of a number of undertakings joined together for a specific purpose; it has fulfilled its aim, when the time for which it was set up has elapsed and when the companies belonging to it all consider that the grouping has no longer any reason to exist.

Consequently, I fail to understand why the Committee on Social Affairs should be opposed to the implementation of this Community legal instrument when the Legal Affairs Committee had very wisely discounted these difficulties. My group will therefore vote against this Amendment No 2.

It also seems regrettable to me that an attempt should be made to limit the impact of this new instrument, which has had a considerable success in France where it was first introduced, by restricting to it to companies with less than 250 employees or whose capital amounts to X thousand units of account. If the grouping functions well and can perform a useful service, why should such limitations be imposed? There is some confusion between the spirit of this grouping and the spirit of company mergers which represent permanent legal structures, whereas here the sole aim is to provisionally pool resources for specific purposes.

I am sorry that this grouping should be confined to small and medium-sized undertakings since in my view it should have been open to all. I realize that some people consider it may give rise to fraud in respect of the rights of workers; but guarantees can be easily provided. I shall await greater clarification before pronouncing on the proposals made by Mr Broeks regarding the seat of the grouping which to my mind presents no problem.

Finally I must say that the text as revised by the Commission is a great improvement, as regards in particular the sharing of profits between the members of the grouping, since the grouping itself is not allowed to earn profits, and the requirement regarding publicity in the Official Journal of the Communities.

Subject to the adoption of the amendments to which I referred just now, my group will vote in favour of the motion or a resolution.

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

Mr Masullo. — (I) The proposal we are discussing and on which we shall be voting today has — as my colleagues have already pointed out — a long history; it has involved not only the Legal Affairs Committee but also two other committees, and in particular the Committee on Social Affairs, Employment and Education.

The Communist Group considers that this proposal as a whole is worthy of support since we view development of the economy and of production as a precondition for social development and political progress.

We have certain misgivings which tie in with those already expressed in the Legal Affairs Committee concerning the safeguarding of workers' rights. I must say at once that we fully support the proposed amendments put forward by Mr Lautenschlager and the Legal Affairs Committee just as we now support Amendments Nos 1 and 2 tabled by Mr Santer and by Mr Adams and Mr Albers. In support of these two amendments and contrary to the views put forward by certain other colleagues, I must point out that these

Masullo

amendments are essential to the normal existence of the instrument we are seeking to introduce.

They are essential because, to my mind, emphasis must be placed in this instance more than in any other on safeguarding workers' rights. The general nature of the European cooperation grouping set down in this proposal constitutes an extremely flexible instrument which involves two important aspects from the point of view of the workers concerned: firstly, the aspect of the workers employed in the enterprises joined together in the grouping; the workers concerned might perhaps be opposed to an initiative which failed to correspond to a realistic and fruitful approach to the economic potential of the grouping concerned. Secondly there is the aspect of the workers employed in the cooperation grouping. The text of the proposal in fact shows with great clarity that the workers in the cooperation grouping created by the member undertakings with a specific function and purpose of its own, may not be the same as the workers employed in the individual member companies.

Formation of the European cooperation grouping creates a certain employment relationship with the workers who, for the first time, will be engaged in this type of activity. If the cooperation grouping is destined to cease activity after a relatively short time, the following question immediately arises: what will be the fate of the 250 or more workers who do not come from the existing companies but have entered into a direct contract of employment with the European Cooperation Grouping as such? Will they be exposed to the arbitrary whim of the grouping which seeks to achieve strictly economic aims without reference to the interests of the workers?

We therefore consider that Amendments Nos 1 and 2 are not ancillary but absolutely necessary, because if they were not approved the whole legal instrument would be undermined by the total lack of safeguards for one of the social partners involved in this type of activity.

The Communist Group will therefore vote in favour of the two amendments and will reject the proposal unless the two amendments are adopted. We consider that approval of these amendments is decisive to the practical working, at both the economic and social levels, of the proposal we are debating today.

IN THE CHAIR: Mr MEINTZ

Vice-President

President. — I call Sir Brandon Rhys Williams to speak on behalf of the European Conservative Group.

Sir Brandon Rhys Williams. — Mr President, I am glad to join those who have given a welcome to the Commission's initiative in bringing forward this proposal for a reform of Community company law. The proposal must be seen as a modest one which is not likely to have the very widest application, but it is a clear example of the way in which the Commission can perform a useful function for the Community in making facilities available for widening employment and for the creation of wealth which do not exist under the different systems of national company law as they exist at the present time. Therefore, my group certainly hopes that Parliament will endorse Mr Lautenschlager's report and that the Commission will have all possible encouragement to proceed with its proposal. This is not the first time that support has been expressed within Parliament for small and medium-sized companies, but it is the first time that Parliament has the opportunity to transform its enthusiasm into positive action.

The economic cooperation grouping structure is not one which is familiar outside France, but it has proved its efficiency there in promoting cooperation between small and medium-sized companies and it will certainly be welcomed if this instrument can be extended so as to be available for cooperation between small and medium-sized companies not only in other countries but across frontiers as well. The advantages of such a simple and flexible structure for cooperation between companies which have not yet obtained an appropriate legal provision in their countries of major activity are self-evident, as are the advantages of a simple formula for cross-frontier cooperation. When Mr Santer says in his opinion that it should be borne in mind, particularly in view of the general economic difficulties now facing the Community, that establishing or facilitating cross-frontier cooperation could be the means of securing jobs, if not of creating them, this is a point we can only endorse.

But the reality will only be achieved if the European cooperation grouping formula remains as simple and flexible as possible. In our view the Lautenschlager report, as it stands, fulfils this condition and the various amendments which have been suggested by Mr Broeks do not seem to us to add to its usefulness. Mr Boeks and his colleagues seem to have fallen into the traditional Socialist error of seeking to find out what management is doing and then putting a stop to it automatically, and there is, I think, evidence of a gingerly approach to the idea of the cooperation grouping based on the false assumption that any innovation is bound to have some wrong or sinister implication. That really is not a helpful attitude and we will therefore resist the amendments proposed by Mr Broeks. Our feeling is that over-provision can only restrict enterprise and have the effect of limiting employment opportunities and the creation of wealth by the exercise of ingenuity and variety of invention and method. On the other hand our group will accept

Sir Brandon Rhys Williams

the Amendments Nos 7 and 8 which have the opposite effect and do, in fact, tend to broaden the opportunities for the cooperation grouping. There are certain technical points which are bound to be raised under the most important of the amendments, namely No 1 and No 2, and I hope that the chair will not limit the opportunities for speakers to deal with these particular amendments when they arise.

I might just express a brief view at this point in regard to the revised form of Amendment No 1 tabled by the Committee on Social Affairs, Employment and Education. This text, I understand, is taken from the draft directive for large companies and mergers but is not necessarily appropriate for the particular provisions on small companies, which is what we are debating this morning. Nor does it seem appropriate to incorporate in what, after all, is a draft regulation a text which has the looseness which is only permissible in a draft directive. For instance, in paragraph 1 we find in the English text the phrase 'in good time'. That would be very difficult to define if it came to a dispute. In paragraph 2 we find the word 'interests' of employees, which is also hard to define and perhaps the word 'rights' would have been preferable. This paragraph also again includes the phrase 'in good time'. The third paragraph, which has been much shortened, is nevertheless rather vague in that it includes the phrase 'a board of arbitration' but does not define exactly how that should be constituted or what powers it would have. We believe that, in countries where these provisions are not already an established and well-understood routine, this article could only give rise to confusion and dispute. We recall that, after all, national law will apply anyway under the provisions of Article 1(2). Therefore, by introducing special provisions into the report, we are seeking to override national law and if we do that then we must know precisely what we are doing and the phrases that we use must be exact and easily interpreted. In fact, though Amendment No 1 may appear to sharpen and restrict the effect of the regulation, it could well have the reverse effect in actual practice.

Where Amendment No 2 is concerned it does also seem possible that circumstances could arise where the incorporation of this text could give rise to dispute. For instance, in paragraph 1 I see a reference to the general meeting, presumably of shareholders, but that might not necessarily be the appropriate body in certain circumstances where one is dealing with very small companies. There is also a reference to the social plan. The object of this amendment is clear and benevolent, but where the social plan is not yet an established routine, with clear rules of procedure giving effect to established and well-understood rights, the reference to the social plan might only be confusing and unhelpful. It would be better to rely on Article 1 (2) and allow the parties concerned in disputes to fall back on national law. In dealing with those amendments I would prefer not to dilate on the

others, but to close these remarks by giving again a general welcome to the Commission's initiative, which we hope will be crowned with success.

(Applause)

President. — I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith, chairman of the Legal Affairs Committee. — Thank you Mr President for giving me an opportunity to make a brief intervention in this debate as chairman of the Legal Affairs Committee, which, as the House knows, is the committee with primary responsibility for these regulations. As the House will appreciate, this has had a very long history within the Legal Affairs Committee. Many sessions were devoted to this under the rapporteurship of Mr Lautenschlager, and I cordially endorse the tribute fittingly paid to him by Mr Broeks and Mr Rivierez.

At the conclusion of the proceedings in the Legal Affairs Committee the report was adopted on 20 December 1976, by a majority vote which followed the explicit rejection by the committee of an amendment similar to the Amendment before this Parliament. That matter has already been referred to by Mr Rivierez in his very persuasive and constructive speech this morning. I rise as chairman of the committee to seek clarification on the matter already very properly raised this morning by Mr Cifarelli and by Mr Rivierez. This concerns the genesis, and, indeed, it may well be, the validity, the *vires* of Amendment No 1, which appears on the order paper before this House this morning, an amendment which purports, at any rate *ex parte*, to be in the name of the Committee on Social Affairs. Now this amendment in effect, as Mr Rivierez has already explained, would put the position back — or this is its hope and intention as I understand it — to the position expressly rejected by the majority vote of the Legal Affairs Committee.

I may say, Mr President, that I read the amendment this morning, indeed for the first time, with some surprise. I read it with some surprise because I have already read, with the respect and admiration with which I read all his works, the opinion drafted by my friend and colleague Mr Santer, who is himself also a very valued and respected member of the Legal Affairs Committee. And the opinion of Mr Santer makes no reference to the purported Amendment No 1 which is said to be in the name of the Committee on Social Affairs, but which is, in fact, a reflection of the amendment previously tabled by Mr Adams, as a Socialist amendment. It is a reflection of that — though it doesn't repeat it word for word, it to some extent simplifies the procedure in that Socialist amendment — and is designed, one would suppose, to put a patina of respectability upon that proposal.

Sir Derek Walker-Smith

What Parliament wants to know — and what you want to know, Mr President, because in the exercise of your high functions in this House, it will be for you to decide whether or not this amendment is in order — is whether this is an amendment which can properly and validly be considered by this House. It is therefore necessary that we resolve the mystery referred to by Mr Cifarelli and by Mr Rivierez. Certainly, if we look at the opinion of the Committee on Social Affairs of 26 May 1977, we see that this draft opinion was unanimously adopted as recently as 17 May. This opinion, as I said, does not refer to Amendment No 1 as we now have it, but it does refer to the previous amendment of Mr Adams, but refers to it, certainly by necessary implication if not expressly, with a recommendation to reject it. That is why it is so surprising to find this amendment on the order paper today, with no reference to the opinion of the Committee on Social Affairs for which it was asked, no reference on page 2 of that document PE 43 059 fin. ann. I have thought it right in those circumstances to ask for inspection of the minutes of the Committee on Social Affairs for that meeting. Unfortunately, those apparently are not yet to hand. I trust that they will be to hand before we conclude these proceedings today, because, of course, it will be necessary to establish whether or not this amendment is an amendment which has been adopted by the Committee on Social Affairs, and if so, when. The actual amendment bears the date of 7 February 1977. That is long before the opinion which we have, and long before the reference to the Committee on Social Affairs, which was made at the express request of Mr Broeks at an earlier plenary session when this matter was to have been considered. Therefore, there is a considerable mystery attaching to this matter which quite clearly needs to be clarified, and in that, as I say, I support what has already been said by Mr Cifarelli and by Mr Rivierez.

So far as the Amendment, or the purported amendment, No 1/rev. is concerned, it is true, as my friend and colleague Sir Brandon Rhys Williams has said, that in part that reflects the language of the directive on the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses. That directive, which had considerable discussion also in the Legal Affairs Committee, was in fact adopted by the Council on 14 February, and therefore is now in operation. It is, of course, as I think Sir Brandon mentioned, a directive — it is not a regulation, as we have here. A regulation, unlike a directive as the House knows, is incorporated *ipsisimis verbis* into the law of the nine Member States. For myself, I could not without protest acquiesce in the incorporation into the statute law of my country of a provision as imprecisely drafted as is this one. Therefore we do need to look at it with considerable care and circumspection.

Indeed, it isn't right to say that this exactly reflects the language of that directive, because we have in Amend-

ment No 1 a specific provision for appeal to arbitration without, however, any necessary consequential provisions as to the mechanism of arbitration. That does not in fact, reflect with precision Article 6 of the directive in regard to the safeguarding of employees' rights on mergers, because that is a provision, as we see from paragraph 3 of that Article, which applies only where the national law of the Member States itself makes provision for recourse to arbitration.

So for all those reasons, Amendment No 1 must be regarded as suspect at the moment — suspect in its origins pending confirmation, suspect in its content because of its deviation from the directive on mergers which it purports to reflect, and unlike it in any event, because what may be right for a directive, where the Member States have the capacity to translate the intent into the proper form for the legislation of their own country, does not apply in the case of a regulation, which has to be incorporated *ipsisimis verbis*. For all those reasons, Mr President — and I have thought it right to raise this point as my duty to the committee and to the House — I hope that we shall not proceed to a consideration of these amendments, and in particular of this amendment, until the points raised by Mr Cifarelli, Mr Rivierez and myself are clarified. That is to say: when this was adopted by the Committee on Social Affairs, why was it not referred to in the opinion which they unanimously adopted, and what is the general status of this matter? So I hope that at a convenient time, and certainly before we embark upon this item, these matters can be cleared up, so that the House can take its decision in the full knowledge of the facts which it ought to have.

(Applause)

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, ladies and gentlemen, I am speaking in my personal capacity on this occasion and not on behalf of the Socialist Group.

May I make a few points quite clear. This Parliament has adopted a draft statute for the European Company under difficult conditions. When the draft came up for debate in this Assembly, two of our colleagues took an initiative which was subsequently reflected in the proposal for a cooperation grouping submitted by the Commission; this proposal is essentially directed against the European Company. The Commission has thus adopted what is in itself a contradictory stance. Let me remind you that when we considered the European Company some time ago, we were seeking an instrument to promote integration in the form of an enterprise with a European character of its own. In that proposal we made full provision to safeguard what we term the rights of workers. That must be made perfectly clear again in the present context. In my view then the proposal for a cooperation grouping is a retrograde step as regards European intentions in

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the area of company law. If we adopt this proposal on the European cooperation grouping, we shall have to wait years or even decades for the European Company to be introduced. This new proposal will give some members of the Council another pretext for refraining from further consideration of the statute of the European company. COREPER may be working half-heartedly on this matter but basically no progress is being made and we shall not see any further progress in the development of company law in the Member States or in the Community as a whole.

I would also draw the attention of Sir Brandon Rhys Williams and Sir Derek Walker-Smith to my view that the proposals made here partly on behalf of the Committee on Social Affairs and partly also on behalf of the Socialist Group follow on from the decisions already taken by Parliament in connection with the statute for the European Company as regards the rights and participation of employees.

Ladies and gentlemen, I would urge all of you to make sure that we see no regression from the decisions already taken by the European Parliament in respect of the European Company since, if these subjects are later included in the general debate on European elections, i.e. on direct elections to the European Parliament, we may see renewed opposition by a part of our population to the European Communities, if workers feel that they are being poorly treated or short-changed. Those too who have some difficulty with what we in Germany call participation, should carefully consider whether it is not better if we are to introduce company legislation in Europe and trans-frontier legal forms, to develop further at European level something which already exists in certain Member States. In the last resort the convoy cannot be led by the slowest ship. I had the impression that Sir Derek wanted to make the slowest ship the standard for our views on company law and social policy.

For my part, ladies and gentlemen, I can only say that under those conditions I am firmly opposed to this proposal for the cooperation grouping because it undermines the European Company and we should have no further chance of seeing legislation on the latter. I want first to see a general European instrument with greater effectiveness than this cooperation grouping. To avoid having to give a further declaration of my voting intentions later, let me say at this stage that I am opposed to this cooperation grouping no matter what happens to the amendments.

President. — I call Mr Adams.

Mr Adams. — (D) Mr President, I fully support the observations made by Mr Lange, but as far as I am concerned I shall vote in favour of the cooperation grouping provided that Amendments Nos 1 and 2 tabled by the Committee on Social Affairs and by Mr Albers and myself are adopted.

I consider it self-evident that the rights of workers in groupings with more than 500 or less than 500 employees must be the same regardless of the particular law by which they are governed.

As to the mystery regarding Amendment No 1 referred to by some speakers, I want to make the following points: I was present when these amendments were being discussed in the Committee on Social Affairs, Employment and Education. There is no need for me to comment on Amendment No 2 since Mr Santer has already told you that the Committee on Social Affairs unanimously adopted it.

As to Amendment No 1, it is quite right that the date creates some confusion as I now realize, but the fact is that after the Committee on Social Affairs adopted the amendment in this form, I withdrew our amendment on behalf of Mr Albers and myself. I think this clarifies the situation somewhat. There is therefore no Amendment No 1 tabled by Mr Albers and myself since it has been withdrawn and we have endorsed the amendment of the Committee on Social Affairs.

President. — I call Mr Santer.

Mr Santer, draftsman of opinion. — (F) Mr President, ladies and gentlemen, I believe it is necessary to clarify certain questions raised here by Mr Cifarelli and Mr Rivierez and by Sir Derek Walker-Smith who even spoke of some mystery surrounding this affair; let me try to clear up the mystery.

First of all, it was at the part-session last February that at the request of the rapporteur, Mr Broeks, the Committee on Social Affairs, Employment and Education was asked to draw up the two amendments tabled by our colleagues, Mr Adams and Mr Albers. Following the February part-session our committee appointed me draftsman of the opinion and, at its meetings of 1 April and 17 May, it considered and unanimously — I repeat unanimously — adopted the draft opinion on 17 May. To clarify the situation, I am able to present to you an extract from the minutes of the meeting of 16 and 17 May 1977, which indicate that, at the end of the discussion, the committee approved a proposal by Mrs Dunwoody to maintain Amendment No 1 in a modified form, i.e. by deleting the second sentence of paragraph 3 and the whole of paragraph 4.

In other words the amendment in its present form was unanimously adopted by the members of the group who spoke at this meeting of 17 May in Brussels and by those who were represented there, as is apparent from the minutes and the draft opinion forwarded to you in the meantime. If I may quote from the minutes again, the committee then decided to approve *the conclusions* of the draft opinion by asking Mr Santer to amend the wording of conclusion No 2 initially formulated differently, in conformity

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with the vote on Amendment No 1. So much for the background to this affair; I therefore think there can be no doubt about the fact that Amendment No 1 was unanimously adopted by the Committee on Social Affairs, Employment and Education at its meeting of 17 May.

This means that not only the draft opinion but also this amendment were unanimously adopted on this occasion. What then happened to the opinion of the Committee on Social Affairs, Employment and Education? It must be realized that we are confronted here with two quite different situations. On the one hand it is being sought to guarantee the interests of workers at the time when a cooperation grouping is formed, while, secondly, their interests have to be safeguarded when such a grouping is dissolved.

A clear distinction must be drawn between the two situations. In principle we are agreed on the first situation and, in this connection, I would like to outline the reasons for the draft opinion approved by the Committee on Social Affairs.

In principle we agree that the formation of the European cooperation grouping should not be rendered too difficult by laying down an excessively complex procedure lacking in flexibility. That is why we maintain that in principle the creation of the grouping should be governed by national legislation. We use the term 'should' so as not to create any further obstacle to the formation of such groupings.

But since a directive on the approximation of Member States' legislation on the preservation of the rights of workers in the event of the transfer of undertakings, establishments or parts thereof has in the meantime been adopted by the Council on 14 February 1977, we asked ourselves why, since that Community regulation existed, its provisions should not be included in the text of the proposed regulation under consideration here.

That situation is also reflected in the explanatory statement accompanying the draft opinion but, I repeat, today we only have to vote on the amendment adopted by the Committee on Social Affairs and it was in response to this new amendment by the committee, which represents to some extent a compromise with the second amendment tabled by Mr Adams and Mr Albers, that the latter signified their agreement to withdraw their initial amendment. There is therefore nothing mysterious about the matter. Those Members who followed our work in the last few years and months, know very well what the situation is and it is recorded in all the documents.

President. — I call Mr Broeks.

Mr Broeks, *rapporteur.* — (NL) Mr President, I want to say a word about the observations made by a number of Members. Sir Brandon Rhys Williams suggested that we were trying to propagate a kind of

socialist doctrine by means of amendments. Mr President, I have not been aware of such a development at any time. That is certainly not the case and Sir Brandon should know it because the report by Mr Lautenschlager also includes the opinion drawn up by Mr Scholten on behalf of the Committee on Economic and Monetary Affairs of which Sir Brandon is a member. The opinion states that no provision is made for any form of participation, which is certainly not equitable, and that this point should be given further study. Admittedly no amendment has been tabled and it is suggested that this matter can perhaps be dealt with in the directive on mergers. But it was felt — by Sir Brandon Rhys Williams too, since his committee was unanimous on this point — as a shortcoming in the regulation that no provision was made for participation; it might be objected that the groupings concerned are small, being confined to 250 workers. However, that does not alter the fact that these workers have lost their right to be consulted and informed. Sir Brandon Rhys Williams and the chairman of the committee have also made this point.

What now is the purpose of my amendments, Mr President? They simply mean that I agree with the view of the Committee on Social Affairs, Employment and Education, while also seeing the need for a clear distinction to be drawn between the European Company, in the form already defined by us, and this cooperation grouping. I have made a number of proposals to that end. Mr Cifarelli says that small and medium-sized companies must be helped, and we agree with him; on that point we are in full agreement, but our opinions differ on the question as to what this distinction implies and what the difference is between the European Company and this cooperation grouping. Mr Cifarelli said that we had only spoken about the amendments but he must not forget that I had already introduced the document and drawn attention to all that it involved on that occasion.

Among other points, I looked at the original proposal made by Mr Jozeau-Marigné and Mr Armengaud. I expressed my appreciation of that proposal, Mr President, and I still believe that useful work has been done. But in the French proposal, mention is made of the seat, i.e. that the seat must be established in France and that is not the case with the present proposal. The two proposals are not comparable, because in one case we have a national regulation and in the other a Community regulation. And I believe that the French representatives would have protested strongly if it had been proposed that the organization should be set up in France while establishing its registered office in, say, the Netherlands or England. That would never have been accepted in France.

Mr Rivierez said that the proposals on participation were rejected by the Legal Affairs Committee but the strange thing is that neither the chairman of the Legal Affairs Committee nor Mr Rivierez mentioned the

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result of the vote. Normally proposals are adopted unanimously, but on this occasion the text was rejected by 14 votes to 12. That is not a normal state of affairs. Mr Rivierez said a great deal about company law and he may be right. But we were speaking about the rights of employees which are also important and we want to see those rights properly safeguarded. Up to now that has not been done. If the view is expressed in the Legal Affairs Committee that this matter only affects a small group of 250 persons, I would reply that it is important to those 250 persons. We consider the rights of employees extremely important, even if only 250 are involved. That is why the proposal was referred back to the Committee on Social Affairs, which shared the view of the Committee on Economic and Monetary Affairs that something must be done. I am glad that this has happened.

It is my view too — and on this point I cannot unfortunately agree with Mr Lange — that if a clear distinction is made here between the cooperation grouping on the one hand and the European Company on the other, there is a risk that if we accept this people may say: will then the European Company can be relegated to the background. But if we stipulate that only organizations with a registered capital of 500 000 units of account may form groupings of this kind, what risk is there to the European Company? None at all. If on the other hand we stipulate that as many as ten groupings may be formed with their registered office anywhere they like and that anyone, even the biggest multinational undertaking, may form a cooperation grouping, then a real risk would arise; but that is not the case if my amendments are adopted. There is nothing socialist about that. I would like to give Sir Brandon Rhys Williams a full assurance on that score. I at least cannot see anything socialist about my proposal. The proposals by Mr Adams and Mr Albers do, however, have a socialist content. That is clear enough to anyone who has a social conscience towards workers and does not speak only about companies — as Mr Rivierez, for whom I have a high regard, did on this occasion — and not about employees. We are indeed concerned about employees.

(Applause)

President. — I call Mr Vredeling.

Mr Vredeling, Vice-president of the Commission. — *(NL)* Mr President, I should like to begin with a word of apology on behalf of Viscount Davignon the Commissioner responsible for this proposal. There was no way in which he could attend today. And so he has asked me to speak for the Commission's proposal and to give you the Commission's opinion on the amendments tabled. The European Cooperation Grouping, which Parliament is now discussing, is one of the Community instruments which aim at enabling undertakings to adjust more easily to markets of European dimensions. It is also one of the methods of

promoting the harmonious development of economic activity in the Community as a whole, a steady and balanced expansion, one of the fundamental objectives of the Treaty of Rome. The significance of this matter is clear to everybody; this has been proved by the thorough-going discussions in the various parliamentary committees, and also here this morning, and the detailed opinions expressed. I should like to take this opportunity of thanking the committees which have obtained these results and the various rapporteurs, especially Mr Lautenschlager and Mr Scholten, who are no longer Members of this Parliament, Mr Santer and, in particular, Mr Broeksz for their hard work. Their work has resulted in a motion for a resolution, the quality of which I must praise highly. It also gives me great pleasure to note that the parliamentary committees have recognized the special character of this new legal instrument established in joint consultation between the Commission and Parliament.

The European Cooperation Grouping has been set up as a very flexible element in the Community's, and particularly the Commission's industrial policy, and takes into account the realities and the requirements of the Common Market, of which the characteristics — as we have already said — are identical to those of a domestic market; this also corresponds to certain requirements which were clearly set out by those sectors of trade and industry in the Community which are involved. The groupings aim at offering undertakings a suitable means for trans-frontier cooperation within the Community. They are not the only instrument considered by the Commission but rather a complement — and I say this in reply to Mr Lange's comment — to its various proposals which are all aimed — either in different ways and for different objectives — at closer cooperation between the various undertakings and legal forms of undertakings which exist within the Community. Seen overall, the one extreme is the European Company where the legal structure is totally Community-based and which should enable undertakings of international dimensions to cooperate on a permanent basis.

The other extreme, Mr President, is the European Cooperation Grouping which we now have before us on the agenda and which is an instrument for a limited form of cooperation. It is provided with only minimal powers; its legal structure is a mixture of various provisions of Community and national law on a contractual basis. This legal form is necessary in practice and the Commission feels that, where the need exists, we are pragmatic enough, to say that this need should be filled. This was also the reason for our proposal that there should be no competition with the European company — let me emphasize this once again. It is a complementary measure, Mr President. Those undertakings which are unable or unwilling to form companies may set up an ECG. In my own view, this kind of cooperation will be of no interest to the larger undertakings.

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A pragmatic basis and flexibility, as I said, are therefore at the core of this proposal. This pragmatic set-up is all the more necessary because the grouping is directed principally — let us not forget — at the small and medium-sized undertakings which have specific requirements in this kind of cooperation. At national level, they do not always have suitable legal instruments for international cooperation and the flexibility — as I have said — is apparent from the total legislation applicable to this grouping. As proof of this, let me just comment that it is not to be set up as an independent European unit but as an extension of its members which cannot take on any executive function with regard to the activities of the associated members. By touching on these fundamental characteristics of the European Cooperation Grouping, I do not wish to convince Parliament so much of its necessity — since I am sure that Parliament, or at least the large majority of Members, is well aware of this — but I wanted to point out its significance and its place in the Commission's policy.

Without going into too much detail, I should now like to summarize a few specific and as yet unsolved problems. First of all, I wanted to say that insofar as they are approved by Parliament, the Commission has no objection to the amendments proposed by the Legal Affairs Committee to Articles 1, 2, 4, 6, 7, 8, 9 and 19.

Amendments Nos 1 and 2 concern the protection of the employees' interests in two cases. The first concerns the setting up of a grouping where its members transfer sections of an undertaking to the grouping, and the second concerns the winding up of the grouping on a decision by the general meeting. In the first instance, the proposal in Article 1 (a) provides for an identical opportunity as in last December's directive on the protection of rights acquired by employees. If Parliament considers the inclusion of such a provision in the regulation to be necessary, then the Commission has no objection. As for Amendment No 2 concerning the second case, the new Article 16 (a), there are no comparable provisions in any other Community text and the Commission can accept its inclusion in the regulation because there is indeed a gap here.

On 8 February, Mr Broeks asked a number of questions which I should like to answer.

His first question was what powers do the Commission and the Court of Justice have in the case of an infringement of the regulation by undertakings and what possibilities are there for employees or third parties to appeal to national law should the grouping's head office be situated in a country other than that where it operates.

Let me answer the various parts of this question, Mr President, like this: in the case of an infringement of the regulation by individuals, the Commission and the

Court of Justice have no direct power to intervene. However, once it enters into force, the provisions of the regulations are binding on the Member States, on their legal bodies and their subjects. Personal rights should also be created in national legislation for the subjects of the Member States. Consequently the national judge must apply appropriate penalties in the case of an infringement of the regulation. In the last analysis, the Court of Justice has exclusive powers to interpret its provisions.

For the employees, the question arises as to which provisions of social law are applicable to them and here the principle of the territorial operation of those provisions is followed, that means the law of the country where the grouping operates. Here we must be aware of the fact that the provision of Article 1 (2) of the proposal for a regulation which states: 'Where in respect of any matter no provision is made by this regulation, the law applicable thereto shall be the law in force in the state where is situated the head office as specified by the contract forming the grouping', concerns solely questions of a statutory nature but in no way social or contractual law and consequently, Mr President, the Commission sees no need for Amendment No 6.

As regards Amendment No 4, to which Mr Broeks's second question refers, namely whether the Commission considers it acceptable that the undertakings should participate in various groupings, I consider that there is no objection in principle against participation in a number of groupings. However, it is very doubtful whether this will occur in practice. Moreover, the concomitant complications and the restriction of the activities of the grouping by Article 2 of the proposal should curb any inclination they might have to do so. It must also be considered that the setting-up of a grouping creates no special advantage for the undertakings apart from the opportunity for constructive cooperation. It is at all events certain that each operation, in which several groupings are created for the same undertakings, for example, one grouping for production, a second for sales and a third for purchasing, would be an abusive practice. Such an operation would indeed no longer be covered by the framework sketched out in Article 2, that is to facilitate or develop the business of their members and to improve or increase the results of such business. Such abuse, the definition of which can scarcely be included in a regulation, must be punished by national legal bodies. Mr President, the Commission sees no need for Amendment No 4. As for the other amendments, I should like to deal with them together in order to save time.

As regards Amendment No 3, I see no problem here. The words 'above all' — Mr Broeks is quite right — are superfluous in the preamble and the Commission finds this amendment, which will improve the text,

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quite acceptable. It has, however, some doubts about Amendments 5 and 8, especially as regards the limitation of groupings to companies with a nominal capital of under 500 000 u.a. I should like to point out that these groupings do not only involve cooperation between small and medium-sized undertakings; the emphasis is placed on them, that is true, but that is not the whole story. Cooperation between large and small undertakings is also involved and must be made easier in the interests of the small undertaking. Precisely because the large undertakings have the know-how, I should not like to exclude *a priori* cooperation between a small or medium-sized undertaking and a large undertaking. Consequently I would advise you to reject this amendment because cooperation would be restricted by this limitation, and to the disadvantage of the small and medium-sized undertakings.

The same is true of Amendment No 8, which introduces an arbitrary limit of 500 employees. Amendment No 7 was tabled by Mr Santer and Mr Noè and aims at amending Article 2(2) to extend it to the production, processing or packaging of goods. This amendment, Mr President, causes the Commission no bother at all and we can accept it.

Finally, Mr Broeks also asked whether undertakings or individuals from third countries could participate in this European Cooperation Grouping. The question was asked on the basis of the ninth consideration of the proposal for a directive, the wording of which — and I gladly admit this — leaves some room for doubt and is open to improvement. At all events the answer to this question is that this is impossible. This is a clear negative which, however, follows logically from Article 3; this clearly states that the grouping can only be set up by companies under Article 58 of the EEC Treaty, that means those which have a statutory head office, central administration or a major establishment within the Community. And this is also true for natural persons who operate mainly on the territory of the Member States.

Mr President, let me close by saying once more that I appreciate the spirit in which the parliamentary committees and the rapporteurs who have been dealing with this matter have shown their understanding of the fundamental problems which face us in the Community when we are involved in setting up instruments with a view to enabling undertakings to adjust to the operation of the common market. You will already have realized that this proposal, which is mainly intended to be of assistance to small and medium-sized undertakings, was prompted by the Commission's consideration that it is important for these undertakings to have a flexible instrument adapted entirely to their needs and to the market requirements without too many detailed provisions which would be wearisome and would result in our missing the target. Let me reiterate, we want to remain pragmatic and

this is the Commission's general basis in sketching out a realistic Community policy.

President. — Before considering the motion for a resolution, we must vote on the amendments to the proposal for a regulation.

On the preamble I have Amendment No 3 by Mr Broeks aimed at deleting the words 'above all' in the 13th indent.

I call Mr Broeks.

Mr Broeks, rapporteur. — (NL) Mr President, I only wish to point out that Mr Vredeling has confirmed that these words can be deleted.

President. — I put the amendment to the vote.

Amendment No 3 is adopted.

After Article 1 I have Amendment No 1/rev. tabled on behalf of the Committee on Social Affairs, Employment and Education, aimed at the insertion of a new article:

Article 1 a

1. The representatives of the employees concerned shall be notified in good time before a grouping is formed.
2. If the representatives of the employees consider that the interests of employees will be adversely affected by the formation of a grouping, the management bodies of the companies concerned, or other persons intending to form a grouping, shall open negotiations in good time with and at the request of the representatives of their respective employees in order to reach agreement on the measures to be taken as regards the employees.
3. If no agreement is reached in such negotiations, either side may appeal to a board of arbitration.

I call Sir Derek for a procedural motion.

Sir Derek Walker-Smith. — Before we take Amendment No 1, Mr President, may I raise a point which was not included in the observations which I made to Parliament earlier, but which I think should be raised now because it relates to the admissibility of this amendment and to compliance with the Rules of Procedure and you, sir, having the high responsibility of presiding over this session will wish, of course, to satisfy yourself that any amendment is wholly in order and admissible before it is entertained. The amendment is tabled as being on behalf of the Committee on Social Affairs. I have always understood that an amendment could not be tabled *sub nomine* by a committee, and that is supported by Rule 29. If you would be good enough to look at Rule 29 you will see that paragraph 1 says:

Any Member may table amendments.

Paragraph 2 goes on to say:

Amendments shall relate to the text it is sought to alter. They shall be tabled in writing and signed by one or more authors.

Sir Derek Walker-Smith

Now the Albers/Adams amendment was clearly in order; it complied with Rule 29, but that amendment has been withdrawn and it is not now before this House. *Ex parte* Amendment No 1, as now before the House, does not comply with the requirements of Rule 29; in particular it does not appear, of course, to bear the signature of any individual Member. So I must ask you for a ruling, Mr President, as to whether it is now proposed that the House should deviate from the requirements of Rule 29 and the accepted practice, at any rate as I have known it in this Parliament, or whether it can be shown that this amendment complies with Rule 29 and that the original bears the signature of one or more Members who have tabled it. If it does not do so, then I respectfully submit that on the clear construction of Rule 29 the amendment is not admissible in the form in which it is now tabled.

President. — I call Mr Van der Gun.

Mr Van der Gun, chairman of the Committee on Social Affairs, Employment and Education. — (NL) Mr President, on the basis of the previous comments, I should like to find a way out by accepting responsibility for this amendment as chairman of the committee.

President. — I call Mrs Dunwoody.

Mrs Dunwoody. — Mr President, further to that point of order, may I just draw your attention to the fact that it might be very much misinterpreted elsewhere if, on a mere legal technicality, the intention of the Committee on Social Affairs, Employment and Education were to be defeated. I may point out that this amendment was agreed by everyone present at the committee at the time. I am sure you would like to bear in mind the fact that there is such a thing as interpreting the spirit as well as the letter of the law and it could be very much misunderstood if some people were to use the letter of the law to defeat the spirit of this intention.

(Applause)

President. — Mr Van der Gun is therefore tabling this amendment on behalf of the Committee on Social Affairs, Employment and Education. I would point out in this connection that originally a draft amendment had been signed by Mr Adams and Mr Albers; this draft was amended by the committee who are now responsible for it. Therefore, even though Mr Van der Gun did not table it in his own name, this amendment was perfectly admissible.

I put it to the vote.

Amendment No 1/rev. is adopted.

On Article 2 I have three amendments:

— Amendment No 7 tabled by Mr Santer and Mr Noè on behalf of the Christian-Democratic Group and aimed at rewording the second indent of the second paragraph as follows:

— the *production*, processing or packaging of *goods* exclusively for the purposes of its members.

— Amendment No 8 tabled by Mr Noè aimed at rewording paragraph 4 as follows:

a grouping may not have more than 500 employees.

— Amendment No 4 tabled by Mr Broeks, aimed at the addition of the following paragraph:

5. The founders may not form more than three groupings for the activities mentioned under paragraph 2.

— I put Amendment No 7 to the vote.

Amendment No 7 is adopted.

I call Mr Noè.

Mr Noè. — (I) After listening to Commissioner Vredeling's intervention I am all the more convinced of the need for an amendment of this type, particularly since I sincerely believe it would be more suitable to delete all of paragraph 4 of Article 2 so as not to stifle the application of this regulation.

Commissioner Vredeling quite correctly pointed out that there was a need to provide for means of cooperation between large and small firms if we want to see the latter, working together with the former, making progress. Seen from this point of view, the maximum of 500 staff represents a compromise, to which we agreed in my group, between the 250 provided for in the text of the proposal and the total elimination of a limit on the number of employees. This compromise solution is already going a fair way and, in my view, represents the minimum that we should agree to. The ideal, however, would be to delete paragraph 4 of Article 2 entirely.

May I make one final point. There is one particular field of application, I refer to major public works projects, which led me to submit this amendment. Normally speaking small firms have no hope of landing such major contracts. However, they are very able to compete and thus improve their own standard and level of activity.

For example, firms from five different countries tendered for the construction of the Tarbel Dam on the Indus River in Pakistan. In such a case, therefore, the group constituting the joint venture working in this field could not have been limited to 250 employees. I shall, however, let the Assembly be the judge on whether to delete paragraph 4, which would be the best way of breathing life into this proposal for a regulation, or to at least provide for a ceiling of 500 employees, which would constitute a compromise.

President. — I call Mr Broeks.

Mr Broeks, rapporteur. — (NL) Mr President, I must say that I am still disappointed by Mr Vredeling's reply. What are we dealing with? We are dealing with a proposal to help the small and medium-sized

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undertakings and not the big multinationals. There is no such distinction, but what does Mr Vredeling say? 'Well it's always possible that a small company could cooperate with a large company'. Yes, that is possible in the case the European Company. The European Company in no way prevents that, but now the two are overlapping. And it was therefore in no way amazing that Mr Lange said: 'Look, Mr Vredeling also says that the two appear identical and there is no distinction'. Mr President, either there is a distinction or we can forget the whole thing — at least the European Company because this would no longer be necessary. My objection is that there is no distinction between the European Company and this Cooperation grouping. That is my objection which is expressed in all these amendments. If we draw the limit at 500 employees, then this boundary is set further back. I don't find this bad. If the limit on capital, however, is clearly defined, for example no more than 500 000 or 600 000 u.a., then where is the limit? Mr Lange, chairman of the Committee on Economic and Monetary Affairs, says: 'There is no distinction at all.' If we accept that then we might as well forget the European Company.

This is the reason for these amendments. If they are not adopted, then I find this not so bad, provided that the Commission in one way or another declares that this distinction arises from the fact that the European Company belongs in one place and the grouping in another. I do not hold so strongly to this or that proposal or to my amendments provided that the distinction is made. We should not vote against 500 employees, I want to say that clearly to you, but we particularly support Amendment No 5, which attempts to draw this distinction.

President. — Before putting Amendment No 8 to the vote, I must point out that the French version contains an error. It should read '500 employees' and not '250'.

I put the amendment to the vote.

Amendment No 8 is adopted.

I put amendment No 4 to the vote.

Amendment No 4 is rejected.

On Article 3 I have Amendment No 5 tabled by Mr Broeksz aimed at the addition of a new paragraph:

3. Companies or firms with a nominal capital exceeding 500 000 u.a. shall not form groupings.

I put the amendment to the vote.

Amendment No 5 is rejected.

On Article 4 (1) I have Amendment No 6 tabled by Mr Broeksz aimed at rewording the first sentence as follows:

1. The contract forming a grouping shall designate the head office thereof, which must be situated in the Member State of the Community in which the grouping is established.

I put the amendment to the vote.

Amendment No 6 is adopted.

After Article 16 I have Amendment No 2 tabled by Mr Adams and Mr Albers on behalf of the Socialist Group aimed at the insertion of a new article:

Article 16 a

1. If the employees' representatives consider that the interests of employees will be adversely affected by the proposed winding-up of a European Cooperation Grouping, the manager or managers of the grouping shall, before the decision to wind up is taken by the general meeting, open negotiations with the employees' representatives with a view to reaching agreement on the measures to be taken in favour of the employees (social plan).
2. Any such agreement on the social plan shall be set down in writing.
3. The manager or managers shall inform the general meeting of the outcome of the negotiations on the social plan.
4. If no agreement is reached in the negotiations on the social plan and the general meeting has decided to wind up the grouping, the subsequent procedure shall be subject to the provisions on the protection of the rights and advantages of employees in the case of mergers, takeovers and amalgamations in force in the Member State in which the European Cooperation Grouping has its head office.

I put the amendment to the vote.

Amendment No 2 is adopted.

Before putting the motion for a resolution to the vote, I can call speakers for explanations of vote.

I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — Mr President, I voted against Article 16 because we are in danger here of making the best the enemy of the good. When I spoke before, I said the intention of this amendment was benevolent, but if we had learnt anything it is that we cannot proceed with the objective of creating work relationships at a stroke. We have to wait for the conventions to become established and fully understood. National law has not caught up fully with the intentions of Mr Broeksz and his colleagues; we may deplore that, and in fact I do ...

Mr Broeksz. — (NL) Mr President, Sir Brandon Rhys Williams has asked to speak on an explanation of vote, he has not asked to speak in order to debate this matter with me. If he wants to debate the matter, I have no objection, but then I want to be able to speak as well.

President. — Would you please limit your comments to an explanation of vote, Sir Brandon.

Sir Brandon Rhys Williams. — ... I worked for some 14 years myself for a company which was one of the pioneers in Britain of joint consultation and employee participation, and I am proud of it. But we are in danger of weakening the force of what we are doing this morning if we include provisions which will make it less likely that cooperation grouping formulas will be adopted. Those are the remarks that I wished to make when I sought to catch your eye, Mr President, before Parliament voted. I am glad to place them on the record, although I would have preferred to have said them before we voted, rather than after.

President. — I call Mr Rivierez.

Mr Rivierez. — (F) My group's position with regard to Article 16 indicates the same concern as Sir Brandon Rhys Williams has expressed. It is not of course a question of our opposing workers' rights. We are just as social-minded as the Socialists themselves.

It is simply a matter of doing something that can really be applied and can help to relieve the employment problem, as Mr Santer said. It was therefore advisable to take social legislation into account, since directives do exist and social habits are not the same in every country. Community law had to be brought in generally and to be applied, as with the Third Directive.

What we are concerned about is the effectiveness of our action; we are not being non-social-minded, quite the contrary. I shall end by recalling what Sir Brandon Rhys Williams said just now: the best can sometimes be the enemy of the good.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (I) Mr President, I am not worried in the slightest: social or not social are terms which leave me completely cold. We are dealing with a different problem: we know that the system is based on national laws to the extent that it is to them that reference is explicitly made. An amendment has been proposed which provides for the organizations to be consulted, and thus also for the arbitration procedure, in the case of cancellation: I have said that if this meant the creation of a new obstacle, well, then we would vote against it. Since, however, it is the national laws to which we must refer, we shall abstain.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, may I just take this opportunity to put right an oversight of mine which was caused by the fact that as deputy for the Commissioner responsible I do not have this material as much at my fingertips as I should like when we are talking about details. I just said in talking of Mr Noë's amendment that the limit of 500 employees was not acceptable. I

combined this with the other amendment by Mr Broeks concerning the 500 000 u.a. I thought that logically I should say that I would also be against this amendment. In doing so I made a mistake. I departed from my text and this is very unwise for a Commissioner when he is discussing a matter which is not totally within his sphere. I ought to have said that the raising of the limit to 500 employees, that is from the 250 we proposed to 500, is acceptable by the Commission, taking account of the fact that this does not entail a large undertaking plus a small one making up the number of workers, but only involves the grouping in which the large undertaking cooperates with a smaller one. The limit of 500 is acceptable by the Commission. We can therefore accept this amendment.

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

4. Directive on the elimination of double taxation

President. — The next item is the report (Doc. 126/77) by Mr Cousté 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 on the elimination of double taxation in connection with the adjustment of transfers of profits between associated enterprises (arbitration procedure).

I call Mr Pintat.

Mr Pintat, deputy rapporteur. — (F) Mr President, ladies and gentlemen, I should like first of all to apologize for the absence of Mr Cousté, widely recognized to be an ideal European, who has had to return to our national parliament to speak in defence of a draft law which, needless to say, is of prime concern to our Assembly.

The report before us relates to the proposal for a directive on the elimination of double taxation in connection with the adjustment of transfers of profits between associated enterprises (arbitration procedure).

First of all, we shall have something to say about the grounds on which the introduction of an arbitration procedure can be justified in principle. What is the object of the proposal? It is to eliminate double taxation in connection with the adjustment of transfers of profits between associated enterprises. Artificial transfers of profits between associated enterprises operating in different countries lead to tax evasion, which the tax authorities counter by raising the profits of the enterprises concerned to the level they would have reached if these transactions had been carried out between independent enterprises.

¹ OJ C 163 of 11. 7. 1977.

Pintat

The elimination of double taxation is obviously a desirable objective, for it distorts competition and capital movements within the Community. Although bilateral conventions and mutual agreement procedures exist in this area, they are inadequate. After all, this objective became essential when the Commission proposed a short time ago a directive concerning mutual assistance by the competent authorities of the Member States in the field of direct taxes, for this is likely to increase the number of cases of double taxation.

What method has been chosen to attain this objective? The main feature of the proposal for a directive lies precisely in providing for recourse to an arbitration procedure in the event of a breakdown in the procedure for mutual agreement between the two tax authorities. With the introduction of this arbitration procedure, the proposal for a directive becomes the first binding document at international level aimed at the abolition of double taxation. The objective and the procedure chosen cannot but meet with the unanimous approval of the committee concerned, which welcomes any move that may help to strengthen the unity of the Community's internal market. However, like the Legal Affairs Committee, which has also delivered a unanimous opinion, your committee has found in the proposal a number of shortcomings which are set out in the motion for a resolution.

What are these shortcomings in the proposal for a directive? We have classified these under three headings.

First, there is the scope of the proposal. We have underlined the need for effective means of eliminating double taxation. However, as can be seen from Article 3 (2), the scope of the arbitration procedure is restricted in some Member States whose domestic legislation does not permit their tax authorities to depart from the decisions of their judicial authorities. It goes without saying that such a restriction narrows down the scope of the proposal, for it means that the elimination of double taxation cannot be guaranteed in every case. Here we have a source of new distortions between enterprises. We hope, therefore, that the Commission, which is aware of the fact that only a few Member States maintain this restriction, will undertake the preparatory work necessary for harmonization of legislation in this field in the longer term.

The second shortcoming lies in the arbitration procedure itself. The way it operates appears to your committee to be imperfect in a number of respects. Thus, the period of two years fixed for submission of cases of double taxation to the arbitration commission appears to be too long, given that the period laid down in Article 1 (1) for mutual agreement is already three years. Failing a reduction in this period, we suggested that it might be wise to consider, subject to the provision of guarantees, a deferment of payment of taxes from the date of presentation referred to in

Article 1 (1) until either mutual agreement or a decision by the arbitration commission has been reached.

The Assembly's attention is also drawn to a related problem, that of the safekeeping of funds in dispute during the arbitration procedure, which is at present governed by national legislation and should also be harmonized at Community level.

The composition and operation of the arbitration commission ought also to be modified in a number of ways. For example, in order to ensure the best possible protection of the taxpayers' interests, the enterprises concerned ought also to be granted the right of refusal enjoyed by the tax authorities under Article 4 (2). Moreover, the obligation on the enterprises concerned to appear or be represented before the arbitration commission ought to be matched by a corresponding right to do so.

The third comment we have to make relates to the method of calculating tax adjustments. According to Article 1 (2) (c), tax adjustments to end double taxation may be made either by making an appropriate reduction in the profits of the associated enterprise or by adjusting the amount of tax payable, a method preferred by some Member States (United Kingdom and Ireland). In reply to our questions, the Commission representatives pointed out that adjusting the amount of tax payable does not always produce the same results, particularly when the rate of taxation in the Member State carrying out the adjustment is lower than that in the other state. This is why your committee feels that the option of adjusting the amount payable should be terminated after a suitable transition period.

In the explanatory statement we also point out that in our view there should be perfect complementarity between the procedure contained in the directive on mutual assistance by the competent authorities of the Member States in the field of direct taxation and the arbitration procedure for the elimination of double taxation.

In conclusion, and subject to these comments, which are basically of a highly technical nature, we recommend approval of this proposal for a directive which, it must be repeated, has the essential merit of being the first binding document at international level aimed at eliminating cases of double taxation. However, the only entirely satisfactory solution to tax distortion still lies, as pointed out in paragraph 7 of the resolution, in the gradual harmonization of taxation and, more generally, in economic and monetary union, a goal which has long been striven for.

In this connection, we would draw the Commission's attention to this matter, and ask it to do its utmost to adhere to the timetable of its fiscal programme.

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

Mr Schwörer. — (*D*) Ladies and gentlemen, the Christian-Democratic Group, on whose behalf I have the honour to speak, welcomes this proposal for a directive because, by eliminating double taxation, it will make the Common Market more efficient. The adverse effects of the legal position to date have already induced a number of Member States to conclude bilateral agreements within the EEC with a view to arriving at a procedure for bringing about agreement between the tax authorities concerned. In this way, far from strengthening the unity of the Common Market, these Member States have helped to weaken it. With this new directive it is now intended to introduce a practical and clearly-defined procedure, which will be applicable throughout the Community, for dealing with this type of dispute between taxpayers and tax authorities. The proposal for a directive concerns itself with business relations between two associated enterprises — about which the rapporteur has already spoken to you — and is thus related to another directive, that on group accounts, at present being considered by the Legal Affairs Committee and to be adopted in autumn this year.

The important point about the directive we are today adopting is that it establishes, with a view to eliminating double taxation, a clear-cut criterion for deciding when enterprises are to be considered as being associated. We welcome the fact that association is deemed to exist when one of the enterprises participates directly or indirectly in the management, control or capital of the other enterprise, or when the same persons participate directly or indirectly in the management control or capital of the other enterprise.

And now to turn to the procedure itself. The arbitration procedure for eliminating double taxation will be adopted when the two tax authorities concerned are unable themselves to reach agreement. It is at this point that recourse is had to the special commission, referred to in the proposal for a directive, which is to include among its members not only representatives of the tax authority but also independent persons of standing. It is then for the commission either to bring about agreement or to work out a proposal for settling the dispute. We believe it only right that the associated enterprises, as the parties mainly concerned, should signify their willingness that this procedure be followed with a view to settling the question of double taxation. It is also right that, in accordance with Article 3 (2), they should agree from the outset to accept the decision of the commission — in other words, that this decision should be regarded as final both for the taxpayers and for the two tax authorities, who would then also be bound by the decision of that body. This will speed up the process of reaching a final settlement and, I believe, meet the wishes of both the tax authority and the taxpayers.

To sum up, we welcome this proposal for a directive for a number of reasons: firstly, because it is calcu-

lated to make the common market function more efficiently; secondly, because it leaves room for a wide measure of discretion in deciding how difficulties and disputes are to be dealt with, namely by the tax authorities themselves or by an independent body; thirdly, because this arbitration procedure, once it has been completed, will be final and binding; and finally, because it will obviate the often protracted proceedings apparently involved at the moment, and because the parties concerned will know sooner what financial claim the Member State in question is entitled to raise.

In this connection the Christian-Democratic Group would raise the following points:

Firstly, differences in taxation remain one of the greatest obstacles to the smooth operation of the Common Market. Unfortunately, tax frontiers today often take the place of customs frontiers.

Secondly, this directive can therefore be regarded only as a small, modest step on the road to tax harmonization. We therefore call upon the Commission to take additional steps, over and above this measure and the sixth directive on turnover tax now in course of preparation, to ensure once and for all that the advantages of an internal market in the EEC are brought home to the citizens of the Community.

Thirdly, my group would like to take this opportunity of again pointing out the need to draw up an action programme for the elimination in the long term of tax differences in the Community countries. Establishment in a particular Member State merely because of its favourable tax provisions should be deprived of its attraction. The unending search for the country that offers the most tax advantages should become a thing of the past. We want standardization. That is also the purpose and significance of the European Community. This would bring us a small step nearer to economic union and monetary union, without which we cannot solve the problems of growth, full employment and stability in the Community. The Christian-Democratic Group thanks Mr Cousté, the rapporteur, and approves this proposal.

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

Mr Masullo. — (*I*) We appreciate the spirit — obviously a constructive one — that prompted this proposal pending closer and closer harmonization of the various European economies within the Community. We cannot, however, conceal the perplexity and reluctance we feel about a measure that bears on a highly specific sector that has not been incorporated in an overall Community fiscal strategy.

When we speak of this system designed to avoid, without involving irksome and drawn-out procedures, cases of double taxation, we are thinking of associated enterprises. Now, we know that enterprises of this

Masullo

kind are able, through skilful stratagems familiar to many here present — though certainly not to me — to transfer profits from one commercial base to another that enjoys more favourable tax conditions. Such concealed evasion obviously leaves these associated enterprises in a position where they can complain of double taxation. Clearly, we must try to avoid double taxation. But just as clearly, to be really effective, an instrument such as we are discussing should be part and parcel of a more general strategy. In other words, the procedures of which we have been speaking should be preceded by harmonization of other aspects of Community taxation systems — for example, by harmonization of direct taxes in relation to the method of determining the basis of assessment, which is generally known to vary from one State to another, making it possible to effect clandestine transfers of profits.

It is for this reason, not because we do not accept the general principle but because we feel that this instrument will of itself prove largely inadequate and ineffective if it is not preceded by a more general restructuring of the tax systems in Community countries, that our group will abstain from voting.

President. — I call Mr Burke.

Mr Burke, Member of the Commission — Mr President, I welcome the spirit in which the House receives this initiative of the Commission. As the House will realize, this directive seeks to secure the elimination of double taxation which arises when one tax authority increases the profits on operations between enterprises belonging to the same group, without there being, at the same time, a corresponding reduction of profits by the other tax administration. The Commission takes the view that this double taxation could lead to distortions in direct taxation if such a group of enterprises in the Common Market is in competition with an enterprise which does not have to suffer such double taxation. Furthermore, there is a link between this problem of double taxation and the exchange of information procedure provided, as a measure against international tax evasion, by the proposal of 5 April 1976, which has already been approved by Parliament. In presenting the latter directive, the Commission expressed the wish that both directives should be adopted by the Council at the same time. Indeed the risk cannot be overlooked. The number of such cases of double taxation may increase as the result of the exchange of information procedure. Such a result would, in the view of the Commission, be extremely undesirable in cases where, for instance, small or medium-sized enterprises sell their products in another Member State, and have neither the means nor the intention of shifting their profits to a tax-haven country.

Turning now to the points made in the motion for a resolution, particularly points 2 to 6, I should like to make the following observations: regarding point 2, if

we wish to be realistic, the proposal for a directive must necessarily take account of the situation existing in certain Member States under which the tax administrations are unable to derogate from the decisions of judicial bodies. Moreover, any possible harmonization of national legislation in this field is extremely problematic and difficult, all the more so since the situation envisaged can arise from the application of constitutional principles.

In regard to point 3 of the resolution, it should be borne in mind that the international negotiations between the two tax administrations concerned to settle such cases of double taxation, necessarily require a certain time, and that enterprises should cooperate without undue delay. We would therefore suggest and prefer that, as provided in the directive, the post-ponement of payment should be left to national tax law and not imposed by a Community measure.

In regard to point 4, first indent, I should like merely to emphasize that the right of refusal granted to the tax administrations is, even for them, confined to cases where the persons whose refusal is in question, have been appointed by drawing lots. In this context, it may be remembered that the interests of the enterprises are fully safeguarded by the elimination of double taxation which is, however, purely a matter between the tax administrations.

In regard to the second indent of point 4, we have here a mis-translation. The Commission considers that enterprises must possess the right to appear, or be represented before the arbitration commission. This corresponds with Mr Cousté's view, and is in fact to be found in the German and English versions of the proposal for a directive. The texts in other languages will, where necessary, be amended accordingly.

In regard to point 5, may I point out that it is true that the taxation adjustment, as regards the associated enterprises, can in principle lead to different results, depending on whether one reduces the taxable profits of that enterprise, or the amount of tax which it has to pay. As the House will no doubt know, double taxation can be avoided by two systems. The first is the exemption method, involving not taxing profits which have been already taxed abroad. With the second method, imputation or the credit method, the tax is calculated on the total amount of profits, that is including the profits taxed abroad. But when the charge is assessed in this way, the foreign tax is deducted to arrive at the payment which is due. It is true that the taxation adjustment as regards the associated enterprises can, in principle, lead to different results, as I have said. This will, however, only make an appreciable difference where the rates of tax diverge very considerably in two Member States, which does not appear to be the case as regards corporation tax within the European Community. Moreover, it should be remembered that the proposal for a directive on the structure of company taxation prescribes a certain alignment of tax rates.

Burke

In regard to paragraph 6, the Commission in its action programme for taxation, is committed to tackling the problem of the artificial transfer of profits between enterprises belonging to the same group by means of pricing arrangements. It will accordingly continue its work with a view to submitting proposals for the fixing of common rules in this matter. We must however recognize that this is a very large and complicated problem requiring extensive preparation and research.

I would like to reply to one point made by Mr Masullo. International tax evasion ought to be eliminated by appropriate measures and not by the maintenance of double taxation. Even if we achieve a harmonized basis of taxation, double taxation can continue to exist. That is why the Commission's directive would still be necessary and that is why I thank the House for its kindly appreciation of our attempts and hope to have a speedy passage of this through the Council in the not too distant future.

President. — Since no one 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 p.m.

The House will rise.

(The sitting was suspended at 1.05 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR : MR COLOMBO

President

President. — The sitting is resumed.

5. Question Time

President. — The next item is Question Time with questions addressed to the Commission, the Council and the Foreign Ministers of the nine Member States meeting in political cooperation (Doc. 148/77), pursuant to Rule 47A of the Rules of Procedure.

I should like to point out that there is a very large number of questions. Since it is in our interests to cover as many as possible, in order to make maximum use of our power of control, I would appeal to all Members and the representatives of the Institutions to make their comments as concise as possible. I should not like to have to take advantage of my right to limit the number of supplementary questions and I count on your collaboration in this.

We begin with questions to the Commission. The Commissioner responsible is requested to answer these questions and any supplementary questions.

Question No 1 by Mr Cifarelli :

Since funds are available under Article 951 of the budget for aid to disaster victims, does the Commission intend to contribute to the reconstruction of Romania by providing appropriate financial assistance over and above its offers of emergency aid for the earthquake disaster areas of the country, which is close to the Community by reason of both its geographical position and the character of its people ?

Mr Haferkamp, Vice-President of the Commission. — (D) Romania has been granted financial assistance of 100 000 u.a. This was financed from Article 951 of the budget — the article referred to in the question. This amount has been paid out in the meantime.

Mr Cifarelli. — (I) Quite apart from how many disasters there may be, should the Community not have funds available to allow it to provide help, where necessary, to non-Community European countries ? Such a gesture would be significant in terms of the solidarity to which we owe an important and democratic obligation.

Mr Haferkamp. — (D) As you know, we have made provision in our budget for funds to be used for relief actions in special cases, particularly disasters, and we shall certainly make them available as the honourable Member suggests.

President. — Question No 2 by Mr Hamilton :

Is the Commission satisfied with the progress made in the implementation of the principle of equal pay within the Community ; and if not, what further initiatives are proposed ?

Mr Vredeling, Vice-President of the Commission. — (NL) When he asked this question, the honourable member was no doubt thinking 'if at first you don't succeed ...', since he asked the same question at the January part-session. And as I answered him on that occasion, I can now repeat that the Commission is seeing to it that Article 119 of the Treaty and the directive of February 1975 are complied with by the Member States. Member States must provide the Commission with information on implementation of this directive by the beginning of 1978 at the latest. And on the basis of this information, the Commission will publish a summary report and, if necessary, take action. In addition, the Commission is preparing, at this moment, to take action on cases of discrimination which might arise in the field of job analysis, or job classification, in order to bring about equal pay for men and women in this area too.

Mr Hamilton. — Will the Commissioner not agree that there is still a lot of leeway to be made up, will he indicate precisely when the Commission intends to produce a progress report on these matters, and will he, in particular, give the House some indication as to the ways in which the Commission themselves have

¹ OJ C 163 of 11. 7. 1977.

Hamilton

sought to ensure equality of job opportunities within the Community institutions ?

Mr Vredeling. — (NL) I can only repeat what I have already said : under the Council directive of February 1975, the Member States must report to the Commission on progress made by the beginning of 1978 at the latest. At the latest, then, by 1978. On the basis of this information, the Commission will produce the report to honourable Member is again asking about. This can presumably be done during the first half of 1978. As regards possible discrimination within the Community institutions, the Commission is naturally paying close attention to this matter and we shall not fail to do everything within our power to abolish such discrimination.

Mrs Squarcialupi. — (I) Does the Commission intend to direct its attention towards the question of equal pay for men and women and equal job opportunities for men and women ?

Mr Vredeling. — (NL) The answer is yes.

Mr Brown. — May I ask the Commissioner if he will have a look at the position of women upholsterers who are working in dockyards in the United Kingdom, where for three years the government have failed to pay them the proper rate for their job and are still refusing to implement equal pay ? I hope he will be able to prevail upon his colleagues from the United Kingdom to pay equal rates for the upholsterers in their dockyards.

Mr Vredeling. — (NL) If the sort of things the honourable Member is referring to happen, I would advise him to lodge a complaint. Only then can the Commission act.

President. — Question No 3 by Mr Cousté :

What has been the American response to the Commission's recent proposal for six-monthly consultations on the problem of steel similar to those already arranged notably with Japan and what answer does it intend to give to the United States' proposal for the creation of an *'ad hoc'* committee within the framework of the OECD ?

Mr Haferkamp, Vice-President of the Commission (D). — The United States has already declared its willingness to hold consultations with the Community similar to those between the Community and Japan. The Community has agreed to the setting-up of an *ad-hoc* committee within the OECD to deal with steel problems. Its first task will be to examine a stock-taking being prepared by the OECD secretariat.

Mr Pintat. — (F) Have the measures taken in this field begun to take effect and what is the reaction of Europe's steel producers to current developments ?

Mr Haferkamp. — (D) This question, of course, goes far beyond what is asked in the first one, but I

am prepared to answer it. The House must be aware — from the statements of my colleague, Mr Davignon, too — that the Commission has decided on a comprehensive programme to deal with difficulties in the steel industry. What we are aiming at principally is a restructuring of the industry. The purpose of this is to ensure that the Community's steel industry remains competitive and viable and this programme in the Commission's opinion ought to and must be carried out by the combined efforts of the industry, the Member States and the Community. These ideas are naturally being worked out with the industry itself with both the employers and the trade unions.

Mr Waltmans. — (NL) How far is the Commission prepared, in its discussions on the steel industry, to take account the interests of the socialist countries and the developing countries ?

Mr Haferkamp. — (D) We are laying the main emphasis on our own programme and consulting existing organizations in the field already referred to. If other States have relevant interests, we shall naturally be prepared to arrange appropriate contacts with them and to exchange information.

President. — Question No 4 by Mr Dalyell :

In the light of the debate on Tuesday, 10 May 1977 on the disappearance of 200 tonnes of uranium, how does the Commission propose to implement Commissioner Brunner's offer of giving confidential information in future 'situations' to representatives of the European Parliament ?

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, is it all right for me to answer this question and the next one, No 5, by Mr Normanton, together ?

President. — No, Mr Haferkamp, that is not possible.

Mr Haferkamp. — (D) In that case we shall deal with them separately, although they are on the same subject.

Mr Dalyell's question is concerned about whether and how the Commission proposes to discuss problems of this kind that may arise in future with the European Parliament or its committees, and to keep Parliament informed. The question follows remarks made by my colleague, Mr Brunner, during the very comprehensive debate during last part-session. Naturally the Commission is serious about keeping Parliament informed. I must stress one thing, however : because of the nature of the problem, this will only be possible if appropriate means are found to satisfy the security aspects.

Mr Dalyell. — Mr President they are indeed two very different questions, because the issue in No 4 is

Dalyell

precisely what, to use Mr Haferkamp's words, the proper and appropriate means are. Now wasn't Mr Brunner's offer, given doubtless in good faith, a rather empty offer? Because it is extremely difficult with a Parliament like ours, to find proper and appropriate means. Do the Commission have any ideas as to what an appropriate and proper forum would be? Would it be the enlarged Bureau, would it be the President of Parliament, would it be the chairman of the Committee. Don't we have to be a bit specific about this?

Mr Haferkamp. — (D) This question is being discussed by Mr Brunner and the chairman of the appropriate committee. The Commission has started enquiries into the matter. It would also be interesting, I think, to hear what constructive proposals this Parliament itself has to offer about possible arrangements. I am reminded, here, of my own experience cooperating with the Committee on Economic and Monetary Affairs on very tricky and delicate matters, when we worked out special information procedures. I should imagine that it is mainly for the Bureau of the Parliament and the committee particularly concerned to see that formulae are found and that it would then have to be decided in cooperation with the competent Member of the Commission how the Parliament can be given the information required; on the other hand, though, it must be taken into account that it is information that cannot be dealt with publicly.

Mr Osborn. — Mr Normanton has asked me to look after the supplementaries on his particular question. What this Parliament wants to know is whether or not any further losses of uranium oxide and other fissile materials have occurred in the Community since that date, and what lessons have been learnt?

(Protests by Mr Dalyell)

Mr Haferkamp. — (D) Mr President, the House decided just now that I should answer the two questions separately. If it now decides that I should answer this question, I shall do so forthwith.

President. — The questions connected with Question No 5 are to be dealt with separately. We shall come to them when I call on Mr Normanton.

Mr Ellis. — Would the Commission agree that when it consults Parliament through the committee system, whether it is obliged to consult or whether it decides voluntarily to consult a committee, one principle must be absolutely sacrosanct, and that is that consultation must be absolutely frank? Would the Commission agree with that, and would they also agree, that in the past there have been consultations which have been, to say the least, less than frank?

Mr Haferkamp. — (D) Mr President, the Commission always proceeds on the principle that its relations

with the Parliament are to be completely frank and constructive. We are considering here simply the ways in which certain matters are dealt with and you will agree that there are things that must necessarily be dealt with completely publicly and others which have to be dealt with in various ways...

Mr Ellis. — The committees are private!

Mr Haferkamp. — (D) ... If you attend committee meetings you will see that there are dozens of people present, and in the case of committee meetings in Brussel you only have to wait a day before you can read the reports in *Agence Europe*. This is obviously not exactly what we desire with certain matters, nor what we would be entitled to desire. This is why what we are trying to do — and what Mr Brunner was thinking of — is to find the right solution so that this principle of full and frank consultation with Parliament, which we regard as so important, is fully respected.

Mr Pintat. — (F) The material concerned is natural uranium oxide. Enriched uranium oxide is obviously under very strict control. At the time of the events in question was not the market in uranium oxide, which is a raw mineral, free, and would it not have been possible for those who misappropriated this material to obtain it quite openly on the market?

Mr Haferkamp. — (D) The events in question took place in 1968 and the honourable Member has depicted the situation as it was at that time on that market. At that time you could buy this material just as you can buy sugar or salt. There was nothing remarkable about someone buying or selling such a thing. The fact is that the oxide was bought and then landed somewhere, we do not know where. It has not come to light since.

Lord Bruce of Donington. — Would the Commission explain to Parliament how the disappearance of fissile material can in any way be regarded as purely a technical problem? In view of his statement that the whole matter is really quite simple and that, apparently, fissile material of this type can be bought on the open market, why is it necessary to cover the whole thing with an aura of secrecy?

Mr Haferkamp. — (D) Perhaps it surprised some journalists that we should have taken 10 years to discover this. The fact is that, although this material is not in the least dangerous in itself and does not even call for radiation protection measures, in other words cannot be used directly for any non-civil purposes, although, as I say, anyone could get hold of it and it was not subject to any special control system, we had nevertheless instituted notification procedures which enabled us to realize that the material in question was

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not being handled as openly as material which was so readily available should have been.

The Commission immediately took appropriate action and tightened up controls and notification procedures, with the aim, too, of avoiding a precedent which would allow those dealing in substances which are not dangerous in themselves to evade supervision.

I believe that the most important aspect of the affair was not the fact of the disappearance of the material in itself. What is most important is that it prompted us, in cooperation with others at international level, to strengthen the supervisory procedures and improve arrangements for the exchange of information. We have continued to do this since then, and I can only say that that sort of situation could not arise again.

Mr Shaw. — Arising out of this question as to the disappearance of 200 tonnes of uranium and the future situations that may arise, would the Commissioner confirm or otherwise whether or not any such situations have in fact arisen since the loss of these 200 tonnes?

Mr Haferkamp. — (D) I do not wish to anticipate the reply to Question 5, but my answer to this question is: No.

Mr Waltmans. — (NL) As the Commission has taken so long to reach the conclusion that something has disappeared, may we infer from the discussion so far that the Commission still does not know exactly what it is that has disappeared?

Mr Haferkamp. — (D) It should be clear to the honourable Member, either from the debate during the last part-session or from reading the report of the proceedings, that we do of course know that the material in question has disappeared, since 1969 in fact, so that the question is simply not relevant to the present time.

President. — Before leaving this question, I should like to mention that on the Friday of the last part-session Mr Dalyell saw fit to comment on the behaviour of the presidency as regards the procedure adopted for throwing light on this matter.

In this connection I should like to say to Mr Dalyell that, in using all the means available to him through parliamentary procedure to clarify this matter — if it has not already been clarified — he will be given every assistance by the presidency to achieve his objective.

Mr Dalyell. — I think it would be appropriate to say to you and to colleagues that of course I accept without question your assurance in your very courteous and polite letter to me, that you in a previous incarnation as a senior Minister of the Italian Government — both as Finance Minister and later as Prime Minister of Italy — were not told anything of this affair by the Italian Secret Service: of course I accept your word on this.

President. — Thank you. Since Mr Normanton is not here, Question No 5 will be answered in writing. Question No 6 by Mr Corrie:

A lack of orders is leading to the closure of yards specializing in the construction of oil platforms. In view of the need for Member States to sustain oil exploration and extraction in the Communities' territorial waters, what consultations are in progress among Commission officials, oil exploration companies and the Government's of Member States in order to maintain the design and construction capability for oil platforms in the European Community?

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, the Commission is aware that yards specializing in the construction of oil rigs are encountering difficulties due to a lack of orders. We are also aware that these difficulties are leading to closures. We have instituted enquiries into this. It appears that the situation affecting the yards is not having any ill effects on the rate and progress of activity on the oil rigs, that is on oil exploration and extraction. In view of the capacity available and the amount of activity in the oil fields, there is no likelihood of any difficulties arising with regard to oil rig capacity for either exploration or extraction over the next ten to fifteen years. Therefore there is no need at the moment for the Commission to consult the Member States and the oil industry.

Mr Corrie. — Is the Commissioner aware of the huge number of people who are being made redundant in this industry in regions of high unemployment? Is it not a tragedy, at a time when oil exploration and extraction is so vital to Europe, that no orders are coming forward? Most important, will the Commission say whether they are satisfied that Member States which are thought to possess the appropriate on-shore and off-shore geological formations are licensing oil exploration companies with the necessary urgency in order to achieve the Community's indigenous energy targets for 1985?

Mr Haferkamp. — (D) I am in some difficulty because I do not know whether the honourable Member's question as worded originally concerns the possibility of problems arising for drilling in the oil and natural gas fields as a result of the situation in the oil-rig construction yards, or whether it concerns the yards themselves. That is of course a totally different matter. The fact is that there is surplus capacity at present, and that we have no means of getting extra drilling done just to absorb this surplus capacity. That is something that would have to be discussed with the construction industry. We have found that out of a total of 440 mobile oil rigs throughout the world more than 60 are at present underemployed. A special debate would be required to ascertain how a situation of worldwide surplus capacity and underemployment in the yards might be avoided. But this would certainly have to be a special debate.

Mr Osborn. — The hard fact is that private enterprise was asked by the British Government on the basis of forecasts by the Community to invest in facilities to produce production rigs for the continental shelf oil production, most of which are in Scotland and some in my colleague's constituency. How has it happened that this forecast demand has diminished? Is this due to technological change, or is it due to the fact that the oil companies have been frightened away from the North Sea oil because they have to share with the British National Oil Corporation?

Mr Haferkamp. — *(D)* It would certainly be wrong to say that this is a problem confined to the North Sea and Britain. I have just said that looking at oil-rig activity throughout the world we find that there is underemployment. If it were a question of special factors affecting the North Sea and the surrounding states, factors connected, too, with environment questions and similar considerations, I should imagine that they are of a temporary nature, not fundamental.

Mr Noè. — *(I)* Does Mr Haferkamp not consider rather, that the basic problem is that exploration for new oil deposits is being pushed ahead too slowly. This — as Mr Corrie pointed out just now — is an essential factor in minimizing the impact of the interregnum between the age of oil and the age of alternative energy sources, which will begin during the 1980s. At the moment we have the clear impression that such exploration is not being carried out with sufficient urgency. Does Mr Haferkamp not think that Parliament has a right to be better informed about these programmes?

I know that the Commission last year drew up a new map, for the first time in ten years, of all likely oil-bearing areas, particularly in the seas adjacent to the Community. However, I think Parliament should receive more detailed information on this vital issue.

Mr Haferkamp. — *(D)* The honourable Member's view was that the search for new oil deposits was not proceeding fast enough and that this must mean that we have surplus oil-rig construction capacity. This can also be expressed the other way round. Oil-rig construction capacity has been promoted too fast and outstripped the search for oil deposits. There are two ways of looking at it.

As far as the Commission's programme goes, I think that the honourable Member, after so many years cooperating with the Commission in the competent committee of the Parliament, knows how hard the Commission has always endeavoured to promote anything that can reduce the Community's energy dependence, and that we — and I can say this after a number of years of direct responsibility for these questions — have always particularly valued the support of Lord Reay. We know, however, too, that on certain

issues — think of the recent discussions on nuclear energy and other matters — we are in a stage of reorientation.

The honourable Member concluded by asking whether the Commission was prepared to involve the Parliament and its committees more closely in this matter. I do not think there has ever been any doubt among the members of the Commission, whoever they were, or any reluctance on the part of the particular Commissioner responsible, as to the need to work closely with the Parliament on this very important matter. I am quite sure that I can say this on behalf of the whole of the Commission and especially my colleague, Mr Brunner.

Mrs Ewing. — Does the Commissioner recognize that far too many sites to build platforms were allowed to develop by the British Government? As an MP with one in my constituency with 1 600 jobs at stake I understand the problem very well. My party warned the British Government that they were building too many sites, in fact twice too many. We have been proved right and now we have a sad situation which Europe is now interested in. I would just put on record that my party was right and the other parties were wrong, because they were the people who allowed twice too many sites to be built ...

(Cries of 'Question')

Could I ask the Commissioner, in connection with the British Government's development of the oil in the desperate attempt to balance their payments whether he thinks that oil — which happens to be in the Scottish sector of the North Sea by law — is a UK asset at the moment as things are arranged, or an EEC asset?

(Cries from certain quarters on the left)

President. — I should like to remind you that in this Parliament questions cannot be addressed indirectly to national governments. The questions here are to the Commission or the Council, but not to the British Government.

(Applause)

Mr Haferkamp. — *(D)* Mr President, you have relieved me of part of my answer, for which I am grateful. Just a few minutes ago I pointed out that we are facing a situation of surplus oil-rig capacity the world over and that the problem is not confined to Britain or the North Sea ...

Mrs Ewing. — It is your oil!

Mr Haferkamp. — *(D)* ... Furthermore, with regard to North Sea oil, it was naturally taken into account in estimating Europe's supplies, and I do not just mean the Community's supplies, long before the oil crisis — if you wish to call it that. It is not only the Community that is involved. You know as well as I do

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that this North Sea oil belongs to other countries, too, but I do not think this should prevent us all from congratulating ourselves on our good fortune in having in our part of the world the means of greater security of supply, which we ought to make use of, without going into details now.

✓ **President.** — Question No 7 by Mr Noè :

Does the Commission not consider that the adoption by all Member States of simple regulations regarding the engagement of employees is needed in order to help to ease the problem of unemployment among young people since present procedures in fact make it more difficult for young people to get their first jobs ?

Mr Vredeling, Vice-President of the Commission. — (NL) Although we cannot judge from the question which particular difficulties the honourable Member is referring to, I naturally agree with him in general that the enrolment formalities to enable young people to obtain a first job should be made as administratively simple as possible. I must also note in this connection that the recruitment of young people can naturally not be facilitated by allowing their social rights to be violated.

Mr Noè. — (I) Experts in this field have shown that in Italy, for example, in a number of industrialized provinces, the employment of young people by small firms — where they are able to hire their own staff directly in strict accordance with their requirements — could go some way towards reducing youth unemployment.

Since the practical effects of all the other measures applied so far are so insubstantial, should not precedence therefore be given to measures of this kind ? Could not youth-unemployment thus be relieved surely and rapidly ?

Mr Vredeling. — (NL) Without further amplification I can only agree with this comment. That is, of course, necessary. I said from the first that the recruitment of young workers must be done as simply as possible and with as little administrative fuss as possible. But I should like to repeat that this should not be done at the expense of their social rights.

Sir Brandon Rhys Williams. — Instead of seeking to redistribute the available jobs between the age groups, would it not be better to campaign for a shorter working week, thereby providing better opportunities for further education and retraining, as well as more time for leisure and family interests ? Will the Commission state plainly : does it favour the 30-hour week or the four-day week ?

Mr Vredeling. — (NL) I don't know if the honourable Member is asking this question on behalf of his group.

(Applause from the left)

It would be intriguing to know that, but, Mr President, taking the question at face value, I should like to say

that the Commission, in close collaboration with employers' and workers' organizations, is cautious about recommending as a nostrum in the struggle against unemployment methods which derive from a time of enormous economic growth, namely shorter working hours and longer holidays. I do not rule this out in individual cases, but so long as we do not know more about the possible economic and social consequences of such methods, we hesitate to make a clear recommendation along these lines. I should also like to point out to the honourable Member that this theme — which is certainly one which needs studying — will be discussed at the Tripartite Conference.

Mrs Squarcialupi. — (I) Bureaucratic difficulties may well represent serious obstacles to the employment of young people, but I should like to ask the Commission if it plans to do anything at Community level to create new jobs and, above all, to provide better vocational preparation for young people so that they can get skilled jobs in the areas where, very frequently, qualified labour does not exist ?

Mr Vredeling. — (NL) The answer to this question is 'yes'. When the Honourable Member is in possession of the Commission's proposal for the new financial year 1978, particularly as regards the Social Fund, she will see that the section of the Social Fund which, overall, applies to increased costs, and thus to inflation, places greater emphasis on educational programmes, particularly for young people.

Mr Price. — Could I ask the Commissioner whether he thinks the unemployment among young people which exists at the moment is structural, or simply temporary, and if it is, at any rate in part, structural, have the Commission any plans to offer a European opportunity guarantee so that if young people cannot be found actual jobs, at any rate they can be guaranteed, as of right, either training or further education or a mixture of both, so that they are not allowed to waste the years immediately after they finish compulsory education ?

Mr Vredeling. — (NL) The answer to the Honourable Member's question is that the phenomenon of unemployment in the Community, and in the industrialized countries in general, is one which has very strong structural aspects. Naturally, this means that the question of unemployment among young people also has strong structural aspects, and it should be stressed that the percentage of unemployed below the age of 25 is disproportionately high. The answer, therefore, is that the phenomenon is largely structural in nature. As regards the question about our plans to combat unemployment among young people, I should like to point out to the honourable Member that the

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Commission has proposed to consider the Social Fund not merely as a fund for vocational training, but equally to open out the possibility within the framework of the Social Fund of granting more direct employment premiums, particularly for young people, and that means that the Commission is doing everything that it is in its power to do.

As regards the question of guaranteeing, as he put it, 'as of right' training and further education, Mr President, that is a matter which the Member States themselves have to face up to first. They submit the projects — this is how the Social Fund works at the Commission — and we assess these plans with a view to granting subsidies. They are sometimes favourably, sometimes unfavourably, received. At the moment, many more projects are being submitted to the Commission than we can approve. But we know equally well how limited public funds are, so that we are far from being able to meet all requests. That means that the answer to the honourable Member's question is that every effort should be made to give young people vocational training, since there is always a positive correlation between good vocational training and the finding of employment. This is always the case. That is why the Commission attaches the greatest importance to extending the activities of the Social Fund, particularly to training and education, to the general training of young people. I know that an OECD survey will be coming up shortly which should facilitate the transition from school to working life and intend to pay particular attention in my Directorate-General to those aspects of the OECD survey that are useful to the Community.

President. — Ladies and gentlemen, I do not propose to limit the number of questions on such an important matter, but I would ask Members and the Commission representative to be brief.

Mr Brugger. — (D) Does the Commission not think that it is detrimental to the quality of production, especially in arts and crafts, for employers to recruit apprentices from the appropriate agencies not individually but simply by numbers! If so, what are the Commission's intentions regarding Community action to ensure that apprentices and workers can be recruited to these firms on an individual basis? Is a directive the right legislative instrument for this?

Mr Vredeling. — (NL) The honourable Member's question is presumably based on his experience in his own country, perhaps in his own neighbourhood, but it is not entirely clear to me what he means by recruiting from agencies — not individually but by number. So I cannot state unequivocally whether a directive is suitable here, since I have not been able to go into the details of this problem any further. At first sight, I should have thought not.

But, Mr President, if the work situation of these young people should indeed be unfavourable, then the

Commission considers that the answer I gave in the first instance also applies here.

Mr Cifarelli. — (I) If we are going to tackle these problems we should want not one but ten thousand Social Funds.

Does the Commission not feel that it ought to undertake every effort, as rapidly as possible, to harmonize the various types of vocational training and other forms of job preparation throughout the Community? What actually happens is that, faced with grave situations, each country tries to apply a national solution, while in fact only harmonizing the options and solutions is likely to offer any firm hope of improvement for everyone.

Mr Vredeling. — (NL) My answer to that question is in the affirmative.

Mr Pisoni. — (I) There are national policies which try to tackle youth unemployment. I would like to ask the Commission whether it is informed about these policies and whether it intends to try to harmonize them at some level. Moreover, in view of the lack of transparency in the labour market, it is also clear that a number of jobs remain unpublicized. A detailed study of the non-structural causes of unemployment is therefore necessary, together with a series of concrete proposals relating to vocational training, and, above all, to the transparency of the employment market.

In this connection does the Commission intend — apart from the study to which the Commissioner has just referred — to begin a detailed examination to look at the non-structural causes of youth unemployment and to improve the transparency of the labour market?

Mr Vredeling. — (NL) Since the honourable Member has not asked me a specific question, I shall consider his remarks as a statement of opinion.

Mr Evans. — Doesn't the Commissioner agree that it is not bureaucratic procedures but simply a lack of jobs which is preventing young people finding work, and doesn't he agree that the best way to solve this problem would be for the Commission to urge the stronger countries in and out of the Community to reflate their economies very quickly indeed?

Mr Vredeling. — (NL) You can of course suggest anything you like. If a Member is indeed correct in his view that such action is the solution to the problem of unemployment, that would of course also contribute to the fight against youth unemployment which is the matter at issue here.

Mr Lezzi. — (I) Is the Commission implementing, or does it intend to implement, a policy to encourage labour exchanges and employment bureaux to prepare

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and supply forecasts regarding the jobs likely to be available in five or ten years from now? Does it not feel that this might help to forestall a situation in which the new generation studies or trains for jobs which will simply not be available in five or ten years' time?

Mr Vredeling. — (NL) The honourable Member has the merit of asking a specific question. The answer to this specific question is that the exchange of information between employment offices on the way in which they set about giving assistance to people seeking to their jobs or find suitable employment is indeed of exceptional importance. That, Mr President, is one of the things which we do regularly, so that, among other things, we regularly bring together the directors-general from the various departments of employment of the Member States. The Commission intends to encourage the activities of these directors-general for employment and refer more practical problems to them.

President. — Ladies and gentlemen, since this is an important matter I did not want to limit the supplementary questions, but it is difficult to solve a problem of this kind which involves procedural, economic and social aspects, in the time reserved for question. I hope that the appropriate committee or others in this Assembly will take the initiative so that the matter is thoroughly examined and reported on.

Question No 8 by Mr Ellis.

What steps have the Commission taken to secure new sources of coal from outside the Community on a commercial basis?

Mr Gundelach, Vice-President of the Commission. — It is the long-term policy of the Community in the energy field to increase the dependability of its energy supplies and that means, *inter alia*, to stabilize hard coal output in the Community in economically satisfactory conditions. That element has the highest priority. And secondly, to promote the long term increase in hard coal imports from non-member countries. The possibilities we have to pursue this second objective — which I indicated has second priority to the first, an increase in the output in the Community itself — are in the commercial field. That is what the question is about. The opportunities are somewhat limited, since under the ECSC Treaty, the Commission is not about. The opportunities are somewhat limited, since under the ECSC Treaty, the Commission is not able to act commercially and and for instance, to conclude supply contracts of a long term nature, even if we do try to encourage them. Likewise, we are not in a position to buy pits, either in Community or non-member countries. What we are able to do under Article 54 of the ECSC Treaty, is to grant credit for investment in hard coal mining. Mining companies can apply for credits from the Commission. As a matter of fact, a few such demands for credits for investment in third-countries, in particular

the United States, have been made. One has been granted, and two others are in the active process of consideration. In the commercial field that is the only action we can take. It is meaningful, but as I said earlier, on the most important thing is the development of the hard coal and coal production in the Community itself.

Mr Ellis. — What attitude would the Commission take towards possible objections from any Member State about institutions within the Community seeking the cheapest supplies of coal from world sources?

Mr Gundelach. — That is a somewhat different question from the one originally raised. The conditions under which supplies of coal are entering the Community are, in the short term, causing certain problems. Coal is entering the Community in certain cases at prices which are undermining a reasonable price structure within the Community. The difficulty of dealing with this subject is the fact that the Council has not yet been willing to accept the fulfilment of the Treaty objective of establishing a common commercial policy in regard to coal. The Commission's first priority must therefore be the establishment of a common commercial policy — that means a common policy towards third countries — at the earliest possible opportunity. We regret that we failed some weeks ago to achieve this result. We shall continue to seek it. That is the prerequisite for being able to deal effectively with anomalies in import policy in regard to certain third countries.

Mr Osborn. — Further to that reply, isn't it an undoubted fact that the Commission had anticipated 50 million tonnes a year imported coal? It is not also a fact that this imported coal would be from open-cast mining, which lent itself to cheap production? But what consideration has been given to balance of payments and hard currency needs of existing and potential suppliers of coal outside the Community, and to securing these new sources?

Mr Gundelach. — I can't give a satisfactory answer to that question for the reasons I have just stated. The Community has not, owing to disagreement in the Council, a common commercial policy in regard to the importation of coal. Consequently, imports are taking place on conditions laid down by individual Member States outside the control of Community organs. I deplore very strongly that situation, because in one important sector we are not capable of carrying out a sensible Community policy. The first objective must therefore be to have this policy which will allow us to deal with manifest cases of imports of coal at prices which are artificially low, thus undermining industries producing at reasonable prices inside the Community itself. We recognize the existence of that problem, but to be able to deal with it effectively, we must have a Community policy which is overdue.

Mr Brown. — When the President-in-Office came to the Committee on Energy a few weeks ago, he indicated that he was attempting to take some action to stop cheap coal coming in to help the beleaguered housewives in the various areas. Does that not seem rather peculiar in relation to the argument that we ought to permit cheap food from all over the world into the various states in order to help certain people, while at the same time, when we can get cheap coal we turn round and argue that we ought not to let it in?

(Applause from certain quarters on the left)

Mr Gundelach. — Isn't there a difference between seeking reasonably low-priced sources which are of a valid nature, and relying on sources which are supplying manifestly below the level of their own costs? If you start relying on such sources of supply, and in that process destroy your own production capacity in an area where, irrespective of immediate surplus situations, you are going to be in a long term scarcity situation, you are damaging the position of the Community. What we have been talking about in the last few minutes is proper protection against imports of artificially lowpriced coal. Because if you depend on that kind of import, when your own production capacity has been wiped out by that kind of competition, you can count on prices increasing. The same applies in the food area where one is getting ever so slightly tired, when confronted with very strong arguments for increases in butter prices to New Zealand, for the ACP sugar producers, of hearing about this cheap world food market which does not exist.

Mr Blumenfeld. — *(NL)* I should like to ask Mr Gundelach, whose expertise I specially value, whether he really thinks that when the Commission appears on the scene and decides on an import policy for the Community he can still speak about cheap coal or cheap energy? All the experiences of the past 50 years indicate that this is not so, despite what Mr Gundelach has just said, and I should like him to tell us precisely where the large quantities of cheaper coal are to be found? I imagine the importers of all the Member States would like to profit from them.

Mr Gundelach. — That was in fact two questions. On the first one I do certainly believe that the Community institutions — and that is not the Commission alone — should be capable of developing a common commercial policy in regard to coal. However, complicated as problems are in regard to that commodity, if we are able to do it in regard to steel then I don't see why we are not able to do it in regard to coal. As far as the availability of cheap coal is concerned, I made it clear in a previous intervention that in the long run such cheap supplies are really not available. The immediate surplus situation is

✓ tied up with the present level of economic activity, but in the slightly longer run we are moving towards a scarcity situation and therefore we need all our internal supplies, and we need to develop our external supplies. The limited problem of cheap coal I was referring to concerns one particular Eastern European country which, in the present conjunctural situation, is actually dumping coal on our market. I believe that we should be capable, in a friendly and constructive manner which would not jeopardize our supply possibilities in the future, of taking care of that price problem in the immediate future, in order to avoid undue damage to our own future production needs.

Mr Dalyell. — I should like clarification of a remark Mr Gundelach made three minutes ago. Precisely what policy is overdue? Precisely what is overdue?

Mr Gundelach. — Under the economic treaties of the Community and under the Coal and Steel Treaty, we have a common policy in regard to the conditions under which we trade with third countries in all our commodities. We have a common tariff, we have a common policy in regard to import licences, and what have you. Why on earth should coal be an exception? Coal is, as far as import regimes apart from the Customs Tariff are concerned, an exception. Licensing policies can be pursued quite differently in different Member States. Some can introduce licences and stop imports of coal from certain sources, or from all sources at certain prices, whilst others can do something different. Now that is an anomaly in an Economic Community, and coal is one of the few products, and the only one of importance, where that is the case.

President. — Question No 9 by Mr Howell :

✓ Does the Commission consider that the time is now ripe for the delegation of responsibility for the day to day management of the principal agricultural sectors to production and marketing organizations composed of farmers, traders and consumers who have a close professional and practical knowledge of each sector?

Mr Gundelach, Vice-President of the Commission. — In so far as they provide to a large extent for economic policy decisions involving the public interest, including expenditure of public funds, the present rules which govern the main sectors of the common agricultural policy are not such that they can be managed, in the proper sense of that word, by the various professional interests, consumer organizations and other interests or concerns. But having said that, I am of course fully aware of the professional and practical knowledge which farmers, traders and, not least, consumer groups and consumer associations are able and ready, through their organizations, to make available to the market management of the agricultural sectors. The Commission and I therefore maintain

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close contacts with these professional organizations at Community level whenever possible, and consult them frequently, through the consultative committees, on matters concerning broad policy, and also on matters concerning management of policies as and when established. We are indeed perfectly willing and ready to build that consultative procedure into something much more tight than it is today and give it as full a role in the management of the common agricultural policy in this sense as we possibly can. In certain sectors, such as fruit and vegetables and fisheries, mechanisms and procedures have been introduced which involve the direct responsibility of producer organizations in market management and the Commission is at present examining the possibilities of helping to set up inter-professional cooperation in such markets as eggs and poultry. Others will follow. This is another example of our desire to bring closer together not only the producer interests, but also consumer interests and other relevant interests.

Mr Howell. — I thank Mr Gundelach for that very full reply, and I would like to say how much I appreciated his remarks at Cirencester regarding existing marketing boards, but I would urge him to give more urgent consideration to the setting up of such extra bodies, because I believe that this would help to relieve the criticism which is being levelled at the CAP. I believe in this way we might be able to vastly improve on the running of the common agricultural policy.

Mr Scott-Hopkins. — Would not what my honourable friend has suggested be a darn sight better than the existing system of management committees, which are composed entirely of civil servants, of which we have no knowledge in this House, and over which we have no control?

Mr Gundelach. — It is clear from my first reply that there is no difference of view between Mr Howell and me with regard to the desirability and necessity of bringing into the broad running of agricultural policy the interested groups to which we have referred. On the other hand, there is a dividing line; there comes a point where political decisions have to be taken which are important in regard to the state of the economy in general, to the budgetary consequences and to other matters of public policy. Here the responsibility must in the last resort lie with the political institutions of the Community — Parliament, Council and the Commission — and that is where I draw the line. The final political decision-making process, be it on a running basis or be it in regard to major policy issues, be it between us or in the Council, can be vastly enriched by closer contact with the professional organizations, be they farm produce organizations or consumer organizations to which we have referred. I do not think these can take the place, strictly

speaking, of the so-called management committees, which do serve a purpose, although I do not think their overall importance should be exaggerated. They are a sort of a Council watchdog committee but, in the five months' experience I have had of being Agricultural Commissioner, I must say the number of cases where there has been a negative vote, or for that matter a positive vote, have been indeed very, very rare.

Mrs Dunwoody. — Might the Commissioner not save himself a great deal of time, and housewives a great deal of aggravation, if he were to dismiss all civil servants and all farmers from all of his management committees, and put in charge a group of women who actually have to pay the prices for the goods in the shops, and would be very ready to organize matters on a very sensible basis?

(Laughter)

Mr Gundelach. — I actually have no farmers or farmers' representatives on my so-called management committees — by the way they are not my management committees in that sense. — There are no farm representatives on those bodies, they are representatives, in the form of civil servants, of the Member States and the Commission, and they have a limited but important task to execute on behalf of those who have the political responsibility and that task has to be executed. I am absolutely sure that if we turned these management committees, with their limited responsibility but their role to play in the system, into bodies comprising farm representatives and consumer representatives, we would really have a ball, because there is one thing I am absolutely sure about: they would never take a decision! Having said that, I entirely agree with the honourable Member that we have a great deal to learn by having the closest possible contact with the professional groups, be it the producers, and certainly also the consumers, and I am developing such contacts. This is also having its impact on the policy which I am proposing through this Parliament to the Council.

Mr Corrie. — Would the Commissioner agree that better market management is tied to production, and that perhaps in the CAP we have got our priorities wrong? Instead of squeezing out the small farmer, who cannot change his production from one product to another, we should be giving the larger farmer incentives to change from one production to another, because he can economically do it, and this would save the imports of cereals and also save us the problem of large surpluses.

Mr Gundelach. — I think that the question is now turning into a debate on the substantive issues of the common agricultural policy, which I do not necessarily mind, because, as a matter of fact, I am getting

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increasingly restive with the tendency to try to get at the heart of the matter in the common agricultural policy through all kinds of institutional devices and institutional discussions. However important they may be up to a certain degree, what really is important is to focus attention and energy and imagination on the real problem of that common agricultural policy, which is that it is not sufficiently efficient, and that it does not give sufficient emphasis to efficiency. It is only through efficiency that we are going to lower costs and also that we are going to survive on world markets. It is incidentally also the only way by which we can get out of this intolerable situation of continuing to produce and supply certain products, not for actual or potential markets, but solely for permanent intervention. In this instance, I entirely agree with the honourable Member but I do feel that this is straying somewhat from the original question.

Lord Bruce of Donington. — In view of the Commissioner's declared and reiterated willingness to seek the utmost cooperation with the farmers, the traders and the consumers, would he now consider, in good earnest of his expressed intention, the establishment within Directorate-General VI — which already has a fulltime section liaising with COPA, that is a fulltime body liaising with the farming organizations — of an equivalent section to deal with the traders and an equivalent section to deal with the consumers?

Mr Gundelach. — Measures are being taken to ensure that the same permanent arrangement for liaison which exists with the producers' organization, will also exist for liaison with consumer organizations or with trading organizations. The answer is absolutely in the affirmative.

Mr Fellermaier. — (D) Mr Gundelach, would you be willing some time to submit a memorandum to the Members of the House — after all the Commission sends out a lot of written memoranda — explaining clearly how the management committees work and at the same time, with regard to consensus-forming among the national departments and the European departments, to indicate what opportunities the various trade, agricultural and consumer organizations in this twilight zone have to influence one another?

Mr Gundelach. — I shall be delighted to submit such a written memo to Parliament, but it will have to be a sufficiently broad one in order not to put the emphasis solely on the influence which the agricultural organizations try to exercise. That is their duty and their *métier* in life. Ours is to take political decisions, but we must also focus on the way other pressures are being brought to bear on the development of this common agricultural policy, including the related

area of monetary compensatory amounts. I should be very happy to deliver such a memorandum but I must make sure it is a balanced and a broad memorandum.

President. — Question No 10 by Mrs Kellett-Bowman :

Is the Commission aware of the fact that the discrimination based on sex within existing laws of the Member States concerning citizenship by descent prevent many women from taking employment outside their country, and does it agree that such discrimination runs counter to the principles of freedom of movement for workers and non-discrimination on basis of sex in the EEC-Treaty?

Mr Vredeling, Vice-President of the Commission. — (NL) The Honourable Member rightly refers in her question to the national laws of the Member States. Questions of nationality are dealt with by the various Member States and not at Community level. That the national laws discriminate in a number of cases as far as nationality is concerned between men and women is, however, a fact and, in my view, it is a good thing that a stop has already been put to this, for example, in the Federal Republic, and that in the United Kingdom a paper along these lines has now been brought out by the government. Article 11 of Implementing Regulation No 1612/68 also provides, if one of the spouses is a national of one of the Member States, equal guarantees for the other spouse or for dependent children under 21, even if they are not nationals of one of the Member States.

Mrs Kellett-Bowman. — I am very grateful to the Commissioner for his very sympathetic attitude to this particular question, but would he bear in mind that the Treaty was drawn up when attitudes to sex discrimination were very different from the ones that prevail today. I was not asking him for a legal statement from the Commission, but for a political statement. May I ask him therefore if he does not find it rather awkward, in view of the fact that only two months' ago the Community institutions signed a declaration on fundamental human rights, that the laws of at least two of the Member States — notably the United Kingdom and Denmark — still discriminate very substantially and savagely against women, so that the child, referred to in his own statement, of a woman married to a foreigner, if it is born in another Member State, cannot get the nationality of its mother, whereas it could get the nationality of its father in similar circumstances. For example, the child of a British woman married to a Turkish national, born in Turkey, would be discriminated against in the Community, particularly in regard to jobs, whereas the child of a British man and a Turkish woman born in Turkey would not. This situation is similar in Denmark and in the United Kingdom, and it does affect the Community children of the next generation and does

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prevent Community women citizens taking jobs abroad at the present time.

Mr Vredeling. — (NL) The Honourable Member has just given examples of discrimination which, if I may say so, seem at first sight to be not so much the result of the free migration of workers but rather — and I say this as a non-lawyer — of the marriage laws or their equivalent; each case has something to do with the question of whether one keeps one's nationality when marrying a national of another Member State or gets a new one; whether children change nationality and whether they have to take the nationality of the father or the mother.

Mr President, this is a very legal question and is also largely dependent on national laws. I would not deny that, when we make comparisons at Community level — for example the position of women in England and Denmark on the one hand and of women in the other countries on the other hand — we see that, in all objectivity, there is indeed a question of relative discrimination. I do not rule that out but, at the same time, I cannot say, Mr President, in such a difficult question as this whether this is a matter for Community law or not without looking into the matter first.

Nevertheless, Mr President, I am glad that the Honourable Member has drawn the Commission's attention to this sort of thing, since I believe that it is in every respect worthwhile to look into whether this is not a question of discrimination forbidden by the EEC Treaty. We shall look into this matter.

Sir Derek Walker-Smith. — Would not the Commissioner agree that the question of my honourable friend, which is put in the important but specific context of sex equality, does in fact illustrate difficulties on a wider scale in the implementation of Article 48 in the context of the free movement of workers in the Community? The Commissioner has referred to the difficulties and legal complexities of this matter. Does he agree that the varying and complex definitions of nationality on which Article 48 rests and the different interpretations and applications in Member States deserve a study in depth by the Commission in consultation with the governments of the Member States, so as to facilitate the implementation of Article 48?

Mr Vredeling. — (NL) The answer is 'yes'. I believe that it is in every respect worthwhile to investigate whether Article 48 of the EEC-Treaty does not oblige us to do more here. The Court of Justice is also doing pioneering work on this sort of legal question.

Mrs Kruchow. — (DK) I would like to thank Mrs Kellett-Bowman for having raised this question. Since the Commission Member has so kindly said that the question also covers marriage legislation and that he considers there has been discrimination, I would like to ask whether the Commission will also investigate

the problem in the light of the directive on equal treatment adopted by the Commission a year ago and to which the Member States are giving close consideration. It seems to me that it is very closely related to the problem of education and employment possibilities for women and children. It is therefore only right that it should be seen in the light of that directive. I would like to know what the Commission's reaction is.

Mr Vredeling. — (NL) When we look into this question more closely, we will certainly take account of the directive on equal access to work for men and women referred to by the Honourable Member.

President. — The time allotted for the first part of Question Time is finished.

I call Mrs Dunwoody for a procedural motion.

Mrs Dunwoody. — May I ask for the protection of the chair Sir? I really must point out to you that we have only reached Question No 10 in an hour and a half, which seems to me utterly disgraceful. May I ask, since I have Question No 13, which not only involves the question of the Commission giving money to a highly suspect organization but actually making very considerable changes, that you will point out to the Commission that it would be helpful for the conduct of Question Time if the Commissioners themselves could refrain from making long and pointless statements, when all that is required is a very brief question and answer? It seems incredible that it has taken us an hour and a half to reach this far.

President. — Before concluding Question Time I was going to comment on this.

We have covered only ten of the fifty questions listed. The lesson to be drawn from this situation is this: questions and answers must be put very concisely and supplementary questions must also be brief.

Starting with tomorrow's Question Time the presidency will be able to limit the supplementary questions so that our controlling function is extended over as many questions as possible.

I call Mr Brown.

Mr Brown. — May I draw your attention to my own Question No 14 which is on a very important subject. Whilst I appreciate the points that you have just made on how you intend to control the Assembly from here on, may I get some assurance that the subject matter of Question No 4 will not be taken again in this Assembly before some of us get an opportunity of extending it into other ranges? I put my question down in fact during the last plenary session. I don't quite follow how Question No 4 got in front of it, but it has been discussed on numerous occasions and I do hope that you will rule that Question No 14 will be called first in our next plenary.

President. — I note your request and will try to link it with other requests of the same kind.

I call Mrs Ewing.

Mrs Ewing. — Further to the point of order by my colleague Mrs Dunwoody, could I say that Question Time is the most valuable exercise in my experience in this Parliament. As a non-attached Member, this is my only way of getting my point in, because I don't have enough support to get it in as an urgent debate, or whatever. Question Time therefore is very important. We have only reached Question No 10, and however you add it up, it is not good enough. Mrs Dunwoody was complaining because her question was No 14. Mine is No 24. I haven't got any chance of getting in, and a very important matter concerning lots of people was missed out today. I would ask you also to consider the conduct of Question Time from the independent backbencher's point of view.

President. — There are many people who agree with you about that.

I call Mr Spicer.

Mr Spicer. — I just wish to say — and I am certain I would speak for all members of my group and most Members of this House — that we will give you the fullest possible support in the line that you are now taking. There is no divine right for Members of this House to put supplementary questions and to expect to be called. We will support you to the full, Sir.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, in connection with Mr Brown's question might I ask the following: Article 47A (2) of the Rules of Procedure states:

'Questions shall be submitted in writing to the President, who shall decide whether they are admissible; he shall determine the order in which they will be taken, and how they will be grouped.'

Now, Mr President, I should dearly like to know why a question which my colleague, Mr Brown, as he says himself, put down during the last plenary session should only be called as No 14 this Question Time.

President. — Mr Fellermaier, since we use chronological order it is clear that, apart from exceptional cases, the same criterion is applied in Question Time, and that is why Mr Brown's question comes in a different position from that which you might like. I call Mrs Dunwoody.

Mrs Dunwoody. — Well I am sorry about this, Mr President, but you see we are getting in to a bizarre situation, because, in fact, my question was put down extraordinarily early. I am prepared to take my chance with everybody else, provided in an hour and a half we get a darn sight further than ten questions, because that's the problem. If both the Commission and the

Members of this Parliament can't ask and answer questions briefly, then perhaps they should look for another career.

(Laughter)

President. — Thank you. That suggestion applies to me as well as to everyone else here.

The first part of Question Time is closed.

6. Directive on bird conservation

President. — The next item is the report (Doc. 113/77) by Mr Jahn on behalf of the Committee on the Environment, Public Health and Consumer Protection on the

proposal from the Commission to the Council for a directive on bird conservation.

I call Mr Jahn.

Mr Jahn, rapporteur. — Mr President, ladies and gentlemen, as a result of repeated initiatives taken by Parliament, the details of which I need not recall today, the Commission submitted the proposal for a directive on bird conservation now before us in December of last year. The environmental programme of the European Communities quite rightly states that the protection of migratory birds — and of other animal species threatened with extinction — is a typical plurinational problem which can only be solved through international efforts and measures at Community level.

We are faced with the following situation:

The destruction and depletion in the numbers of indigenous bird species in the Community are unfortunately continuing at an alarming rate. Over the past 15 years, 15 species of birds have died out. This is due to the killing of certain species by hunters, to trapping using all kinds of equipment, including nets and limes, and also to interference with bird habitats which no longer enable these species to survive and reproduce. One consequence of this distressing situation is that some 60 species of birds are under threat of extinction.

It has also been established that less than one third of the 400 species observed in the territory of the Member States show normal reproduction rates. Hunting continues to exact a high toll on the bird population, and it is the smaller species, particularly songbirds, that are being ruthlessly decimated, especially during the migratory season, by trappers using nets and limes. It is estimated that between 300 and 500 million birds are captured and killed every year in this way on their journey south. During the migratory period, the number of birds captured and killed in nets and limes is appallingly high.

While these practices are not carried on to the same extent in all Member States, they nevertheless give

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cause for alarm in that most of the bird species observed in the territory of the Member States are migrant species which belong to the whole Community. This means that until harmonized measures are applied to the whole of the Community territory, any restrictions applied in one Member State will be most unlikely to have any effect.

The reduction in the number of existing species and in their population is a serious threat to the preservation of our natural environment, since the biological balance which these species help to maintain is thereby in danger of being shifted or destroyed. The ensuing chain reactions are difficult to counteract. One consequence which has already been observed is that biological regulating mechanisms are being weakened or destroyed. This means that increased use must be made of chemical pesticides to control insects and rodents, which could have serious side effects, not only on other wild animal and plant species not directly attacked by pest control methods, but also, as a result of chemical recycling, on mankind itself.

The problems of bird conservation are causing increasing public concern. Since 1972, for instance, the Commission of the European Communities has alone received petitions containing more than 50 000 signatures demanding action at Community level. Through petitions and hearings, six million hunters have made numerous attempts to restrict the scope of this directive. I must say quite frankly that we often found this highly interesting but it had most important repercussions as far as we were concerned. As against this, there are many millions of ordinary people who are concerned about our ecological future.

The Commission's proposed directive was carefully discussed at several meetings of the Committee on the Environment, Public Health and Consumer Protection. We agreed that the threat of extinction or large-scale destruction was mainly due to the indiscriminate hunting of birds and to human interference through the use of chemical fertilizers and pesticides (Paragraph 6 of our motion for a resolution).

In its proposed directive, the Commission has sought to introduce measures to redress and improve the situation. We feel that on the whole, the Commission has succeeded although we naturally realize that even more effective and far reaching protection could have been proposed.

I now come to one or two main points in the proposed directive which I consider especially important. There is no doubt that the crucial provisions are contained in Articles 5 and 8. Article 5 requires the Member States to take the necessary steps to introduce general regulations on the protection of all species of wild birds and to ban in particular :

- the deliberate killing or capture of birds, regardless of the method used,

- the deliberate destruction of nests and eggs,
- egg-collecting.

To my mind, this ban is of crucial significance. Members of the general public who are keenly concerned and involved in the problem of bird protection very often forget that those birds not listed in the annexes to the directive will also enjoy this protection ; this is undoubtedly a significant improvement on the present situation which will be felt as soon as the directive comes into force. This holds especially true for small songbirds. This is why we note with satisfaction in Paragraph 9 of the motion for a resolution that the small songbirds which are hunted in the countries bordering the Mediterranean receive better protection under the new directive.

Article 8 provides that even those species listed in Annex II which it is permissible to hunt may not be killed or captured using the following methods :

- snares, limes, traps, hooks, nets, hoop-nets, poisoned or anaesthetic bait, live birds used as decoys,
- artificial light sources, mirrors, devices for illuminating targets or arrangements serving as targets, sighting devices for night shooting comprising an electronic image magnifier or image converter,
- semi-automatic or automatic weapons with a magazine capable of holding more than two rounds of ammunition, pistols, revolvers, fire traps etc.,
- all other means, arrangements or methods used for the largescale and/or non-selective capture or killing of birds or capable of causing the local disappearance of bird species.

The article further provides for a ban on the use of aircraft, motor vehicles and motor boats to capture or slaughter these species.

I need not say that we unreservedly support these provisions banning the use of large-scale or non-selective capturing and slaughtering methods in the hunting of birds — I doubt whether anyone in this House could fail to do otherwise — and urge that the ban must be strictly applied and observed (Paragraph 11 of our motion for a resolution).

The 62 species listed in Annex I enjoy even more far-reaching protection. This is absolutely urgent and necessary for it is precisely these species that are threatened with extinction. Article 4 therefore provides for more stringent protection measures for these and for all species of migratory birds. The purpose of these measures is to preserve habitats in a sufficient number of areas to ensure the survival and reproduction of these species throughout the territory of the Community. The most suitable areas for this purpose are to be classified as protected areas. In the case of migratory species, protected areas in sufficient number and size are to be established for the reproduc-

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tion, moulting and wintering of these species and staging points provided within their areas of migration.

I said staging points and not hunting areas. Finally it is stipulated that steps must be taken to prevent any pollution, or deterioration of the habitat or disturbance of birds in those protected areas. Of course many people will fear that this is taking bird protection too far and that whole swarms will descend on our crops, causing damage to farming land and forests or upsetting the ecological balance. Cases where this might occur are covered by Article 9 (1) of the directive. This will go a long way to meeting the criticisms that have been made, particularly by our friends in the Southern half of the Community. In substance, the directive says here that for certain specific species, the Member States may derogate from the provisions banning the deliberate capture or killing of birds, the sale of live or dead birds and the use of large-scale or non-selective methods of capture and slaughter if there is no other satisfactory way to (a) prevent serious damage to crops, forests and water, and, in general, to economic activity and (b) to protect indigenous flora and fauna.

None of us wants to see millions of starlings destroying the fruit harvest or damage done to other crops and agricultural produce.

These derogations are, however, subject to control by the Commission who can decide at any time to demand their suspension, cancellation or amendment if the planned exceptions prove or are likely to prove detrimental to the objectives of the directive. The Member States to which such a decision is addressed can appeal to the Council and the Council decides by a qualified majority whether and in what circumstances the exception can be approved. The Commission's decision remains applicable until the Council resolves the issue.

The Committee fully approves this control procedure which it considers as absolutely necessary. But we cannot accept that in cases of dispute, most of which are of critical significance, the European Parliament should be kept out of the procedure and that the Council alone should decide.

Ladies and gentlemen, we have had long and fierce debates while this directive was in the preparatory stage and the initiative for it came from this House; we should therefore be unwilling to be no more than spectators of future developments but should like at least to be informed of such measures so that the responsible Committee in Parliament can state its views on them. The European Parliament must not be left on the sidelines nor must the decision be left entirely to the Council.

One year before direct elections, we must be more careful than ever to ensure that the present institutional structure of the Community remains intact and is not altered in a way that impairs the parliamentary

control function. What we have we wish to hold, and this in every sector. The Committee on the Environment was therefore unanimously — I repeat unanimously — in favour of the European Parliament being consulted before the Council issues a decision. This is why we have said in Paragraph 12 of the motion for a resolution that we can only endorse the derogations allowed by Article 9 if the supervisory function to be exercised by the Commission is retained and the Council decides on derogations after consulting the European Parliament. You will see this from the amendment proposed in my report to Article 9 (2).

This amendment does not of course mean that the European Parliament wishes to state its views on all derogations. Basically we wish to leave the task of supervision in the hands of the Commission. But we do wish to be consulted, Mr President, in cases where the matter is referred to the Council and this will happen fairly seldom but when it does, points of major importance will be raised. At all events, we are not prepared to see the objectives of this directive jeopardized through the abuse of derogations.

The full significance of our demand for consultation of the European Parliament will be realized when I say that in Committee, we reluctantly agreed not to include a provision that was written into my draft report. We took the view — and I refer you to Point 21 of the explanatory statement — that the Member States should be required, through the inclusion of an Article 11 (a) for instance, to monitor strictly the provisions of the directive and impose severe penalties where the prescribed prohibitions were not observed. We feel that the non-inclusion of what we see as a valid point makes it all the more necessary to involve the European Parliament in future derogations under Article 9.

After these comments on the major provisions of the proposed directive I should like to make the point that it is clearly not enough to apply the directive only in the territory of the Member States. What we must do — and on this we are at one with the Commission — is to implement bird protection measures on a world-wide scale since what we achieve in the Community we cannot of course obtain in North Africa where extermination is carried out even more ruthlessly. It is important to explain the purpose of the directive to the public so that it can be applied without difficulty for the greater benefit of man and his environment. We realize, ladies and gentlemen, that what we are doing here is to throw out old tradition and what has over a long period of history and usage come to be taken for granted; but we must make a start somewhere if we are to chart a clear course and protect the ecological basis in Northern Europe.

We therefore urge the Commission to take the necessary steps to enable the Community to enter into talks

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at the earliest possible opportunity with the third countries I alluded to a moment ago.

The Committee on the Environment realizes that in some Member States, the implementation of the directive will necessarily entail changes in hunting practices. Ladies and gentlemen, we naturally looked into hunting legislation in all of our countries and we know that in some of them, applicants for hunting licenses must take an examination and that in others, anyone can use a gun on purchasing a license at the post office. This creates a situation which is relevant to the debate on hunting and we must be clearly aware of it. In this sector too, we would be in favour of European legislation requiring the man behind the gun to possess certain abilities and knowledge of animals not confined to the bird world. The purpose of the directive must therefore be explained to the public, which is why we have included Paragraph 14 in the motion for a resolution. In it we call on the Commission to consider and introduce measures to inform and educate the populations of those Member States where customary hunting practices will be curtailed or abolished as a result of the implementation of the directive.

Ladies and gentlemen, I could show you whole stacks of telegrams that I have received on this subject. I have seen many things in my 30 years in politics but the telegrams, letters and representations I have had on the subject of this directive on bird protection have been a unique experience. It has been highly interesting and perhaps some day, when I am old enough, I shall write something of this experience.

Some people criticize us for not having done enough to protect our birds. If I now put to you the last batch of proposed amendments that came in this morning from bird protection societies, we could start the whole debate all over again; there are, of course, two recently tabled draft amendments on which I shall state my views when we come to discuss them. There are others who claim that we have gone too far with our bans on hunting. I personally must frankly admit that I should have liked to have taken a step further, as intended in my draft report. In its concern to see the directive introduced at an early date and the protection measures it contains implemented with all due speed, the Committee on the Environment has made a painstaking effort to find a fair and balanced compromise between the frequently conflicting interests of the hunting associations and the bird protection societies. It is the most balanced compromise that any committee could put forward. As you are aware, it was approved unanimously with two abstentions. In view of our clearly demonstrated readiness to compromise, I feel that we are rightly and properly entitled to look to the Council of Environment Ministers to give final approval to the directive tomorrow, 15 June, after many rounds of talks at Council level. Since the Council is meeting tomorrow — the Envi-

ronment Ministers will not meet again in the Council until November at the earliest — the resolution on the directive on bird protection was put down on today's order paper so that Parliament's opinion would not come too late. It is only by giving its approval tomorrow that the Council will be in a position to honour the commitment it made in its 1973 environmental programme to take a final decision within 9 months of receipt of a Commission proposal. In this case, it means that the Council decision must be taken by 20 September 1977 since the Commission's proposal was submitted on 20 December 1976. And we should like to see the Directive take effect before the southward migration begins in the autumn.

Summing up, I would say that this directive is a first serious attempt by the Community to counter the threat of extinction and decimation that hangs over many species of birds in Europe. It is a beginning, an important first step which must be followed in the foreseeable future by further efforts designed to close the loopholes that are still to be found in this directive.

Allow me to close by pointing to the great importance that birds have for man: they are the bio-indicators of a clean environment. This is because many species of bird react far more sensitively than man to negative environmental influences. The most sensitive and susceptible species of bird are those that die out in situations where man can still survive.

The keynote of this directive on bird conservation must be that man's role in nature should not be seen as that of a master but rather as an integral part wholly dependent on the other parts that make up the ecological system of ours called 'earth'. The prospect of restoring a healthy pattern of living is the only possible basis for a policy of bird conservation. This pattern has been increasingly disturbed in North and Central Europe by the use of pest-destroying chemicals. We feel that the present directive is a first major step in the right direction.

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

Mr Ajello. — (*I*) Mr President, ladies and gentlemen, I wish to say how much I welcome the directive before us today; I see it as the first major, practical step towards the protection of wild birds, both of the indigenous and migratory varieties.

As Mr Jahn so rightly pointed out in his speech, what we are dealing with here is a part of our heritage which does not belong simply to the country through which the migratory birds occasionally pass but to each and everyone. We are not simply dealing with a heritage of sound and colour — perhaps the loveliest and the most suggestive that nature has given us — but a heritage which involves a delicate ecological balance.

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Mr Jahn pointed out how important bird life was as the bio-indicator of a healthy environment. I would add that our birds are part of a highly intricate biological chain, any interference with which inevitably entails serious consequences.

By way of example, I would point to the wanton slaughter of birds of prey, the immediate consequence of which has been a sharp increase in the number of adders, making hill-walking an extremely hazardous proposition. If they want to avoid adder bites, walkers have to wear protective clothing that makes them look like deep-sea divers. The point is that birds of prey feed mainly on adders and now that the first have been practically wiped out, the others go on reproducing beyond the limits of biological safety. This kind of interference thus has its price which all must pay.

I believe that the directive also reflects the serious concern expressed in the numerous letters and telegrams which Mr Jahn mentioned today and brought to our attention in the Committee on the Environment. This concern is justified by the alarming depletion of many species of migratory birds, particularly insectivores and birds of prey. Mr Jahn gave us the most obvious major reasons for this state of affairs. Personally, I would perhaps list them in a different order based, I might add, on a number of investigations that have been carried out.

In all probability, the first of these causes is bird netting and in second place I would put pesticides followed, some way behind, — and in saying this I have no cause to plead — by hunting, by which I mean controlled and not indiscriminate hunting.

Bird netting is undoubtedly the most unfortunate cause of large-scale slaughter; Italy has been put in the dock here even though unjustly in the recent past because this type of hunting, widespread in years past, has been severely curtailed and has now practically ceased. Bird netting in Italy will be limited to scientific or breeding purposes. Measures are therefore being taken in this area too. The framework law under consideration by the Italian Parliament takes into account the problems and concerns so properly expressed in this directive.

I must add, however, that the directive does not deal adequately with the other highly serious problem of pesticides and fungicides. I believe that our Committee was right to include in Mr Jahn's motion for a resolution a specific reference to this extremely important problem.

I am gravely concerned about the disastrous effects of pesticides on bird life, not only because they can cause immediate death but also because they can do irreparable indirect damage to genetic structures, leading in the longer term to the serious depletion or even the disappearance of certain species.

A final word about hunting, with which the directive deals extensively, rightly condemning it when carried out indiscriminately or using particularly lethal methods which Mr Jahn has already mentioned and on which I shall not therefore elaborate. As I said earlier, the national parliaments have made some attempt to ban these methods. This, at any rate, is what has happened in Italy with the new framework law on hunting which has already been approved by the Italian Senate and is now before the Chamber of Deputies.

The measures already adopted make it easier to bring national regulations into line with the directive before us today; but despite the importance of such measures, which enable us to put our Community House in order so to speak, we must do everything in our power to prevent what we wish to avoid in the Community area going on unchecked outside the Community area.

As far as bird netting is concerned, which I regard as I said a moment ago as one of the main causes of the extermination of bird life, I am thinking of the sophisticated methods of capture and hunting used in the North African countries where migratory birds that have escaped similar dangers on the north side of the Mediterranean are slaughtered in large numbers by quasi-scientific methods using the so-called 'catch-all' nets which wreak genuine havoc. I therefore believe that we must make determined efforts to make sure that the problem of protecting migratory birds is considered on a wider scale than that of the Community. This is the only way to ensure that this directive does not simply salve our consciences but actually saves the migratory birds.

On behalf of the Socialist Group I confirm that we shall vote in favour of this directive and express our recognition of the efforts the directive makes to reconcile what are often conflicting requirements: protection on the one hand and, on the other the need for economic development, meaning industrialization, urbanization, tourism, recreational and leisure facilities as well as agriculture. I also appreciate in a different way the attempt made in the directive to reconcile the need for common standards and rules in the Community area with the need to maintain some of the distinctive features that distinguish our regions. I am thinking, for instance, of certain hunting practices in the Mediterranean area which are entirely different from customs in the north of Europe.

In this sense I believe that the directive is the result of a serious effort that deserves recognition. I also believe that this effort must be taken further when it comes to the implementation of the directive, which should be strictly enforced to ensure compliance with its basic rules but, at the same time, with sufficient flexibility to make proper allowance for regional differences. All this should be done within a system involving strict

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supervision of these general rules and, above all, of the principle of which Mr Jahn reminded us in his speech, i.e. the need to re-establish a proper relationship between man and his environment so that — as he put it — man should not be the master of nature. I believe that he can be a master in the sense of controlling nature but not as the destroyer of the environment in which he lives. This need for a proper relationship between man and nature is the basic assumption underlying this directive and which we fully support.

Finally, I should like to thank Mr Jahn both as representative of the Socialist Group and as Chairman of the Committee on the Environment, not only for his commitment to the task of drawing up a report on this directive, in which he invested a great deal of effort — and not only for the telegrams and letters he received — but also because he put his heart and soul into the task. I should also like to thank him because of the great care he took, his commitment notwithstanding, in drafting his motion for a resolution and in overcoming the difficulties that arose in committee and to reconcile the interests of hunters with those of the protectionists and other parties concerned.

I wish to thank him for having struck a judicious and wise balance. I believe that we have all done a good job that meets a need that is strongly felt by public opinion and places the countries of the Community in a leading position as regards this difficult aspect of environmental protection.

President. — I call Mr Kruchow to speak on behalf of the Liberal and Democratic Group.

Mrs Kruchow. — (DK) Mr President, I too think that the fact that this directive has been placed before Parliament is to be welcomed. I just hope it will not be too long before it is really brought into force.

The Liberal and Democratic Group agrees with the basic views expressed in the directive and fully supports it. We also consider the amendments proposed in Mr Jahn's report to be an improvement, especially those concerning migratory birds. It is very important that special consideration be given to the protection of breeding, feeding and moulting areas so that all birdlife is protected. It is clear that it is not enough to take steps against the indiscriminate hunting of birds if their lives are threatened in other ways. But I think we must follow the example of existing game legislation in several countries where the year is split up into short authorized hunting seasons and long periods when hunting is forbidden.

The work of the committee set up under Article 14 will obviously ensure that such rules are implemented for more species of birds than are listed in the annex. And while we are on the subject of this committee let me say that I feel it will provide the key for a directive that will be both flexible and objective. I also regard it as very constructive that the advantages of the

measures proposed are to be assessed by the committee through scientific investigations at national and international level.

The position of the same species of bird can vary considerably from one country to another and this must be borne in mind by the committee in its routine work. The annexed lists of birds that are the subject of protection or conservation measures will also have to be amended regularly. I would like to be assured by Mr Jahn and the Commission that information will soon be provided on the criteria used for listing the birds as has been done in the annexes. I would also like to be assured that both national and international professional organizations in addition to those mentioned in Article 14 will continue to be involved in the work. I am thinking of the International Water Fowl Research Bureau, the International Union of Conservation of Natural Resources and the International Council of Bird Preservation. So much is happening on this subject, both inside and outside the Community, that collaboration must be strengthened through consultation.

Another very important point on which I would like the Commission's answer is the interpretation of Article 9 (1) (a). Mr Jahn mentioned that an enormous flock of starlings could destroy crops quite indiscriminately, which is in no-one's interest. I feel that if we are to prevent serious damage to crops, forests and water and to economic activities, a decision must be taken immediately and I suggest that the committee set up under Article 14 should have an administrative structure that does not weaken the joint position but makes it possible for national governments to collaborate with the Commission and intervene quickly if the danger is widespread. Mr Jahn himself mentioned some situations, and I could think of others, where it would be reasonable to intervene in the interests of a farmer, a forest owner or whoever you like. I would like to hear what Mr Jahn and the Commission have to say about this.

I consider this proposal for a directive to be promising. I would however like to call it a 'framework' directive for as far as I have understood many of us agree that we should create a situation that we can be proud of. But consideration must be given to different points of view. I hope that the directive will, not slowly but gradually, be adapted to the situation prevailing and that it has the effect it is meant to: to protect our birds so that they retain their natural place in the general ecological system. We could suddenly reach a situation where there were far too many of one species of bird. We have just heard that adlers were flourishing, so to speak, in Italy, because of the ecological imbalance. And something similar could possibly happen in one region or other with one species of bird. And it would also be reasonable to intervene in that case, for in this, as in other areas of environmental protection, we must try to strengthen and maintain the natural balance in the world.

Kruchow

In conclusion, I would like to thank Mr Jahn for the amount of work he has done. In some respects it might seem impossible to reach an acceptable result. But I think it is possible if there is goodwill and co-operation on all sides.

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

Mr Nyborg. — (DK) Mr President, we welcome today's debate on the report by the Committee on the Environment, Public Health and Consumer Protection on bird conservation. This is not the first time that the European Parliament has discussed the protection of birds; it has in the past stressed the need for protection of the bird population and indicated that account must be taken of the many factors that can disrupt the ecological system. I am referring here to the economic and environmental aspects of a society that is constantly changing. It is not always a question of 'either or' but often of weighing conflicting trends against each other in order to reach an acceptable answer.

When a proposal for a directive such as this on bird conservation is drawn up, it is essential to seek expert advice. That does not seem to have been the case here, however: the Commission has sought the expert advice of French bird protection organizations but has not found out the position of the French game organizations. That is unfortunate. It is also unfortunate that the Commission has not been able to turn the expert advice it received to good account, since the directive is not as clear as it should have been to avoid misunderstandings and divergent interpretations.

The report proposes that certain species should be fully protected; some Member States prohibit the hunting of 20 species of birds, which indicates that the populations are already in serious decline. There has for instance been a constant and sharp increase in the eider population and in the numbers killed by hunters in recent decades. There is therefore no need for conservation measures in this instance. Obviously there will always be species that must be closely observed to establish whether their population is threatened, but that also applies to the species listed in Annex II, Parts 1 and 2.

The German Red List is used as the basis for special protective measures for birds that are economically harmful to crops, but this is an unrealistic proposal and cannot be implemented in any of the countries concerned. The Red List is also cited in support of the argument for protecting 14 species of birds listed as game in Annex II, Part 1 to the directive. The German Red List cannot be regarded as normative for the whole Community and the provisions of the directive should in principle provide a framework within which individual countries may apply more stringent provisions than those laid down in the directive. It

cannot be assumed that provisions concerning the German bird population are also appropriate for the bird population of all other Member States.

In a written statement issued at a meeting in Marseilles from 27 to 31 May the International Council for Game and Wild-Life Conservation also expressed the view that insufficient attention had been given to providing satisfactory definitions in the proposal for a directive.

It should also be noted that in the proposal for a directive the Commission arrogates various powers to itself that most of the Member States have so far made use of with satisfactory results. Thus, a variety of measures that the Member States are required to take are made dependent on prior consultation and approval by the Commission. A procedure is thus established that will require a large and well-staffed office in Brussels; in many cases this may lead to the measures required being unnecessarily delayed or abandoned, to the detriment of the cause. Such a proposal for unnecessary over-administration is unacceptable, since it should be possible to find easier ways of implementing the necessary provisions.

Since there are substantial ecological, social and traditional differences in this field throughout the Community, the Commission's task of laying down certain general rules has obviously not been easy, because of time and technical requirements. It is therefore recommended that the Commission should revise its proposal to make some points clearer and less ambiguous since it is of the utmost importance for the future management of Member States' bird populations that the background material for a directive of this type is more carefully prepared and based on more information from all sides than has been the case in this instance.

In conclusion, Mr President, I would thank Mr Jahn for the enormous amount of work he has put into his report and for the interest he has always shown in the subject.

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

Mr Spicer. — Mr President, I know full well that you have a long list of speakers and I know equally that many of us would be rehearsing the same arguments and putting forward very much the same point of view and so I shall be extremely brief.

Can I first of all say how very much we as a group welcome this directive. The Community policy for the environment did say and has always said that we would play a major role in preserving the natural environment. It seems to me that this is the first occasion on which we have followed up our words with some positive action. Secondly, could I say how very much we all appreciate the work that Mr Jahn has done in

Spicer

this particular field. It would be no exaggeration to say that he has been a pioneer in the work on the protection of birds and I know quite well that his mail bag bears full witness to the fact that all over Europe he is looked upon really as the 'bird man'. Long may it continue, Mr Jahn, and we are all very grateful for your work and for the additional spur that you have given to the Commission in this matter.

At this point I wonder if it might be possible for me just to suggest one thing to the Commission. Undoubtedly this is a first step in the protection of birds, but as we look around us — far be it from me to pile too much on to the Commission's plate — there are of course many other wild life species that are also in danger of extermination within the Community and I hope that the Commission will not pause too long before taking a look at other species that might be endangered within the Community. For example, I know that in the United Kingdom, we have a major problem with the virtual extinction of the otter and I personally would love to see very much stronger measures for the protection of the otter and other similar animals being brought into being.

I speak as a countryman and of course, to me, in the United Kingdom it is a very strange world where animals and birds are hunted with traps and nets, and I hope that the more outrageous ways in which these methods have been used will be halted by this directive; I am certain they will be.

But I would also say to Mr Jahn — and here I would follow on what Mr Nyborg has said — that of course we have every sympathy with the problems that have been brought to his attention by those people who are interested on behalf of the birds. But never let us forget that the people who do the hunting and the shooting — and in the United Kingdom context we cannot really talk about hunting, because one does not go out and hunt birds, generally speaking one goes out and shoots birds — by and large, it is those very people who have the greatest expertise, the greatest knowledge and the greatest interest in a proper conservation policy for those birds. It may seem a contradiction in terms that this should be the case, but it is so, and there are very many varieties of birds, certainly in the United Kingdom and in other parts of the Community, which would be extinct now if it was not for the genuine interest taken by these people in their welfare, in breeding, in laying down and feeding over the years. So never let us turn our backs on those people who, we may say, have a vested interest in the actual hunting of birds purely and simply because that is their ultimate aim. They also have knowledge which we should draw on to the full and I am quite certain that Mr Jahn is only too well aware of that and has consulted with them over the last few months.

Finally, I know that Mr Jahn has, as he said, shifted his position a little bit in order to achieve a quick result. I personally feel that this directive strikes just

the right balance in conservation between what is practical and what is impractical. I congratulate the Commission again. We all in our committee, I know, and certainly within my group, give our fullest support to the directive and will be delighted to see its speedy implementation.

President. — I call Mrs Squarcialupi to speak on behalf of the Communist and Allies Group.

Mrs Squarcialupi. — (*I*) Mr President, ladies and gentlemen, in voting for this directive we are voting European. We are voting European in the realization that this directive reflects and protects the interests and wishes not only of the people of the European Community but of the larger world community. We are voting European because the directive will profoundly change age-old customs, so often criticized, which have taken root in a number of countries and not only Italy. We are well aware that methods of hunting that are hotly disputed are practised in my country; I am thinking of bird netting, to which I as a protectionist have always been opposed, but I do realize that it has bred many a picturesque custom.

We know that these birds are sold where fairs are held. And yet, while they are very often captured using methods which are anything but humane, their capturers, mostly ordinary people, are familiar with their habits and this has given rise to a large number of appealing customs such as the imitation of bird song. But these customs, born of a practice that can only be deprecated, will die out as a result of this directive.

But it will also change the bad habits that have sprung up in many Member countries under the pressure of unbridled consumerism, which has put animal life and indeed the whole of our natural environment in danger. The directive is most welcome; as a protectionist I have long looked forward to it, as have all those who have the interests of nature at heart and who look to it to protect the large numbers of migratory birds which are still to be found in Mediterranean skies. But how did these strongly criticized practices arise? In earlier days, the people living in the countries through which the birds passed were extremely poor and gradually these birds became a vital source of food. Of course, as time went on, what began as a necessity became a widely criticized pastime just as with other forms of hunting.

As a member of the Committee on the Environment, Public Health and Consumer Protection I hope to have made a small contribution to the directive by suggesting that paragraph 14 of the motion for a resolution should call on the Commission to consider and put into effect measures to inform and educate the populations of those Member States — and I was thinking especially of Italy — where customary hunting practices will be curtailed or abolished as a result of the directive.

Squarcialupi

Every country is jealous of its own traditions and does not readily renounce them, so that this break with the past will be anything but easy. But it should be less painful if the efforts to inform I have just mentioned are made at Community level. We must not forget that the new situation that has arisen and the need for bird protection comes after long centuries of tradition.

We therefore call for the speedy implementation of the directive and hope that it will help in some way to secure approval in Italy for the framework law on hunting which has been under discussion for several months and contains a number of provisions that differ from those found in the Community directive.

This law has been widely discussed and criticized and has even given rise to controversy outside Italy. But I feel I must point out that it contains a few major, and I would even say bold, innovations; I am thinking of the arrangements for the administration of a large part of the national territory and the requirement to establish areas in which hunting is banned, covering up to 25 % of farmland and forest areas. Furthermore, the law makes the issue of hunting permits subject to extremely severe requirements.

As has already been pointed out, particularly by Mr Ajello, it is not only hunting that endangers bird life and many other animal species. I should like to draw attention to those points in the directive that refer to the dangers of environmental pollution and to remind you of the sad events in Seveso, whose effects are felt throughout Italy, where it was animals and birds that first raised the alarm.

The Communist and Allies Group will therefore vote for the motion for a resolution, pointing out, however, that bird protection is only one aspect of the environmental protection campaign. It will be a very long and very difficult road but it will be made easier by directives such as we have had today.

President. — I call Mr Vandewiele.

Mr Vandewiele. — (NL) Mr President, after the brilliant introduction by Mr Jahn, speaking both as rapporteur and on behalf of the Christian-Democratic Group, I shall be very brief. I just want to draw the attention of the rapporteur and of the whole House to one point — Article 9 of the directive. Mr Jahn's report mentions certain marginal comments made on this article by the Committee on the Environment, Public Health and Consumer Protection. I shall quote them briefly.

The committee wants the proposed exceptions to be indicated for guidance only; it feels that they should not be limitative. A majority of members of the committee have in mind in particular the trapping of birds to be kept in captivity; this they consider should be authorized on request. I would ask the representatives of the Commission to make a statement on this specific matter which will put at rest the minds of

the associations which help to protect certain species of birds and in so doing also play an important educational role. I do of course fully support Mr Jahn's proposals but I want also to make it clear that there are certain activities of an educational nature — I am thinking in particular of my own country, Belgium — in the recreational sector, in the context of which important associations take very great care to instill in their members a real respect for nature and an understanding of all the problems associated with ornithology.

I should therefore like to see an express stipulation that recognized ornithological associations should be allowed to benefit from the exemptions provided in Article 9 of the directive. As examples of the associations of which I am thinking, allow me to mention the Finch Union in Belgium and more generally the Belgian ornithological federations. In consultation with the Ministry of Agriculture, these associations have worked out a series of measures which, in the spirit of Article 9, provide a satisfactory solution to a number of recreational and economic problems. Extensive educational activities are also being carried out on a permanent basis to meet certain scientific criteria and ensure the long-term conservation of several species of birds. I would therefore ask Mr Jahn for a small addition to the text of Article 9. In paragraph (c) of Article 9 dealing with scientific research, education and rearing, he has added the word 'repopulation'. As has already been done in Article 2, I should also like to see the word 'recreation' added here. By recreation I mean the activities in this area of large associations with a considerable number of members. In conclusion, Mr President, may I press once again for a clear and satisfactory statement by the Commission on the subject of these associations.

President. — I call Mr Houdet.

Mr Houdet. — (F) Mr President, we are glad to have before us, at long last, a practical directive on bird protection. Our special thanks go to Mr Jahn for his keen and passionate analysis of this document. We would also thank him for the persistence with which he has urged the Commission to produce this directive over the past two years.

The threat of decimation, and even extinction, that hangs over a large number of European birds makes it vital to adopt a directive introducing a general system of protection for species of wild birds and to harmonize, wherever possible, non-national regulations and measures which share this objective. First and foremost, we must develop nature reserves and bird sanctuaries designed to protect migratory species. Community regulations and perhaps even financial incentives should encourage the Member States to set up bird reserves, for birds do not recognize national boundaries.

Houdet

There are many reasons why those species are dying out: urbanization, transport, atmospheric pollution, the drying-up of wetlands, the expansion of farmland and the introduction of new farming methods — the use of pesticides and herbicides — which have profoundly disturbed the existing ecological balance. Hunting alone cannot be blamed for this state of affairs for, in earlier times, despite hunting, wild life thrived to such an extent that it was often necessary to hold beats in order to protect our farmland.

And if I have anything to criticize in this directive, it is its apparent concern only with hunting. It is an excellent directive. Unfortunately, it does not go nearly far enough. All true hunters are nature lovers. They impose a discipline on themselves and do not set out to exterminate any species. But we also have poachers who are essentially destroyers and it is here that we must take action. Provisions on poaching are to be found in the national legislation of all our countries and they should be harmonized.

The directive is based on sound principles, but they must not be embodied in inflexible rules that make no allowance for the age-old traditions of our peoples. To take but one example, Article 6 of the draft forgets that all hunting associations now carry out restocking which involves the transport of live game, even during the hunting season. This is why I endorse the amendment tabled by the Committee on the Environment at Mr Jahn's suggestion, which would allow the transport of live animals during the hunting season.

I also believe that all methods that involve non-selective slaughter must certainly be banned. But on this point too, the approval of the Member States must be obtained as provided for in Article 7 (4).

In conclusion, the ecologists must not be allowed to believe that hunting alone destroys our wild life environment. This raises issues which are extremely difficult to resolve, for in combatting the natural or agrological causes of environmental degradation, we raise biological problems for agriculture itself. In this respect it would be useful to initiate a dialogue between ecologists, animal lovers, farmers and hunters. I therefore hope that before laying down implementing rules for a directive, which, I feel, is based on extremely sound principles and to which we have been looking forward for so long, the Commission will initiate this dialogue with all the parties concerned.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, as you know, I am here in place of Vice-President Natali, who is attending a Council meeting on the environment, and who, I am sure would be as happy as I am to represent the Commission when Parliament is taking a decision on a measure which is

of great concern to it and which has long been close to its heart. Parliament has often expressed its concern about this matter, to which it attaches great importance, judging by the number of questions and petitions addressed to it. I join with the various speakers in congratulating the rapporteur, Mr Jahn, for his favourable views on the directive on bird conservation. I realize that his report was the result of detailed research and that he spared no effort in contacting the interest groups concerned before coming to his conclusions. I pay tribute to his hard work. I am hopeful that Parliament will today approve the measures proposed by the Commission.

The drafting of this directive, the first on nature conservation, demanded a long and sustained effort by the Commission, which not only had studies specially carried out on this matter, but also repeatedly consulted experts, not only those concerned with the conservation of wild birds, but with hunting, agriculture and land utilization as well. It was only after listening to their opinions and to those of government representatives that the Commission drew up the proposal on which Parliament is to give its verdict today, a proposal which the Commission regards as conforming to the principles of wild life conservation and tailored to the specific situation of birds, a proposal which the Commission also believes is realistic and balanced in that it takes account of the conflict between conservation aims and human activities, and is at pains to propose what is reasonably possible.

The motion for a resolution drawn up by your rapporteur, Mr President, coincides by and large with the opinion of the Commission. In particular I note his firm support for the principle adopted by the Commission of setting bird population objectives, the banning of large-scale and indiscriminate methods of destruction, the principle of revocable *ad hoc* derogations subject to controls. However, the Commission would like to comment on some of the proposed amendments to the wording of the directive. In setting out the aims of the directive both for population level and habitat, the question arose whether to adopt the concept of maintaining optimum conditions for birds or the concept of maintaining or restoring the birds' population. The Commission decided for the former, in view of the difficulties of applying the latter within the terms of such a broad principle. The Commission takes the view that if the concept of restoring population levels were espoused, reference would have to be made to what is reasonably possible.

In connection with migratory birds the Commission intends to give further thought to the proposed amendment to Article 4, since the emphasis on cross-frontier zones does not necessarily serve the need for a practicable network of staging points and sanctuaries, such as is envisaged in Article 4. On the other hand the rapporteur's proposal might be adopted as a

Burke

minimum objective of measures for special habitat protection.

The Commission agrees with the rapporteur on the matter of selling birds for re-stocking purposes, and thus with the proposed amendments to Articles 6 and 9. In its view this exception was already covered by the derogations for rearing purposes set out in Article 9. The Commission could also consider the other amendments to Article 9 suggested by the rapporteur, while hoping that the control procedure envisaged will finally be accepted by the Council — a hope which is firmly expressed in your motion for a resolution.

As to Article 11, the Commission will consider the expediency of the proposed addition. May I express gratification, Mr President, at the wide agreement between the views expressed by the rapporteur, and through him the appropriate committee of the European Parliament, and the Commission's proposals.

Before concluding, I would like to make reference to some of the points raised in the debate. First of all Mr Jahn brought up the question of derogations. The Commission has drawn up an initial list of possible exemptions to the protection arrangements for the eventuality of depredations. The species in question are those listed in Annex II, Section 3. These species are known to cause damage to crops with some frequency because of their present population levels, although damage is not caused in all parts of the Community by the same species. If these measures which meet the most common cases do not suffice, Article 9 may be invoked. However, in the Commission's view, Article 9 is tantamount to an automatic and prompt application of a prevention system of conditional derogations which must be sent to the Commission by each Member State on the implementation of the directive. Under the provisions of Article 9 (2) the Commission will examine the merits of and guarantees provided by such schemes and reserves the right to intervene. Some Member States already have such schemes. Professional experience in the activities in question and available technical knowledge are sufficient bases on which to decide what species and under what conditions special measures should be taken.

Mr Ajello spoke eloquently of the two types of danger to the bird population — one which he termed the immediate danger, and the other the possibly delayed reaction — and also brought up the question of Africa and the Mediterranean countries on the North African coast. In regard to the effects of pesticides I would like to point out to the honourable Member that these, in fact, are dealt with by the directive with reference to Article 4 (3):

The Member States shall take appropriate measures to prevent, in the special protected areas referred to in paragraphs 1 and 2 of this Article, the pollution and deterioration of habitat ...

In regard to the situation in third countries including African countries, the Community will be more easily able to negotiate when this directive has been implemented and when we have our own rules. In fact an international convention is under preparation with a view to protecting migratory species.

Mrs Kruchow asked the reasons why the birds were in certain lists and what criteria governed changes in the annexes. I would like to draw attention here to the fact that this will form part of the activity of the committee of adaptation. In any event the Commission will create a scientific consultative group in order to improve knowledge about the evolution of the bird populations.

In regard to protected areas, which she enquired about, the directive will provide the basis for further action. The Commission will then be able to possibly address recommendations to the Member States in order to ensure sufficient protection of habitat.

Mr Nyborg spoke about the fact that certain French interests on the conservation side had been consulted while the hunters had not. I would like to point out to the honourable Member that we have taken the advice of the International Hunting Council — the Conseil International de la Chasse. They did not agree with us, but at least we can say they were consulted. Moreover the national administrations responsible for hunting have also been consulted.

From the Community point of view — and this is an answer to another point he made about birds listed in Annex II (1) — the directive allows hunting throughout the Community but the Member States can nevertheless forbid hunting of the species on their territory. Therefore I would point out to the House that there is a certain flexibility in regard to this.

As to the question about criteria, it is our experience that global rules do not succeed and criteria approached in a global manner are not workable. That is the reason why we have decided to work on lists instead.

Mr Spicer spoke eloquently about the matter from the point of view of the area which he represents and indeed was kind enough to say that the directive struck the right balance.

He asked questions about other animals. I would like to point out to the honourable Member that we are cooperating, in the framework of the Council of Europe, in the preparation of a convention for the protection of endangered flora and fauna. We should possibly try to transform that into a Community directive, but that is for the future.

Mrs Squarcialupi spoke about the situation in Italy. I do not intend to get into any detailed discussion about the Italian laws. I noted what she said about the influence of old customs.

Burke

As to point 14 of the motion for a resolution, the Commission will in fact favour information being given to the population on birds and the necessity of their protection.

Mr Vandewiele asked me questions about derogations. I think I have already referred to those. I would point out that the Commission will control derogations notified by Member States, in order to ensure that they are not in contradiction with the objectives of the directive. I can assure him that those concerning serious scientific purposes will certainly be admitted. I am not so sure that I could go so far as to say that any recreational matters will receive the same favourable attention.

Finally, Mr Houdet asked me about protected zones. If the directive is implemented, the Commission will have the possibility of reminding the Member States of their obligations to ensure enough protected zones and to discuss with them necessary measures to be taken.

In conclusion, Mr President, I would like to thank the House for its acceptance, in broad terms, of the directive prepared by the Commission, and would suggest that you agree with me that it should be implemented by the Council as soon as possible.

President. — Before considering the motion for a resolution we must vote on the amendments to the proposal for a directive.

On Article 6 I have Amendment No 2 tabled by Mr Ajello aimed at rewording this article as follows :

The Member States shall prohibit the sale, the keeping for sale and offering for sale of dead birds with the exception of the species listed in Annex III.

I call Mr Ajello.

Mr Ajello. — (I) Mr President, I should like to explain very briefly the reason for my amendment. Article 6 of the directive was already amended in committee — as has already been mentioned — to allow sales of live birds for restocking purposes.

The only point was that the last sentence of the amended text, which refers to the period during which such sales were permissible, rendered superfluous the reasons for which we requested the amendment in committee since restocking is not carried out during the hunting season but in the period preceding it. This is why I have proposed the present amendment but, owing to a copying error, the text is not exactly the one you have before you but should read as follows :

The Member States shall prohibit the sale, the keeping for sale and offering for sale of live or dead birds, with the exception of the species listed in Annex III.

In other words, the purpose of the amendment is to delete, using what I think is a simpler wording, the

last few words in the present Article 6 which restricted the grounds on which the amendment was proposed in committee, i.e. the possibility of using this article to ensure restocking.

President. — What is Mr Jahn's opinion ?

Mr Jahn, rapporteur. — (D) Mr President, I have carefully considered the provision, both from a linguistic and legal point of view and I would recommend adoption of Article 6 in the amended form proposed by Mr Ajello.

President. — I put Amendment No 2 as modified to the vote.

Amendment No 2 is adopted.

On Article 11 (2) I have Amendment No 1 tabled by Mr Baas and Mr Jahn, aimed at rewording the second sentence as follows :

This report shall also contain details of the current state of progress with the work stipulated in Article 10 and of any contraventions of national provisions adopted in pursuance of this directive and the nature and scope of the penalties imposed.

I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

On Annex II, Part 2 I have two amendments :

— Amendment No 3 tabled by Mr Ajello aimed at adding the following words to the list :

- '— anthus campestris (calandra lark)
- galerida cristata (crested lark)
- lullula arborea (woodlark)
- fringillo coelebs (chaffinch)
- coccothraustes coccothraustes (hawfinch)
- fringilla montifringilla (mountainfinch)
- chloris chloris (greenfinch)'

— Amendment No 4 tabled by Mrs Squarcialupi aimed at adding the following words :

- 'Corvix cornix (hooded raven)
- Alauda arvensis (skylark)
- Turdus pilaris (fieldfare)
- Turdus philomelos (songthrush)
- Turdus iliacus (redwing)
- Alectoris barbara (Sardinian partridge)'

These amendments are not mutually exclusive and can be considered together,

I call Mr Ajello.

Mr Ajello. — (I) Mr President, with your permission, I shall take the two amendments together as agreed between myself and Mrs Squarcialupi.

The reasons for the two amendments, which dovetail in such a way as to provide a single list, have to do with a number of problems we have in Italy with the birds in question.

Ajello

Three species are involved, thrushes, larks and finches. There are two sorts of reasons which argue for clear controls over the hunting of those species: the first are bound up with local traditions, the other with the possible risks of damage to agriculture.

I should like to say a few words on this second point, which to my mind raises serious issues, because in seeking to protect various species, we sometimes run the risk of making errors that produce exactly the opposite results. The danger that farmers fear most comes from certain species of larks which appear in certain regions of Italy during the sowing period; they finally combat this danger using illegal, but highly effective and dangerous methods which consist in using poison, thus causing indiscriminate slaughter. We believe that if the hunting of these birds were controlled, this would offer a sufficient guarantee and a degree of balance that would rule out damage to crops.

However, I do not wish to insist too strongly on those two amendments. I feel that we could accept an undertaking from Commissioner Burke as regards the hooded raven, the Sardinian partridge and the thrush and lark family, and also perhaps agree to the inclusion of these species in special lists under the derogations provided for in Article 9, leaving out the last four species mentioned in my amendment, i.e. chaffinch, hawfinch, mountainfinch and greenfinch.

If the Commission would give this undertaking I would withdraw my amendment and I am certain that Mrs Squarzialupi would withdraw hers.

President. — I call Mrs Squarzialupi.

Mrs Squarzialupi. — (I) I entirely agree with Mr Ajello and am prepared to withdraw my amendment if it is not accepted by the Commission.

President. — What is Mr Jahn's opinion?

Mr Jahn, rapporteur. — Mr President, ladies and gentlemen. When I received the two amendments I read each of them twice over with some dismay, for the species of birds they mention are vital to the protection of agriculture in Northern and Central Europe. This afternoon I had talks with German agricultural experts. They told me that if we went back home and said we had agreed to the shooting and hunting of the calandra lark, the crested lark, the woodlark, the chaffinch, mountainfinch and greenfinch, then we need never set foot again in Northern Europe.

I should therefore like to say this: I thought that, given the understanding and cooperation shown by my committee colleagues, we could agree to withdraw these amendments, the purpose of which is to include on the list a whole range of further species. In the discussions we had, several hunting associations — as everyone on the committee knows — made frequent

attempts to secure acceptance for the view that the individual Member States should be left to decide whether or not these species should be hunted. By adopting the further measures suggested, the protection afforded by the directive, which was unanimously welcomed in committee, would be undermined. Furthermore, the chaffinch, hawfinch, mountainfinch and greenfinch are small songbirds which should not be hunted at all. If certain species of lark and thrush, and also the other species mentioned, increase in number to the point where they cause extensive damage to crops, woods and waterways, we have Article 9 (1) (a) of the directive as a satisfactory basis on which to act at regional level. But I do not wish to see them left out, for this would really water down the protective measures for which the directive provides. If these species get out of hand, the regions affected, whether in Italy, France or Germany, can call for the implementation of the flexible rule written into Article 9 so that damage by birds in the agricultural and other economic sectors can be prevented. We took great pains with this Article so that we could give the regions concerned generous room for manoeuvre.

At all events, I am against including in the list any further species which I feel deserve protection. If I agreed to these draft amendments, the compromise so painstakingly worked out in committee would be in jeopardy. I could read out to you the many other proposed amendments which came in today from bird protection societies. I have not even mentioned them nor have I argued for those that came in last week. We have reached a compromise and I would ask the House therefore to reject the two amendments. I know that our friends will be slightly disappointed, but it is a matter of principle on which we cannot yield.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, in Amendment 3 the first three species mentioned, and, in Amendment 4, the second on the list as the rapporteur says, should be controlled if there is a case of damage under the possible derogation under Article 9, but the Commission could not accept their inclusion in Annex II. As to species of amendment 3, the Commission will no longer be able to agree to consider these as game birds and to accept their inclusion in Annex II, because they are small song birds, mostly migratory, and protected in all other Member States. Moreover, I would point out to the House that they are not eaten and therefore there is really no reason to kill them. Thirdly, they can easily be confused with other species and therefore their inclusion on the game list would risk harm to other, even more endangered species. So, to sum up, we cannot accept the inclusion of these species in Annex II and in regard to the species other than those

Burke

mentioned, the Commission would be prepared to examine later on their possible inclusion in Annex II if new data on the evolution of populations could be made available, but would like to stress that this new data would have to be fairly clear and convincing.

President. — Mr Jahn, if I understood you correctly you recommend rejection of the whole list?

Mr Jahn, rapporteur. — (D) Yes, indeed, and I should like to add one further comment. I fail to understand — and would ask Mr Burke to make inquiries among farmers in Northern Europe — how he can simply dismiss three species of larks. We do not believe that this is in the interests of agricultural security in Northern Europe. I would therefore ask you to reject both amendments decisively.

President. — I call Mr Ajello.

Mr Ajello. — (I) Mr President, I do not think it will be necessary to vote on this matter since, as I said earlier, if the Commissioner would give some indication of his readiness to look at this problem in the context of Article 9 and hence of possible regional derogations, I would withdraw the amendment.

Furthermore, the Commission's negative reply in the case of the last four species mentioned in Amendment No 3 makes absolutely no difference in that I said earlier that I would not insist on these four species. I am therefore satisfied with his assurances as regards the first three species in Amendment No 3 and for all of those in Amendment No 4, subject to the requirement for confirmation on the 'alauda arvensis'.

Since I consider the Commissioner's reply entirely satisfactory, I would withdraw my amendment and I feel that Mrs Squarcialupi will find it possible to withdraw Amendment No 4.

President. — Mrs Squarcialupi, are you also withdrawing your amendment?

Mr Squarcialupi. — (I) Mr President, pursuant to what Mr Ajello said when he explained our two amendments and in order to simplify matters I would confirm that I withdraw my amendment.

President. — Amendments Nos 3 and 4 are therefore withdrawn. Before I put the motion for a resolution to the vote, I call Mr Cifarelli for an explanation of vote.

Mr Cifarelli. — (I) Mr President, I do not intend to prolong the debate but simply wish to say — on my own behalf, of course — that my explanation of vote is prompted by the fact that until the last minute, in other words up until the discussion on the two amendments tabled by Mr Ajello and Mrs Squarcialupi, I had it in mind to abstain if not to vote against, and not simply because I am against the directive but also

because it is hedged around with too many exceptions and in my view, there should be no exceptions in this field.

I shall vote in favour but I wish to say that I do so most sceptically, even although I fully recognize the merits of Mr Jahn and all of those who are seeking to obtain a strictly applied form of protection which I feel is necessary and which I should like to see even stricter, even wider in scope and even more effective. The main reason for my scepticism is that the directive is not yet approved let alone implemented. I read somewhere that it had been returned to the Council of Ministers for approval. I hope that this has been done out of deference to Parliament, in which case I should only be too pleased, but since we are in Europe in 1977 and I know what hunters are like and the pressures they can bring to bear, I should not like to see this directive go the same way as many other measures which have not got past the Council.

I have little faith in directives since they must be carried over into national legislation and this leads to delay and differences of opinion which are at times not due to bad faith. I know because I have wide experience in such matters. When I was Under-Secretary for Agriculture I did my utmost to secure approval for a ban on bird netting. But the measure approved by the Senate met with a different fate in the Chamber of Deputies. I have therefore more faith in the regulation which is immediately binding, whereas the directive requires implementing legislation.

Finally, I consider that the Council and the Commission, each in its own area of responsibility, must immediately begin a 'race against the clock' as far as Italy is concerned, for the framework law on hunting approved by the Senate and now before the Chamber of Deputies is at variance with this directive at least on two or three points.

There is an old French song which tells the tale of 80 hunters. In today's consumer society they number far more than that and they even shoot flies. We must realise that hunters have electoral influence and then again, there is the weight of industry and of public opinion. Hence the reason for my scepticism. But if I voted against or abstained, it might seem that I did not wish to support the Commission's efforts and it is for this reason that I shall vote in favour.

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

The resolution is adopted.¹

7. Recruitment policy

President. — The next item is the oral question with debate (Doc. 135/77) by Mr Hughes, Lady Fisher of Rednal, Mr Edwards, Mr Kavanagh and Lord Bruce of

¹ OJ C 163 of 11. 7. 1977.

President

Donington to the Commission and Council of the European Communities on recruitment policy:

In view of the obligation laid upon the institutions of the Community by Article 27 of the Staff Regulations to recruit officials 'on the broadest possible geographical basis from among nationals of Member States of the Community'¹, what urgent steps will the Commission and the Council take to revise their recruitment policy in order to achieve a broad geographical balance between officials of the Member States?

I call Mr Hughes.

Mr Hughes. — When Denmark, Ireland and the United Kingdom joined the Community, special arrangements were made by the various institutions to enable a reasonable and fair proportion of the nationals of those countries to become full-time officials within the various institutions at various grades. It is fair I think to say that some of the lack of success in those attempts came from the unwillingness of the horse to drink the water when it was offered. The arrangements were provided, and yet in some cases applicants were few, relatively unqualified and so forth, and so a year or a year and a half after the new members had joined and when the special arrangements were discontinued, a position arose where the number of full-time permanent officials of the various institutions that were nationals of the three member countries that joined late, was relatively small.

Now, four and a half years after our joining, a succession of questions and letters to the various institutions has revealed that, if anything, that imbalance, far from being further corrected, is getting worse, and that the proportion of Danish, British and Irish nationals in the various institutions is getting smaller rather than greater. Although one would not wish to use percentage population against percentage of staff other than as a very crude and rough guide, while the population of the United Kingdom is roughly 22 % of that of the whole Community, the proportion of United Kingdom citizens who are employed at any grade — including local and establishment staff in some cases, but not in all of the institutions — by the Commission, the Council, this Parliament, the Court of Justice and the Economic and Social Committee, is only 7.17 %. A country that is providing 22 % of the populations is providing 7 % of the civil-servant staff, whereas — as one might expect — Belgium, with 3.79 % of the population, is providing 21.75 % of the staff. Immediately it will be argued that that is because many of the institutions are centred in Brussels. Clearly, when you get to Grade D, you would reasonably expect a very high proportion to be Belgian nationals, or, in the case of Parliament and the Court of Justice, Luxembourg nationals. But if you take these same institutions, Mr President, at Grade A, the original six Member States provide between them

2 484 personnel: the three new members provide 561 between them. Belgium, with a relatively small population, provides 386 Grade A servants, while the United Kingdom provides 397; when you come to Grade B, the imbalance is even greater, with an aggregate figure of 2 400 odd from the six original Member States, and only 217 from the new recruits. When you divide among the A grades, you will see that the United Kingdom provides 12 % of the A Grades in the Commission, 16 % on the Council staff, 16 % on the Parliament staff, as compared with, for example Germany, which provides 20.7 % of the Commission Grade As, 19.8 % of the Council Grade As, and 19.2 % of the European Parliament Grade As. A similar situation applies to Italy and France. Of the four big countries, if we may use that shorthand, three of them are each providing of the order of 20 % of the staff in each of the institutions, and the United Kingdom considerably less.

When one looks at the position of Denmark and Ireland, again one sees that they are grossly under-represented in staff. When one comes to the B category which, in terms of the old United Kingdom civil service would be what we would call administrative grades, people who have a very grave and important role to play, we find that in the Commission, the United Kingdom provides 4.9 % of the Grade B staff, Germany 19.7 %, France 16.98 %, Italy 20.5 %, Belgium 21.4 %, Luxembourg 4.3 %, the Netherlands 8.5 %, Denmark 2.01 %, and Ireland 0.31 %. The relative absence of Danish, Irish and British or United Kingdom nationals on the Commission staff at Grade B is very striking, and is no less so when one turns to the Council, where one sees that Ireland and the United Kingdom put in 0.87 % each of the Grade Bs, compared with Belgium's 37.39 %. Denmark, with 2.6 % compares with France at 20 %. Within Parliament itself, Mr President — and I would ask that, although this is a question to the Commission and Council, you in your capacity as President should note this — we in this institution itself are in the same order of disparity as between the grades and nationality in our own staff. In Grade C, which is in broad terms secretariat, the same pattern emerges.

Now I certainly would not wish it to be assumed that this is a witch-hunt, or that there are irregularities of any sort in the way in which the staff is recruited. That is not the intention. Nonetheless where English, for example, is required to be typed, I am a little disturbed that the number of people who can type in English as their first language, which presumably must be the C-grade British and Irish people, is fearfully small. Between us we can get 300 typists with English as their first language in every institution of the Community put together, whereas Belgium is providing 1 300 staff in that grade. Now I've no doubt that as typists the Belgian grade C persons are quite excellent, but the suspicion can be got that the ability technically of the Community's institutions to provide

¹ OJ No C 12, 24. 3. 1973, p. 10.

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that sort of servicing is out of balance. More importantly, when one is advising decision makers, whether in the Council or Commission, the predominance of the original Six in the grades A and B could give rise to the suspicion that some of the advice and the processing of that advice could be distorted by the origins of those giving the advice. And therefore I will listen with great attention to what both the representative of the Commission and the President-in-Office of the Council have to say. Because although one sees good reasons historically why this situation has arisen — and it would clearly be grossly unfair to those currently employed to be made redundant to try and redress the balance — when the orders of magnitude of imbalance are such as I've tried to illustrate, then I think some action by Council, Commission and, if I may so, Mr President, the European Parliament, to be seen to be correcting this imbalance is overdue, when it is getting worse rather than better, the longer the new members have been in.

President. — I call Mr Tomlinson.

Mr Tomlinson, President-in-Office of the Council. — Mr President, Mr Hughes has in his opening remarks of course linked the institutions of the Community and I in my remarks can only speak in relation to the Council secretariat. As provided in the Staff Regulations of Officials of the European Communities, recruitment of the majority of officials of the Council secretariat is by competition. In addition to appearing in the *Official Journal of the European Communities*, notifications of these competitions are generally published in a large number of newspapers in all Member States.

In the case of category A officials, in particular, applications submitted in connection with these competitions have enabled staff to be recruited for the Council secretariat in accordance with the provisions of Article 27 of the Staff Regulations. Indeed the geographical balance for this category has been almost achieved. As far as the other categories are concerned, and in particular categories C and D, it has proved very difficult, indeed almost impossible, to find nationals in certain Member States who are prepared to apply for the posts concerned. A good many of those who do apply, who are subsequently admitted to the competition and whose names finally appear on the aptitude list, ultimately refuse the post offered to them. Furthermore, there is evidence of a lesser degree of stability amongst the nationals of certain Member States who do accept such posts, the number of resignations and requests to leave on personal grounds being above the average.

Nevertheless, I can assure you that the Council is endeavouring to pursue a recruitment policy which will gradually bring about a geographical balance between all the officials from the various Member States. It is impossible to say, however, when this

objective can be attained. The reasons for this are primarily budgetary because, firstly, we do not anticipate any significant increase in the number of staff within the next few years. It would be more reasonable to expect the situation to stabilize. Secondly, the number of posts becoming vacant as a result of resignations is relatively small, particularly in view of the present economic situation. Thirdly, the recruitment possibilities afforded by retirement are also very limited in view of the comparatively low average age of the staff.

Finally, the provisions of the Staff Regulations of Officials rule out the possibility of giving virtually exclusive preference to nationals of the under-represented Member States in the recruitment of officials. Indeed, the third paragraph of Article 27 of the Staff Regulations stipulates that :

No posts shall be reserved for nationals of any specific Member State.

The same Article stipulates that officials shall be :

recruited on the broadest possible geographical basis from among nationals of Member States of the Community.

This implies a certain degree of flexibility according to the possibilities available and does not impose a system of quotas by nationality. Nor does it require the observation of a strict balance in the case of each category individually, which would pose virtually insurmountable administrative problems. Whilst bearing these difficulties in mind, Mr President, the Council will continue its efforts to improve the geographical balance of the staff.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I listened with very great interest to the speech of Mr Hughes because the problems of the Commission staff are my responsibility and therefore the points he has raised are matters of special concern to me. Of course, as a national from a new country, I am particularly concerned to ensure that the new countries play their full part in the Community.

The important thing, of course, is not to reserve positions for people from the new countries, not to give them any special benefits or priorities over people from the original Member States, but I think it is, as he himself said, highly desirable that the nationals of new countries should play as full and as active a role in the proceedings of the Community institutions as those from the original member countries. Unfortunately, the problem of how to attract nationals from the new countries into the Community institutions, and in particular into the Commission which I obviously know more about than the others, is much more complex than it might appear at first sight. Before going into the main points of my speech, I would like to take up several of the particular points which Mr Hughes made.

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First of all the question of why we have not got a sufficient number of nationals from the newer Member States, and in particular British nationals. I think that the British referendum, which of course took place some while after the United Kingdom joined the European Community, must have played a large part in this. The very considerable uncertainty that attached to continued British membership after the initial decision had been taken was, I am afraid, a deterrent to a number of people to throw in their lot with the Community institutions. When they saw a large body of opinion, some quite influential in the government, campaigning actively for Britain to come out, they naturally were a bit sceptical, a bit hesitant to throw up their jobs in the United Kingdom to take jobs on this side of the Channel and I think that is a point that ought perhaps to be borne in mind, particularly at the present moment.

Another difficulty which I think faces people from the British Isles, not just from the United Kingdom but perhaps from Ireland as well, is that looking across the Channel, as distinct from looking to Australia or New Zealand or Canada, is a relatively new phenomenon in the history of those countries. People think quite easily of emigrating to Canada or Australia or New Zealand where the language and the institutions are familiar, where many people have relations. They find it requires a much bigger effort of the imagination to move across the Channel, where they do not have relations, where the languages are different, where the schools and other things also are very different. Language is particularly important, and not just because people from the British Isles tend, I am afraid, to be very much worse at foreign languages than people from many continental countries. The language problem of course makes it difficult to work, but also makes it very much harder for wives and children, and the problem of wives is one which is particularly intractable. You have a man who makes an effort, he learns the language, takes a job, but his wife, who doesn't necessarily find it easy to get a job here in the way that she might have had at home, becomes unhappy and they become worried that their children are in a different school system, and pressures of this sort tend often to lead to a very high wastage rate and a very high drop-out rate.

Then, of course, another problem which I think must not be ignored is the question of distance. It really is easier to go from France or Holland or Germany to Belgium at weekends and stay in touch with your family than it is if you have to cross the sea, so that going back to your relations, going back to your in-laws and keeping contact with the rest of your family, involves longer and more expensive journeys.

There are two other comments which I would make on what Mr Hughes said. Both of them concern the unreliability of statistics. Obviously Mr Hughes has

looked carefully at all the relevant official documents, and I have no doubt at all that the statistics he has quoted are correct. I have not checked them, but I know that his statistics almost invariably are correct. But statistics can be misleading. He mentioned, for instance, the question of secretaries who do not have English as their first language and he pointed out that the proportion of British and Irish secretaries is very low. But, of course, there are quite a lot of women secretaries who therefore take the nationality of their husband in the way that things are organized at present, and who may be British by birth but are not British by nationality. There are, for instance, two ladies in my own office who are Belgian and who would appear in the statistics as Belgians, but they are in fact of British birth — one English and one Scottish — married to Belgians and therefore they show up in the statistics as Belgian. This phenomenon is not uncommon in the Community, not uncommon in the Commission; there are quite a lot of ladies who were born one nationality and married people of another. One of the advantages which these ladies tend to have is, of course, that they wish to stay and one of the problems which we have had with ladies who have come from the United Kingdom and Ireland is the same one as I mentioned earlier — that they have often found it difficult to adjust to living abroad. A really surprisingly high proportion of the C grade staff we have recruited in the United Kingdom and Ireland have gone home after quite a short time, whereas those who have married Belgians or other Community citizens tend to stay.

The other comment I would like to make about these statistics concerns the A grade staff, where he drew some very telling comparisons between the four larger countries, but his figures, I think I am right in saying, included research staff. If one excludes research staff and concentrates on administrative staff, my information is that the statistics are not quite as bad as might appear at first sight. The percentage, excluding research staff, for the Germans is 18.56%, for the United Kingdom 14.45%, for the French 19.38% and for the Italians 18.04%. So the British are still rather under strength, but not quite so dramatically as would have appeared at first sight.

Well now, those were just a number of preliminary comments I wanted to make in response to what Mr Hughes said. I would also like to take advantage of this occasion to say a few words about the recruitment policy of the Commission, because I think it is extremely important that this should be widely understood through the Community, so that people can understand what our criteria and our aims actually are. I think I can say without boasting — because I have only been there a short time and therefore none of the credit for this could possibly attach to myself — that our system of competitions for entry into our service is now being taken as a model in a number of

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large international organizations, and that the procedures which we have adopted for trying to have fair competitions despite differing educational systems, different languages and different career patterns in the member countries are taken as examples in a number of other large international institutions.

Moreover, we have, I think, set new standards or certainly very high standards in the way in which we deal with the language problem. As an international organization we must, of course, ensure that our staff have a very high linguistic standard and this is perhaps just as important at the lower levels as it is at the higher levels. I should not perhaps say the higher levels, because one group of people who are excluded from these rigorous tests are, of course, Commissioners themselves, and a number of us would perhaps find it difficult to pass the tests which C grade staff are required to take! A secretary, for instance, must be able to cope in two Community languages if she is to manage in an administration in which three or four languages are in frequent use, and it is against this background that we have to operate.

We also have to operate with a clear understanding that we have an obligation to recruit on as broad a basis as possible, and not to limit our recruitment on any geographical line. It is not a requirement however — and I emphasize the word 'not' — to achieve a geographical balance in the Commission. That could only be done by reserving particular jobs for particular nationalities, which we believe would be absolutely counter to what the Commission is about. We certainly want to recruit as widely as possible but we certainly do not want to say that this job is for a Briton, and that job is for a Belgian and another job is for a German and so on — that would be quite contrary to the spirit in which we organize our affairs.

At the highest level, obviously, political factors make it desirable to seek a national balance if that is compatible with the equality and availability of the candidates who come forward. In fact in the A grades as a whole the Commission has always been concerned to see that each Member State's share is more or less reasonable in relation to that of others. The reason for this, of course, is quite simple. The A grade staff work on the development of Community policies and we do not want any one Member State, or indeed two or three for that matter, to feel disadvantaged in the formulation of policies relative to others. This concern was of course recognized at the time of enlargement, when it was felt necessary to give the new Member States a good share of the Commission's senior posts and, to avoid having to increase the size of the staff proportionately, special conditions were provided for existing officials who were prepared to make room for the newcomers. Progress which was made in 1973 towards achieving an equilibrium reflecting the Community's changed composition has since been further built on by normal recruitment.

Now, apart from the problem of nationals of new Member States, there are some countries among the

existing, older Member States from which we find it more difficult to recruit at the A levels than others. Indeed, I have recently been in correspondence with a minister from one of the original countries on this very point, because that particular minister felt that his country did not have a satisfactory proportion of A grade staff and he was right. When one looked at the figures one found that his country was indeed under-represented, so that the problem to which Mr Hughes draws attention is not just one which affects the new Member States as against the old; it is one which affects some countries — new and old — as against others, though it is perhaps particularly severe in the case of the new countries. Where there seems to be a persistent problem, we make a point of bulding up contacts with the universities and other potential sources of candidates, to make sure that there is a full knowledge of opportunities available in the Commission.

For the B, C and D grades, however, the need to maintain a balance between nationalities has not been felt to be so large as in the A grades, provided that each Member State has a reasonable complement and provided the obligation to recruit on a broad geographical basis is respected. The result is that in these grades the share of nationals of new Member States is, as Mr Hughes has pointed out and as I said at the beginning of this speech, still rather low. When the Community was expanded, it was not felt right to apply the same kind of rearrangement, the same kind of early retirement arrangements to the B, E, C and D grades as applied to the A grades, and for that reason, if for no other, one would I think expect it to take rather longer to achieve an appropriate balance at the lower levels than at the higher ones. This problem was, as I said earlier, made more severe by special factors, particularly the considerable uncertainty over continued British membership of the Community in the first years of British membership.

There are other problems of course, which also apply. Mr Hughes drew attention to the very large number of Belgians who work in the Commission and all Community institutions, certainly in the Commission, and I pointed out that some of these are not quite what they seem, in the sense that they are people of other nationalities who married Belgians, but I think it is only to be expected that, as the Commission is located in Brussels, Belgians would be particularly anxious to work there, find it particularly easy to do so and do not suffer from many of the difficulties and disadvantages which other nationals suffer from. But if one looks at the figures, one also finds that there are quite a lot of Italians working in the Commission. Indeed the Italian contingent is a very strong one, and this, I believe, is due very much to the much greater willingness of Italians, for a whole host of reasons, to seek work outside their own country despite linguistic problems which are often quite as great as those facing us from the British Isles. Italians are much

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more willing to seek work outside their own country than many others, and therefore we find we have a good proportion of candidates coming forward from Italy. I mention Italy as a case in point, though it is true to say that some countries simply do persistently provide a greater flow of candidates than others. It is not always the countries which are nearest to Brussels that provide the greatest flow of candidates. For officials in the D category, such as chauffeurs and messengers, an attempt has been made to recruit in the national capitals, but this has not produced satisfactory results, and we have therefore had to rely on recruitment at the seat of the institution to a greater extent than perhaps we would have wished.

When one thinks of the United Kingdom particularly it is quite extraordinary, bearing in mind the constant attention that is paid to salaries available in European institutions, to find that there really is a great unwillingness on the part of many people to come forward and to compete for those salaries and I fear that very often the reasons are linguistic and social, I mean the problem of learning a foreign language, the problem of bringing your family to a foreign country. Where you do find British subjects — the same no doubt applies to the Irish as well — there is often some particular factor involved. I am thinking, for instance, of younger people of British nationality in the lower grades of the Commission who turn out to speak French or Flemish, because their fathers married a Belgian girl, for instance, after the war and they learned one of those languages at home, either in Britain or in Belgium and they find it much easier to settle down than if they had to learn the language afresh.

I have mentioned some of these human factors because I think it is very important indeed to take them into account and perhaps to attach a greater significance to them than might at first sight appear necessary. The Commission takes very seriously its obligation to recruit on the broadest possible geographical basis and has gone to great lengths to develop a competition system which is fair, despite difficulties of language and education. But the Commission will never, I hope, accept that the best policy would be to reserve particular jobs for particular nationalities and it will always try to recruit the best talent that it can find and to recruit as widely as possible but actually to hire the best that it can get. Therefore the proportion of people from different nationalities will always depend in large part on the quality and the availability of the candidates to come forward from different countries.

I would like to end, Mr President, by saying how very much I hope that the newspapers from those countries who are under-represented in the Commission will report what Mr Hughes has said — and indeed what I and other speakers in this debate have said — and that people from the countries which are under-represented will look to the Community institutions

for job opportunities in a way that they have not done before and that where this involves learning a new language, settling down in an unfamiliar environment, putting children into schools which are different from those at home, they will remember that, great as those problems are, they are problems which are worth overcoming and certainly problems which are going to have to be overcome if we are to create a Community in which people move freely from one country to another and seek opportunities in different countries to the extent that all of us here in this House would like.

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

Mr Alber. — (*D*) Mr President, ladies and gentlemen, first I should like to say that I fully support the questioners' views. It is undoubtedly a fact that posts are not allocated proportionally in relation to national populations. It is true that we have heard plenty of reasons for this today, and for this alone the debate and the question have been useful and I wish these reasons could be made a bit more public with appropriate efforts to fill these posts at the same time. All the same, I think there are some points which need qualifying.

It is certainly true statistically speaking that marriages can distort the figures, but on the other hand one could also argue that some unmarried grade A officials of British nationality could give Belgian women British nationality by marrying them. Purely from the statistical angle, therefore, this must more or less balance out.

The question of remoteness is not entirely convincing, either, for the Italians are obviously at least as far from their home countries as the English.

With regard to language difficulties, as a joke one could say that everyone has got to learn a new language, for there is so much red tape in Europe that one has first got to learn that one's own language is not enough. These may all be minor points, but they all count, although they are not the decisive factors.

If I may say one more thing: numbers in the A and B grades are more or less balanced, it is true. One might ask, therefore, whether the scale should not also be supplied to grade C and D officials, for what is true of one must logically be true of the others.

I do not mean to stress the question of employment policy here, but rather to mention the psychological aspects. We ought not to give anyone cause to say that Europe is a drawback to them because it confers more advantages on other countries, and with this breakdown, which really gives a distorted picture of the position, they would have a very mean and false argument to present to people whose attitude to Europe is not exactly positive. For these psychological reasons alone I would ask for this recruitment scale to be changed. I am aware that this cannot be done over-

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night short of increasing the number of posts, and nobody wants that. Nonetheless, this problem must be solved, for if there are to be more new members in a few years this will lead to further distortion, if the scale is not changed beforehand.

Allow me to raise quite a different point, but since we are dealing with questions of personnel I should like to mention it. Two weeks ago I read in a Luxembourg newspaper how a political group in the European Community had elected members to the Staff Committee and how it had announced its victory, with reference too to other political aims. I mention this because I should like to urge that still more be done to see that officials are politically neutral. If it were ever to come about that officials were appointed according to political party it would no longer be a question of getting a balance between nations but also of a balance between political groupings and that would create an insoluble problem. I should therefore like to ask once again most earnestly that steps are taken to ensure that even with these elections to the Staff Committee there should be no general political in-fighting, but that officials preserve their neutrality at work.

(Applause)

President. — I call Mr Nyborg.

Mr Nyborg. — *(DK)* Mr President, I would first like to thank the questioners for having raised this question.

I think the tables show quite clearly that there is discrimination in favour of certain countries when vacancies in the Council or Commission are filled. The Council's answer merely outlined the Staff Regulations. We already knew something about them, so it was not much of an answer. The Commission gave a very long explanation of why things are as they are. But that, as far as I understand it, was not what was really wanted. The questioners did not want to know why things are as they are, no matter how fine an appearance can be put on it. What was really asked was whether anything could be changed and whether it was intended to do anything to even out the glaringly obvious differences that exist.

At present there is some sort of selection procedure for popularly elected representatives and the system used in Parliament could well be used to some extent in the recruitment policy. If this were done, the number of British nationals employed would be more than doubled and of Danish nationals slightly less than doubled — not to mention Irish nationals who are grossly under-represented. It seems however that the Italian nationals are certainly not under-represented in either of the two institutions concerned. The Commission said that it was very important to have several languages and I agree with that. But that does not follow in the case of posts at

lower levels. I know that many people are recruited who only know Italian and in many cases it is not a particularly good idea that they only know that one language. I would be interested to know how many Greenlanders have been recruited in the Community. Greenland is after all also a Member of the Communities but as far as I know only one person has been recruited whose home is in Greenland.

We should obviously not aim for millimetre precision in our recruiting. But there should be some general guidelines for recruiting the different Community nationals to our institutions. The Community institutions should be an example of multinational cooperation, not dominated by individual nationalities, but reflecting a desire to create the best possible understanding between the different countries for, as someone said just now, it has a very important psychological effect on the citizens of the Member States. Given the prospect of direct elections, I believe it will have a negative effect if the public become aware of the distorted way in which posts are allocated in our institutions.

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — Mr President, Mr Hughes has raised an extremely important subject, and I would like to congratulate him on phrasing his question in a very telling way, which evoked interesting replies, both from the Council and from the Commissioner, who, I would like also to say, dealt with his material in a masterly way. On the other hand, I do feel that this question, which obviously concerns nationality, raises other aspects of Commission and Council employment policy, which have to be considered, and if not considered at the same time — meaning in this evening's debate — then ought to be continuing questions for Parliament and also for the Council and particularly for the Commission.

I'd like to deal with some of these questions very briefly, and perhaps I should begin by declaring a personal interest in that for a number of years I earned my living by giving advice to employers on matters of recruitment, remuneration and organization of staff. I would like to ask first exactly how the Commission advertises vacancies, because my colleague, Mr Normanton, tabled a question as long ago as last December on the newspapers and journals in which the Commission had placed job advertisements since 1972. He had an interim reply that the matter would be investigated thoroughly and the results would be made known to my colleague as soon as possible. But no reply has in fact been sent, which suggests that there isn't in fact — yet, at any rate — a consistent advertising policy where the Commission is concerned. I do therefore want to ask: is there a policy for making vacancies known within the Commission, and how precisely are they made known outside in actual practice?

Sir Brandon Rhys Williams

I think one has to touch on the very important question of age-structure. I have no data about the age-structure of Members of the Commission or the other European institutions, but it really is of very great importance when we remember that with every year that passes, the age of those employed changes, and whereas a department might be considered well organized with some older men at the head and a number of younger people in the junior positions, as they all become older, they cannot all be promoted. Many of them may remain in their jobs and then feel frustrated by the lack of promotion and either seek to leave or remain disgruntled and increasingly ineffective. This pyramid structure, which is nearly always seen in government institutions, tends to induce inefficiency simply through the passage of time. I would like the Commission to ask itself the question: is it better to try some orchestral organization? Very briefly I shall explain what I mean by that question. Should we hope that every typist coming to serve the Commission would have promotion hopes? Should she have a chef de cabinet's dictating machine in her handbag, as you might say, or would one rather see that people would be recruited for particular functions and then expected to stay as players in an orchestra, becoming increasingly master of that particular service for the whole organization, and without any particular hope or expectation of moving sideways or upwards into another function?

And then the whole question of incentive. What does the Commission as an employer hold out as the incentive to the really hardworking and efficient employee? Is it the hope of promotion, is it perhaps self-respect, the knowledge of a job increasingly well done and increasingly useful as the years go by, or — and many colleagues may say 'Heaven forbid' — is it the service of the national interest? From Mr Hughes' question, one might think it was perhaps in his mind that national interest must be served by national representatives being present in appropriate force in the European institutions. I think that would be a horrifying concept, and yet one does have to sympathize with Mr Hughes' question, in that it has brought out the imbalance between the numbers who serve in the European institutions and the populations from which they are drawn.

And can we look briefly at what we conceive to be the personal plans of the candidates? Do we think it necessary that they should come and go, perhaps joining the Commission or another European institution for a time, in order to collect interesting and valuable experience and contacts, and then to go out again, perhaps to resume a career in their national civil service or elsewhere? What type of applicant is favoured by the Commission? This is something we need to know. Does the Commission as employer see itself as a political body, an efficient administrative machine, or does it have to admit that it's perhaps a slowly solidifying bureaucracy, or even a home for lost

causes? These are questions to which we have to have replies. If we do not have these replies now, we shall have to find them in the end. Dealing with staff organization, assessment and promotion, one is dealing with questions to which the answers will present themselves over a very long timetable, but I would like to assure those responsible that decisions taken now will bear fruit in the 21st century, and that fruit may have a very bitter taste.

President. — I call Mr Tomlinson.

Mr Tomlinson, *President-in-Office of the Council.* — Mr President, I have listened carefully to this short debate and I think most of the points that have been raised during the debate were in fact covered by me during my opening remarks. However, I think it important that, as we come to the end of it, I should re-emphasize one or two points. Certainly the balance in categories A and LA in the staff of the Council secretariat has been almost achieved. Categories B, C and D are much more difficult for the reasons which I enumerated during the debate. I'd just like to conclude my involvement in this debate by re-stating my recognition of the problem, by saying how carefully I've noted the concern of this House and by re-emphasizing that the Council will continue its efforts to improve the geographical balance of its own staff.

President. I call Mr Tugendhat.

Mr Tugendhat, *Member of the Commission.* — I would like to take up what Mr Nyborg, particularly, said. Of course we want the Commission to be a model institution, and being a model institution means being a European institution. As a European institution we must recruit on a European basis, and we must think of people as, primarily and above all, Europeans rather than Greenlanders, Eskimos, Basques, Scots, whatever it might be. This I think is the most important thing. Secondly, of course we must recruit as widely as possible; of course we must give people in all four corners of our Community an equal chance to apply for jobs in the Commission and, as far as we can do it, an equal chance to be accepted. We want to recruit evenly, right across the board in all nine countries and all parts of all those nine countries.

But, we also must actually hire the best. We mustn't say that a particular national can have a job even if he's only the fourth or fifth choice on grounds of equality, just because his particular country is under-represented. That would be a travesty of what our institutions are about. We must give a fair chance to everyone, certainly, but we must pick the best that we can actually get.

Tugendhat

And this brings me to a point which it is perhaps easier for me to make than it would be for some other people, because I am British. I am referring to a particularly British problem and it is this: where you have a people who are less willing to move to a particular country, are less willing to move to the continent, than other people, where you have a particular country whose nationals, unhappily, tend to be less good at foreign languages and less willing to learn them than people from other countries, that country is always going to be at a disadvantage. As somebody of British nationality, like Mr Hughes himself, my hope is that the British people will become more prepared to move, that our schools will become better at teaching languages and that we ourselves will become more willing to learn languages than in the past. When we can achieve that, then I think, the proportion of nationals from the United Kingdom will improve.

In conclusion, Mr President, we want equality of opportunity for everybody, but we must reserve the right to take the best.

President. — I call Mr Hughes.

Mr Hughes. — When I was chairman of the Health Committee of an obscure rural district council in the north of England, it was believed that if the dustman retired in a particular village, because dust collecting had originally been done by horse and cart, that vacancy existed in that village, and had to be filled by a person living in that village. There are occasionally rumours that in the institutions within Europe, when a post that has been in the possession of a particular national becomes vacant, the replacement for that post should be retained by that nationality. I trust from the replies that I have had from the President-in-Office of the Council and the Commissioner responsible that that procedure is outlawed wherever it can be found to obtain.

I thank the President-in-Office and the Commissioner for their replies and those others who have spoken for emphasizing the concern we have. I shall, if I may, for the sake of brevity, only deal with one, as I saw it, of the crucial replies of Commissioner Tugendhat. He suggested that we British, in particular, were unwilling to apply. I can't use a Commission example, but the latest example, Mr President, of the A competition in English for our own staff of this Parliament produced 600 successful candidates for the English language. By definition a high proportion of those are liable to be British or Irish nationals. And yet we have only five posts in the establishment that we can reasonably expect this Parliament to fill during 1977. Nothing will make a recruitment drive less likely to succeed than if you have 600 applicants for only 5 posts. There appears to be a lack of coordination between different director-generalships within the Commission and between the different institutions, on how you allocate within existing short-listed successful candidates.

As I said at the start, I did not wish this question to become a vehicle for anti-marketeer sentiments. In reply to Mr Tugendhat saying that the referendum perhaps inhibited British applicants, I would also remind him that the fall in the value of sterling might now slightly enhance the level of British applicants. Therefore what we may have lost on the referendum roundabout, in terms of applicants, I suspect we could now regain on the devalued swings.

Mr President, I trust you in your office as President, will also draw the attention of the administration of this Parliament to its role, although I know you cannot be asked to answer for it in this debate. I thank all those that have taken part, particularly the Commissioner and the President-in-Office.

President. — The debate is closed.

8. Regulation on the accounting systems and annual accounts of railway undertakings

President. — The next item is the vote without debate on the motion for a resolution contained in the report (Doc. 144/77) by Mr Osborn on behalf of the Committee on Regional Policy, Regional Planning and Transport on the

proposal from the Commission of the European Communities to the Council for a regulation on the necessary measures to achieve comparability between the accounting systems and annual accounts of railway undertakings.

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

The resolution is adopted.¹

9. Community safety standards for hotels

President. — The next item is the oral question with debate (Doc. 136/77) by Mr Spicer, Mr Scott-Hopkins, Mr Shaw, Mr Noè, Mr Cousté and Mrs Kruchow to the Commission of the European Communities on Community safety standards for hotels:

The two hotel fires in Amsterdam and Brussels in May 1977 have given rise to concern that safety regulations in the Member States vary greatly in stringency and application. This means that citizens of the Community cannot expect to find a minimum standard of protection in case of fire in hotels when they travel within the Community.

On 7 July 1976² Commissioner Hillery stated that the question was primarily one for Member States, but that it would be considered by the special Working Party on safety regulations in the building industry and by the Community's tripartite committee for safety at work. However, in the light of increasing public concern, can the Commission state:

¹ OJ C 163 of 11. 7. 1977.

² Debates of the European Parliament No 205 July 1976, p. 96.

President

1. whether as a matter of urgency it will introduce draft legislation to ensure that hotels in the Member States have to comply with a European safety standard in case of fire?
2. whether it will include in such legislation the need for compulsory regular inspections leading to the issue of a European safety certificate?

I call Mr Spicer.

Mr Spicer. — Mr President, I would say that it is natural at this time of the evening that we should be very thin on the ground in this Parliament. But certainly, I am sure that there is not one single Member of this Parliament who would not be in sympathy with the general tone of this question and of the very short debate that will follow. Because what we are now attempting to do is to spur the Commission to take some action, and to take it urgently.

Sir, this oral question has been tabled following the two serious fires in hotels in the Community. On 9 May, as many Members will remember, at least 20 people died in a fire in a hotel in Amsterdam, and, perhaps even more horrifying, on 23 May, 17 people died in a hotel fire in Brussels. In the Amsterdam fire a number of people were killed because, in the absence of a fire escape, they jumped from upper floors. I remember only too well those horrifying pictures of people actually leaping to their deaths from the upper floors of that hotel. In the Brussels fire, a number of the victims suffocated in the smoke because they could not find the exit. The hotel was described by one guest as like a rabbit warren. Nor was it easy to warn them in time, since the fire warning system was cut off by the fire itself.

The first point, Sir, that concerns those who have tabled this motion is that there is absolutely no way for travellers in the European Community to know what national laws regarding fire are, or to know whether their hotel complies with such laws. In the case of the Brussels fire the British tour operator declared that Belgian fire regulations were very, very strict on this kind of thing, but the same day in the Belgian paper *Le Soir* it was reported that the Brussels hotel had not been inspected by firemen or fire inspectors since 1939, and that there was no Belgian law specifically aimed at fire prevention in hotels.

The second point that concerns some — indeed Sir, I would say concerns all of us — is that the laws of Member States give unequal protection to Community citizens. Although in Belgium, as I have already said, there are no specific fire laws for hotels, in the United Kingdom an act of 1971 obliges each hotel to apply for a fire certificate. This is only issued when the fire authority is satisfied that the hotel has adequate means of escape, means of fighting fire and means of giving warning in the case of fire. We believe that since national legislation varies so much and since travellers cannot be expected to know whether their

hotel complies with that legislation, it is right that the European Community should step in and provide a degree of certainty about basic minimum safety standards in all hotels within the Community. We therefore suggest that the Commission should draw up draft legislation which could perhaps be implemented in two stages.

First, all Community hotels should be obliged, as soon as possible, to place in every room instructions of what to do in case of fire. Fire extinguishers should also be placed in public areas and fire exits should be marked. For many hotels that would indeed represent a one hundred per cent improvement on their present standards.

Secondly — and this would have to be implemented more gradually — fire doors should be fitted, secondary escape stairs should be constructed and smoke detectors and alarms should be installed.

Sir, we are asking for this to be done in two stages for one very simple reason. In the United Kingdom we are dealing with a statutory act of 1971 and I know quite well that because of the stringency of that act, some 40 to 50 % of the hotels have still not been inspected, and they won't be over the next five years. It will take until 1981 or 1982. Therefore that is why we say that we should operate in two stages. The first stage could be implemented very, very quickly indeed, whilst the second stage would have to come much more gradually.

We suggest also that hotels should be regularly inspected and when they fulfil these basic requirements they should be issued with a European fire certificate which should be prominently displayed. Only in that way will we ensure that travellers within our Community will be sure of a certain standard of safety in the hotels where they stay. I am quite certain if that basic requirement is there and if every hotel had that simple certificate inside the door of the hotel, then people would feel very much happier and safer than they do at the moment.

Sir, last July I did ask Mr Hillery a question on these lines and he answered that this was primarily a matter for national legislation. I was, frankly, in July of last year horrified at that reply and I said so in no uncertain terms. We have seen in recent years that where national governments act, it is all too often after a serious fire has occurred and when many people have died. We are asking the Commission to take this opportunity to act to prevent such disasters, to use Community legislation to place pressure on national governments, to act for the people of Europe and for other guests from outside, within our Community.

Mr President, I come from a country not noted for its friendliness towards harmonization laws and indeed, in many cases I share that view on some of the harmonization that we have seen within the Commu-

Spicer

nity. But here is a matter where the case of harmonization is unanswerable. We cannot afford to wait until yet another fire shows up the inadequacy of national legislation. It is the Community's duty to act.

Can I just say finally this: I hope that in this reply the Commissioner will not once again excuse inaction by saying that the Commission does not have the power to act. That may be so, but where there is a will there is a way, or if you want to put it slightly more forcibly than that — I always used to live with a motto behind my desk: 'The difficult we do at once, the impossible may take a little longer.' I am quite certain that this House and all Community citizens will not only welcome action by the Commission in this important area but, Sir, will expect such action, and expect it soon.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, we were all very shocked by the recent reports of terrible fires in hotels in Amsterdam and Brussels. Fires break out frequently — and not only in Europe — in public buildings such as department stores, theatres, cinemas, dance halls and the like. Fire prevention measures are therefore of paramount importance. It is understandable that, as a result of such disasters, the Commission should be asked to put forward proposals for appropriate measures. My predecessor, Mr Hillery, explained last year — as Mr Spicer has just reminded us — that the possibilities are severely limited and I must point out that the national provisions are numerous and not set out very clearly. The great variety of regulations and the different objectives pursued and legal forms employed make it difficult to establish a clear pattern. On the one hand there are the administrative regulations of local authorities, and on the other hand the requirements of the insurance companies, the standards laid down by scientific bodies and so on. These regulations are all intricately interrelated and coordinated and it would be a mistake to suppose that Community regulations could be introduced in their place in the near future. Some of these regulations fall within the province of public safety, others belong to an area in which the Commission has for some time been working to harmonize legislation. I would draw your attention to the directives of electrical equipment, dangerous substances and safety provisions at work, on which it is hoped that the Council will take a decision at the end of July.

We are also working towards harmonization in the building sector; fire prevention plays an important role in all these areas. We must bear in mind the fact that one quarter of all fires are caused by faulty electrical circuits and the importance, for fire prevention, of the expert handling of inflammable materials. The Community is not standing still and the number of

Community regulations is increasing all the time. For example, in the near future we shall be dealing with the harmonization of fire extinguishing appliances and also industrial measures and safety at work (an hotel is, of course, also a place of work). As we all know, such measures take time and depend to a large extent on the political determination of the Member States' governments.

Mr President, ladies and gentlemen, Mr Spicer used an expression which we also have in Dutch: 'Where there's a will there's a way'. There is another saying that I could also use in this context, Mr President. 'He that believeth shall not make haste'. This is a difficult task and will take time. The EEC Treaty is not primarily designed for the achievements of objectives such as we are now discussing. Nevertheless, Mr President, in the process of integration we shall undoubtedly have to apply ourselves to tasks of this nature. However, the problem will not be solved simply by introducing regulations and monitoring their application. We must also provide instruction in schools and vocational training centres, where a great deal can be achieved particularly with regard to fire prevention and safety precautions. People must be made more alive to this subject and the Commission will do its best to help foster their awareness. Preliminary studies for Community-based training courses are already under way. In conclusion I would like to say, Mr President, that although the Community's powers in this area are limited, the Commission is putting forward a number of proposals which have bearing on fire prevention including fire prevention in hotels. However, honesty compels me to say that this is a problem which, if it can be solved at all, cannot be solved definitively in the near future.

President. — I call Mr Nyborg.

Mr Nyborg. — (DK) — Mr President, I would first like to thank Mr Spicer for having tabled this question. I think it is very important that we should discuss it.

In recent years hotel fires in Europe have caused very great material damage and claimed quite a number of human lives. The cause of the fires has often proved to be carelessness by guests or the staff and the often horrifying extent of the fires is due partly to the fact that many hotels are housed in old buildings which, from a purely technical point of view, are not very safe in the event of a fire. Thirdly, for various possible reasons, including competition, it has not been possible to bring technical safety arrangements up to date.

As the questioners have pointed out, Parliament has dealt with this question before without receiving what could be called a satisfactory answer from the Commission — not satisfactory in the sense that, although the

Nyborg

Commission's answer was clear, it did not promise much for the future.

The then Vice-President of the Commission, Mr Hillery, emphasized that a special working party to consider proposals for uniform fire prevention and safety regulations covering the building industry in the Community, had held regular meetings and that the joint committee for safety at work would possibly discuss the question.

It might therefore be interesting to hear what results and conclusions these bodies have come to since we last heard the Commission.

Meanwhile, various people have maintained that the drawing up of safety standards is a matter for the individual Member States and that responsibility for laying down criteria and carrying out inspections to see that these criteria are met should not be transferred to the Community. Circumstances would seem to contradict this approach and in my opinion one ought to aim at formulating minimum standards and measures at Community level. This would be in the best interests of safety requirements, the consumer and competition conditions.

Common safety standards should ensure that safety installations do indeed have the effect of increasing public safety. To guarantee this permanent safety systems could be installed in existing and future hotel buildings. Escape routes must be accessible not only to the agile but also to invalids and the sick and perhaps even animals.

I would therefore urge the Commission to take an initiative in this field at the earliest opportunity because the present deplorable state of affairs is completely unacceptable.

President. — I call Mr Shaw.

Mr Shaw. — Mr President, in view of the hour, and in view of the very capable way in which my colleague Mr Spicer has put the case, I feel that I should be very brief. I want to take this matter up because it is a matter in which I have had some considerable interest, coming, as I do, from an area where a lot of holidaymakers go for their holidays, and where there are a lot of small family hotels which have been very much involved in new enactments in my own country with regard to fire precautions.

Of course, the matter that we raise tonight was initiated by the two tragedies that Mr Spicer referred to, but it would be wrong if we sought to indicate that these sort of tragedies were restricted to certain specific countries. They have happened in all Member States, and we ourselves have had a number of very tragic fires. We have, as it happens, taken measures to ensure that the safety of visitors staying in hotels has been enhanced and made much more sure than it was

in the past. We have done so because so much that is connected with fire safety in hotels is not on show or publicized in the glossy brochures that attract the visitors to the hotels; it is work that is done behind the scenes that is too often taken for granted and, certainly in the past, taken for granted without due reason. But I think it is inevitable that travellers will take this matter for granted and I think that it is up to us to do everything that we can to strengthen the power of the authorities and to make the confidence of the traveller justified, make him able to feel with justification that when he goes to stay in a hotel in the Community, much the same conditions of safety apply wherever he may go. As Mr Spicer says, we sometimes grumble at the amount of standardization we seek to procure in the Community. Well I personally am selective in my grumbling, because I think there is quite a wide field in which standardization is both necessary and desirable and I am quite sure that fire precautions and safety in hotels is one of those fields. That is my first point, namely that travellers should have justified confidence that conditions of safety are the same throughout the Community.

The second is this: if in certain communities hoteliers are forced to spend their resources on the unshowy aspects of safety rather than on the more attractive features of additional bathrooms, new bars and all the other sorts of thing that bring in fresh custom, so the hoteliers will find that their incomes suffer because they are not bringing in as much money as they would if they put their capital into more showy aspects of their hotel. If they are competing against other areas where the rules are not so strict, and where new bathrooms, new bars, showy bathing pools and the like can be put in, but at the same time those necessary background safety precautions are not laid on, then dangers do exist for the traveller, and at the same time the hotelier where the stringent rules apply is at a disadvantage as compared with his competitor. Now maybe it cannot be done directly but I believe that, perhaps by means of model standards set by way of regulations which can gradually be brought into force, there should be some commonality with regard to hotels, with regard to the minimum number of fire escapes, fire doors, alarms, smoke detectors, and all this sort of thing that is so necessary in proper fire precautions. It may well be that money, as indeed in my country, should be made available by way of loans to small enterprises to help them conform. I was somewhat discouraged, I must confess, Mr President, by the reply from the Commission. I felt that they were by no means hopeful of providing real progress in this field. I hope that as a result of this debate they will be encouraged to do better than in the past.

President. — The debate is closed.

10. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Wednesday, 15 June 1977 at 10.00 a.m. and 3.00 p.m. with the following agenda :

- Question Time
- Patijn report on voting rights in direct elections
- Cointat report on the inter-institutional dialogue on certain budgetary questions

- De Clercq report on the Second Financial Protocol between the EEC and Greece
- Cousté report on export aid systems
- Oral question with debate to the Commission on human rights in Ethiopia

The sitting is closed.

(The sitting was closed at 7.55 p.m.)

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IN THE CHAIR: MR COLOMBO

President

(The sitting was opened at 10.05 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. *Membership of committees*

President. — I have received

— from the Christian-Democratic Group requests for the appointment of Mr Pucci to the Committee on Social Affairs, Employment and Education, to replace Mr Granelli, of Mr Granelli to the Committee on External Economic Relations to replace Mr Pucci, and of Mr Vernaschi to the Committee on the Rules of Procedure and Petitions;

— from the Socialist Group a request for the appointment of Mr Lagorce to the Legal Affairs Committee.

Since there are no objections, these appointments are ratified.

3. *Petitions*

President. — I have received a petition from Mr Rosenzweig, on behalf of the Mondiaal Alternatief Foundation, on how the European Community can help, in the context of development cooperation, to prevent the Indonesian Archipelago — the Emerald Belt — from soon becoming a desert.

This petition has been entered as No 8/77 in the register provided for in Rule 48 (2) of the Rules of Procedure and, pursuant to paragraph 3 of that same Rule, referred to the Committee on the Rules of Procedure and Petitions.

4. *Question Time*

President. — The next item is the continuation of Question Time (Doc. 148/77).

I should like to point out that, with regard to the number of supplementary questions, I shall make use of my right under the terms of the Rules of Procedure to ensure that the questions are dealt with as quickly and as fully as possible.

President

We shall begin with question to the Council. The President-in-Office of the Council is requested to answer these and any supplementary questions.

I call Question No 30 by Mr Hamilton :

Does the Council appreciate that the European Parliament cannot operate efficiently as long as it has a nomadic existence; that urgent consideration should therefore be given to this problem with a view to arriving at a decision before direct elections take place?

Mr Tomlinson, President-in-Office of the Council.

— The question of the seat of the Institutions of the European Communities falls within the competence not of the Council, but of governments of the Member States. On 8 April 1965, the representatives of these governments adopted a decision, Article 1 of which reads as follows: 'Luxembourg, Brussels and Strasbourg shall remain the provisional places of work of the Institutions of the Communities.' As the Council has already pointed out in its reply to written Question No 993/76, this decision remains valid until such time as it is amended pursuant to Article 77 of the ECSC Treaty, Article 276 pursuant the Treaty establishing the European Economic Community and Article 183 of the Euratom Treaty, by common accord by the governments of Member States.

Mr Hamilton. — Is the Minister aware that I knew all that and that it is a completely unsatisfactory answer? Is it not the case, first that no Member of this House can ask questions on this of any other body but the Council — that is why the question is down — and secondly, that the Council occasionally meets representatives of the Member State governments, and does he not recognize that, according to the latest estimate, our sitting in several places costs us 130 supplementary staff and in 1975 about £2½ million sterling extra, and that this is simply not good enough? The Council sooner or later will have to take account of decisions made by this Parliament; we have made our position very clear, that we are completely dissatisfied with the fact that we are a peripatetic Parliament and that it simply is not good enough.

Mr Tomlinson. — I fully understand the concern of the honourable Member. There is a lot in what he says with which I have substantial personal sympathy. However, I can only reemphasize that this does not fall within the competence of the Council but within the competence of the governments of Member States. The view that has been expressed here, I think, has a great deal to be said for it but we cannot get away from the fact that these are matters of national sensitivity and questions of great concern to the countries involved. In addition, all Member States should wish to consider very carefully any proposal for creating new facilities which was likely to incur substantial new costs. But I assure the honourable Member that I note the concern of this House and, to a large extent, I have sympathy with it.

President. — I call Question No 31 by Mr Dalyell :

To ask the Council on what grounds they have rejected the proposals put to them, outlined by Commissioner Brunner to Parliament on 10 May 1977, by the Commission to get common norms approved for the security and physical protection of nuclear installations and materials.

Mr Tomlinson, President-in-Office of the Council.

— On 22 March 1976, the Council received from the Commission a draft Council resolution on matters relating to the physical protection of nuclear materials within the Community. This draft resolution stressed the urgent need for harmonizing national systems for the physical protection of nuclear materials within the Community and took note of the fact that the Commission would submit relevant proposals. However, at the close of the preparatory discussions within the Council's subordinate bodies it became clear that it would be impossible to obtain a unanimous agreement in the Council. One delegation was not in favour of adopting a Council resolution on the physical protection of nuclear materials, as it felt that in this field, which falls within the competence of the Member States' policing powers, it was impossible to harmonize the exercise of such powers at Community level and that, from a practical point of view, observance of the London directives and the normal framework of inter-governmental cooperation provided the necessary means for dealing with this problem. At that stage of the discussion the Commission representatives expressed their intention of taking a further look at possible solutions.

Mr Dalyell. — How is the last sentence to be reconciled with Dr Brunner's statement on 10 May on page 47 of the Report of proceedings?

We have tried to gain acceptance for such common norms in the Council of Ministers, so far without success.

Isn't the ball in the Council's court?

Mr Tomlinson. — Obviously I don't have page 47 of the Commissioner's speech now before me, but I am sure that if the honourable Member addressed a question to the Commission about the compatibility of what they have said and what I have said, the Commission would be happy to answer it.

Mr Ellis. — Would the Minister agree that the inspecting system under the control of Euratom is a better system than that at present under the control of the Vienna agency?

Mr Tomlinson. — Having taken the opportunity to take some advice, I feel this is not a matter on which I would express a view to this House. I don't consider myself competent to answer that particular question.

Mr Noè. — (1) Does not the President-in-Office of the Council think that an action aimed at limiting the number of nuclear fuel reprocessing plants, as requested by this Parliament, might be the basis for ensuring the improved safety of plutonium plants in future?

Mr Tomlinson. — President, I obviously note what the honourable Member has said. I think he raises an issue which should evoke substantial concern, but I must point out to him that that is a totally different question from the question which appears on the order paper today.

Mr Corrie. — Is the President-in-Office of the Council satisfied with the present security arrangements in our nuclear power stations throughout Europe, or does he feel that improvements could be made in the present security system, considering the difficult times we live in?

Mr Tomlinson. — I think anybody who could say that they were satisfied would be likely to get into a position which would engender a certain degree of complacency. When you are dealing with dangerous material such as is the subject of this question, nobody can remain satisfied — there are always means by which security and safety can be improved. I think nobody must engender any mood of complacency at all on these serious and sensitive issues.

Mr Price. — Since this is an issue which is probably the most important issue facing future generations, not only in Europe but in the world, when does the Council intend to come back to this subject to try to find a solution? When are they next going to consider it?

Mr Tomlinson. — The Council will give urgent consideration to any new proposals that they receive from the Commission, but so far we have not received further proposals from the Commission and to that extent we will not be giving the matter further consideration. We will view with interest any further proposals that come from the Commission on this matter.

Lord Bessborough. — I would just like to ask for a little more detail from the President-in-Office of the Council. Could he tell me this: are the police forces of each Member State authorized to survey, monitor and protect the movement of nuclear materials in their territory? And would the Council say which security organization is responsible for the physical protection of electricity generating plants in each Member State?

Mr Tomlinson. — Mr President, the answer to that question is that those are matters which lie clearly within the national responsibility of Member States: they are not something on which the Council of Ministers has any degree of competence.

President. — The fact that such a large number of Members have spoken on this subject shows the importance which Parliament attaches to it. Speaking on behalf of the House, I should therefore like to ask the Commission and the Council to use all the proce-

...dural means at their disposal to provide this Assembly with statements or reports giving more systematic information on the issues raised by the European Parliament.

(Applause)

I call Question No 32 by Mr Edwards:

Why has the Council not acceded to the Commission's proposals for the improved safeguarding of nuclear fissile materials in transport?

Mr Tomlinson, President-in-Office of the Council. — As far as I am aware, the Council has not yet been asked to take a decision on any Commission proposals for the improved safeguarding of nuclear fissile materials in transport. I therefore do not know to which proposal the honourable Member is referring in his question. If he will make this clear in a written question, I will arrange for a reply to be given to him as soon as possible.

Mr Edwards. — Whilst thanking the President-in-Office for that reply, and indicating my appreciation of his suggestion of a detailed reply, may I suggest that he read the report of our last part-session here, and study the speech of Mr Brunner? This is what Mr Brunner stated in our presence:

...we still need common Community norms for the protection of installations — for physical protection...

... I am not, of course, asking for Euratom to have its own police force and security authority. But it would be desirable for our standard security norms to be harmonized and accepted by the Council of Ministers as minimum norms for all the Community countries. That would be a step in the right direction. If all this were to result in an impetus for action by us in the Commission and by the Council of Ministers, that would be a most welcome development.

President. — Mr Edwards, the way in which you ask your question is not in keeping with the spirit of Question Time. Moreover I feel that the President of the Council can find out directly what his colleague Mr Brunner stated.

Mr Edwards. — You'll forgive me, Mr President, I am reading extract from this speech of Mr Brunner to prove the point we have been making, that Mr Brunner indicated that they had submitted proposals to the Council of Ministers. This is the issue we are discussing.

I'm wondering what has happened to the proposals allegedly made by the Commission to the Council of Ministers. This is the issue we are discussing, and I am entitled to know whether any such proposals were submitted. This is an item of very great importance. Either we were misled or the Council of Ministers have mislaid an important document, and that's what we are wanting to know.

Mr Tomlinson. — I think there is some genuine confusion here. I am certainly aware of what Commissioner Brunner said during the last part-session of this Parliament, but having studied what he said, I can assure this House that there are no proposals for the improved safeguarding of nuclear fissile materials in transport, which is what the question is about. If the Council of Ministers received proposals on that from the Commission, they would, of course, consider them with the urgency that such proposals would undoubtedly merit, but no such proposals have been received.

Mr Dalyell — Mr President, could I follow your own excellent suggestion? Because this is a subject that is very complicated, not, perhaps, lending itself to question-and-answer in the normal way, could following your own suggestion, a statement not be submitted both by the Council and by the Commission to the next part-session in Luxembourg, which could be debated?

Mr Tomlinson. — The honourable Member who has just spoken has raised a proposition that has substantial merits and if an Oral Question with debate were tabled jointly to the Council and to the Commission we could in fact have the more extensive debate that the honourable Member is looking for.

President. — Question No 33 by Mrs Kellett-Bowman has been withdrawn.

I call Question No 34 by Lord-Bessborough:

What steps are the Council taking to implement the Commission's proposal to promote the use of coal in electricity generation?

Mr Tomlinson. *President-in-Office of the Council.* — At its session on 14 June 1977 the Council had a general exchange of views on the Commission proposal to aid the provisions of new or improved coal-burning capacity for electricity generation. This discussion indicated that there were considerable differences of view as regards the need for and utility of Commission's proposal. All ministers were, however, agreed on the objective of reducing dependence on imported oil for electricity generation, and agreed that the Commission's proposal should be further examined by the Council with a view to seeing if agreement could be reached on a proposal in this field which could be accepted by all delegations.

Lord Bessborough. — While thanking the President-in-Office for that reply, I cannot hide some disappointment on my part. Is the Energy Council ever going to come to any major decisions? Are they ever going to agree on any major items? This is very distressing to me. There are other examples, but to put a more precise question, does the Council consider that the Commission's proposals are sufficient financial incentive to achieve the Community's energy objectives for coal?

Mr Tomlinson. — As in my original answer, the specific question asked by Lord Bessborough is, in fact, one of the very issues on which the Energy Council has not yet come to agreement. They did discuss these proposals yesterday for the first time. They will, as I indicated in my answers, be coming back to them. I am sure everybody shares the recognition of the importance of this particular area and it's perhaps not too pessimistic a situation when after the first initial discussion there is not total unanimity on them.

Mr Noè. — (I) Since Community coal production is not sufficient to meet the considerable rise in consumption which would be necessary to supply thermal power stations, is the Council seeing to it that more supplies are obtained from other third countries?

Mr Tomlinson. — This is obviously one of the questions which is under consideration in the Energy Council. The Commission has drawn attention to the potential difficulties in importing the additional coal required to meet the demand for electricity, without over-importation leading to the displacement and thus the stocking of Community coal and possible reductions in productive capacity. This is part of the very complex problem of energy policy which is at present receiving the close attention of the Energy Council, and obviously it is an important matter to which the Energy Council will return.

Mr Brown. — Could I ask the President-in-Office to bear in mind that the efficiency of coal-burning stations is very poor indeed and always has been, and that is why, over the years, we have moved away from using coal for electricity generation. What I would like to ask the President-in-Office is: will he be sure that the same stringent standards on safety and environmental requirements are applied to coal-burning stations as are being applied to other energy sources?

Mr Tomlinson. — The points raised by the honourable Member are some of the very issues which were under discussion in the Energy Council. I think it might help if I stress that the Member States generally support the need to increase coal-burning capacity, and although the Commission's proposals have not found universal acceptance this has been rather because of misgivings as to the utility of the precise method proposed. The issues raised by the honourable Member are some of the things that centre round those doubts and hesitations, but this is a matter to which the Energy Council will have to return for further urgent consideration. The views that have been expressed in this House will no doubt be taken into account in that deliberation.

President. — Question No 35 by Mr Cousté is postponed to the next part-session.

I call Question No 36 by Mr Normanton :

What steps will the Council be taking to implement the aim of the recent NATO ministerial meeting 'to achieve the most effective use of available resources and to preserve and promote the strong industrial and technological (defence) capability' and to review in the appropriate fora the means of deepening cooperation ?

Mr Tomlinson, *President-in-Office of the Council.* — The honourable Member's question does not fall within the Council's competence.

Mr Normanton. — I can understand — though I very deeply regret the reason — the particular brevity with which the Council has given a reply to my question. But if it is true that the Community is not necessarily bound, as a separate institution, to take steps to achieve the aims set out in the ministerial communiqué of another institution, the problem of substance in the challenge still remains. Does the Council therefore acknowledge that, especially in such major industrial sectors as aircraft construction, electronics and steel the future of a major part of European industry cannot be divided into separate compartments — civilian and military? Will the Council therefore be prepared to give urgent and serious attention to the two reports which are currently being prepared, one by Mr Klepsch, on behalf of the Political Affairs Committee and the other, as far as I myself am concerned, for the Committee on Economic and Monetary Affairs, the clear indication being that there must be an indivisibility of effort in this particular industrial field ?

Mr Tomlinson. — Mr President, the brevity of my original reply does not alter the message it contained. This does not fall within the Council's competence.

President. — Questions No 37 by Mr Zagari, 38 by Mr Radoux, 39 by Mr Fellermaier, 40 by Mr Mitchell and 41 by Mr Prescott have been withdrawn.

I call Question No 42 by Mr Shaw :

Will the Council explain the scope of the remarks made to Mr Tugendhat by Members at the Agricultural Council meeting on 16/17 May, and the reasons underlying them ?

Mr Tomlinson, *President-in-Office of the Council.* — At its meeting on 16 and 17 May 1977 on agriculture, the Council took the opportunity of discussing the statements made by Commissioner Tugendhat to the European Movement in Brussels on 2 May 1977, concerning the budgetary aspects of the recent agricultural prices review. Various members of the Council had comments to make on the ideas expressed by Mr Tugendhat in his speech of 2 May, especially on certain passages concerning the methods and scope of the decisions taken on agricultural prices, their budgetary

effects and accountability for them. Mr Tugendhat explained the intended scope of his remarks. He placed these remarks, which committed no-one but himself, in the Community context of his overall responsibility for the budget. The Council emphasized at this meeting that, as part of its responsibility for managing the common agricultural policy, it had, in the context of the present economic situation — the situation concerning inflation — and the social situation, particularly as it affects unemployment, sought to resolve the complex range of existing problems, taking all aspects into account, but in particular from the monetary and budgetary points of view and from the point of view of the problems of farmers' living standards and consumer interests.

Mr Shaw. — I would like to thank the President-in-Office of the Council for that reply. Whilst, clearly, my question directly relates to a particular occasion, will he accept that it has as its main inspiration a much more general concern? Is he aware that, whilst fully accepting the need for a CAP, there is the strongest feeling that there is a need for a review of the working of the CAP and for ...

(Mixed reactions)

... its improvement to ensure that it really does provide the help that it should, both to the producer and to the consumer, and that it should provide it within the proper budgetary discipline and in accord with changing present and future circumstances? Mr President, would the President-in-Office of the Council at the same time accept that the deep enquiry that is going on in the committees of this House, and obviously also in the Commission, will be added to by serious and detailed comments on this problem from the Council as well ?

(Applause)

Mr Tomlinson. — I can assure the honourable Member, as I have repeatedly assured the whole House, that the Council takes seriously, and takes full note of, everything that is said in this House. I welcome, in that context, the remarks made by the honourable Member. I can say to him that it is now obviously the case that there is serious concern about the operation of the common agricultural policy and this is receiving consideration in all Member States of the Community. Commissioner Tugendhat in his speech which was considered by the Council, was playing a significant role in drawing attention to some of the problems.

Mrs Dunwoody. — Would the President-in-Office of the Council take note of the fact that many people are deeply concerned with the need for a very urgent re-examination of the common agricultural policy? Indeed, it seems to us that although there is a great deal of lip service paid to the need for change, it is

Dunwoody

only when people like Commissioner Tugendhat make comments that rouse some animosity, that we get any complete discussion of the changes that we think are absolutely essential. I am sure he is aware the consumer will not continue to accept the nonsense of the common agricultural policy any longer.

Mr Tomlinson. — I obviously take note, as with the previous honourable Member, of everything that the honourable lady says. This is an important issue on which people have got very strong feelings indeed, and the Council will take full account in all its deliberations of everything that is said here. All I can do is to repeat that there is concern and there are differences of view, but the concern will only be fully resolved by a full and frank discussion of the many difficulties. The discussion in this House is playing its part in the resolution of some of the outstanding problems.

Mr Hamilton. — Is the President-in-Office aware that a widespread welcome was given throughout the United Kingdom to the refreshing clarity of the words spoken by Commissioner Tugendhar, and that, if this results in a fundamental reappraisal of the absurdities of the common agricultural policy, it will have served a uniquely useful purpose?

Mr Tomlinson. — I am certainly aware that the Commissioner Tugendhat's speech received different responses in different parts of the Community. What I have said is that I welcome it as being a valuable part of the discussion that is taking place in all Member States of the Community on the need for reform of the common agricultural policy. It is against that background, as a very valuable contribution from the Commissioner responsible for the budgetary policy, that I welcome it.

(Cries of 'Hear!, hear!')

Mr Brugger. — (D) What plans are there to abolish consumer subsidies during the negotiations to fix agricultural prices.

Mr Tomlinson. — I am sorry I must say to the House that that is a totally different question which I think will have to be asked separately if it is to get the serious answer that the question itself no doubt deserves.

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington. — Following on the President-in-Office's previous reply to questions addressed to him, is he aware that from both the Commission and the Council over the past two years — to my certain knowledge — there have been vague suggestions that reform of the common agricultural policy is under serious consideration? Will he please inform the House whether the Council has ever had

before it constructive proposals, from any source, proposing a positive solution to this matter?

Mr Tomlinson. — I certainly take note of the points made by Lord Bruce. Certainly, over the last two years there has been substantial discussion about review of the common agricultural policy. I would suggest to him that, possibly, that has been a more extended concern over recent months than it was two years ago, that the Council has been considering all proposals from the Commission and that there has, of course, been consideration of particular aspects of the policy and of the need to change it.

President. — I call Question No 43 by Mrs Ewing:

In view of the catastrophic state of stocks revealed by the Commission's scientific report, will the Council adopt a total ban on herring fishing at its special meeting on fishing on 27 June 1977?

Mr Tomlinson, President-in-Office of the Council. — Herring fishing is prohibited until 30 June 1977 in the North Sea and the West of Scotland area, and until the end of 1977 in the Celtic Sea and the Bristol Channel. At its meeting on 16 and 17 May 1977 the Council agreed to adopt, before 1 July 1977, the arrangements applicable to herring fishing in the North Sea and the West of Scotland area for the remainder of 1977, on a Commission proposal.

Mrs Ewing. — Is the Minister aware that Commissioner Gundelach takes this requested ban so seriously that, indeed, he is coming to the North-East of Scotland on 24 June? Would it be possible for some representative of the Council to come to the very large meeting which has been arranged, where all the interests of the fishing industry — all strands of it — will be represented, and is he aware how serious this request is considered by all the associations representing the fishing industry, and that it is based on a genuine, informed set of statistics as well as being based on very grave concern?

Mr Tomlinson. — I am sure that I don't need to tell this House that I am fully aware of the concern that Commissioner Gundelach has expressed, not only on this, but on a wide range of associated and other problems within his sphere of responsibility. I am pleased by the proposed visit that Commissioner Gundelach is going to make and if, arising from that visit, he has any proposals that he can put before the Council, then the Council will obviously give those proposals the very serious consideration that they will undoubtedly merit.

Mr Spicer. — Would the President-in-Office bear in mind that although the situation relating to herring is extremely serious, the situation relating to mackerel is also becoming very serious indeed? Would he give an undertaking that a study will be made of this and that this problem will be kept very much in mind?

Mr Tomlinson. — The question has been tabled by Mrs Ewing relates only to herring, but I can assure this House that the Council, as the Commissioner, fully understand and recognize the need for conservation in a wide area of fishing and a wide number of fisheries going much beyond the particular scope of this question, but obviously this question only related to herring.

Mr Corrie. — Can the Council assure us that they will continue to see that there are very large conservation areas, both in the breeding ground and in the maturing ground for herring, and can they in fact say whether they will bring in a total ban on industrial fishing of herring and in areas where the by-catch is likely to include a lot of herring?

Mr Tomlinson. — The Council, as do the Commission, take all matters of conservation very seriously indeed. Herring conservation measures will in fact be discussed at a special fisheries Council which will take place on 27 June. At that meeting this will be discussed along with other aspects of the internal management regime. The Council has recognized the urgent need for agreement, but fisheries problems are particularly complex, and agreement on these complex matters will depend on goodwill from all sides.

Mr Prescott. — I am pleased to hear that Mr Gundelach has accepted the invitation from the Scots fishermen that he received at the Hull Conference on fishing which he attended recently. Can I say to the Minister that it is clear from the questions that the dispute is about getting a proper policy? Therefore, can I suggest that he looks yet again at the Socialist solution that has been debated in this House and which gives due recognition to the coastal State preference on fishing within an area larger than 12 miles, historic rights of other nations, coupled with quotas and licensing of vessels?

Mr Tomlinson. — The Council looked at all proposed solutions and is ready and willing to reconsider solutions that it has already looked at. As I have already said, there is urgent need for agreement on these outstanding fisheries problems, but they are complex, and the agreement will depend not only on people putting forward solutions that they regard as being good and ideal but on goodwill from all sides in getting an agreement on a particular solution. I hope that the Council meeting on 27 June will play its part in arriving at a solution and obviously all points of view that have been expressed will be considered in the formulation of that solution.

President. — I call Question No 44 by Mrs Walz :
Is it true that despite the Council's adoption, on 29 March 1977, of the multi-annual research programme for 1977-1980, The JRC's budgetary appropriations for 1977 remain frozen, and if so, why?

Mr Tomlinson, President-in-Office of the Council. — Out of 98.4 million u.a. payment appropriations which were requested by the Commission for the Joint Research Centre in the 1977 budget, 25.3 million u.a. were blocked by the budgetary authority because the new programme had not yet been decided by the Council. That is still the situation because one Member State, which approved the new programme at the Council on 29 March only *ad referendum*, has maintained its reserve until now. We can only hope that it will be possible for this reserve soon to be lifted.

Mrs Walz. — (D) Mr President of the Council, do you not agree with me that, if other countries were to follow the example of the one which has left its *ad referendum* endorsement unchanged for two and a half months, this could effectively cripple Community activity, and in essential areas at that? Surely this is not the purpose of an instrument of this kind? Is this not rather a clear case of the *ad referendum* instrument being misused?

Mr Tomlinson. — I cannot accept the conclusion drawn in that question. I do not think that would be the right conclusion to draw, and I think the honourable lady, on reflection, will see she can find other examples of this happening without the same kind of accusation having been levelled.

(Cries of 'Hear!, hear!')

Mr Mitchell. — If the appropriations remain blocked, is there any danger of any Community employees losing their jobs?

Mr Tomlinson. — I am advised that at the moment there is no question of the financial block in any way affecting salaries, the resources for which are available for payment until later on this year.

Mr Brown. — Can I ask the President-in-Office if he would not agree that it is better to have a properly formulated programme of research, to know what the extent of that programme will be, how it will fit into the total European research programme, rather than go ahead willy-nilly without any idea of where we are going to finish up?

Mr Tomlinson. — This is obviously one of the crucial questions that still has to be resolved in the Council, but if I may say so, speaking as a United Kingdom Minister, I certainly endorse what my honourable friend has said.

Lord Bessborough. — Would the President-in-Office take steps to place this question of *ad referendum* on the agenda of the next meeting of the British Cabinet, with a view to obtaining British approval of the budgetary appropriations for the JRC?

Mr Tomlinson. — As President-in-Office of the Council I certainly have no power to do that. I might also advise the House that as a United Kingdom Minister I have no power to do it either.

(Laughter)

Mr Klepsch. — *(D)* Mr President of the Council, you stated in reply to Mr Mitchell's question that at present you see no difficulties in the social sector arising from the failure to reach a decision. But elsewhere you replied to another questioner that you could not say when the matter would be settled. How can these two answers be reconciled?

Mr Tomlinson. — I think obviously either the honourable Member has not quite heard what I said, or has suffered some disadvantage in the course of interpretation. What I said to Mr Mitchell was that the salaries are guaranteed until later this year. It was not an indefinite assurance for ever and a day. I did in fact make quite clear the time-scale about which I was talking.

Mr Fuchs. — *(D)* Would you agree with me that the research programme was carefully drawn up after the responsible United Kingdom Minister had also agreed to it?

Mr Tomlinson. — Most of the programme has been adopted and most of it cleared.

Mr Noè. — *(I)* The President of the Council has stated that, in his view, there is no threat — at least for some time — to the jobs of Research Centre staff. But does he not think that in ten years the lack of energy will mean unemployment for many workers unless we speed up the decision-making process in this important sector?

Mr Tomlinson. — I agree entirely with the honourable Member about the need for a decision on this to be made urgently, and the Presidency are using their endeavours during their term of office to facilitate such a decision.

President. — I call Question No 45 by Sir Brandon Rhys Williams:

What action will the Council now take in response to the proposals for harmonization of Community currency policies proposed by Mr Duisenberg?

Mr Tomlinson, President-in-Office of the Council. — After examining the proposals by Mr Duisenberg to which the honourable Member refers, the Council invited the Monetary Committee to carry out periodical examinations of the national monetary objectives decided upon by the individual Member States. In this connection, the Monetary Committee has been asked to compare actual developments with the objectives decided upon, to examine and explain the divergencies and to discuss possible ways of remedying them. On the subject of currency policies, the Council on 14

March 1977, having taken note of the reports by the Monetary Committee and the Committee of the Governors of the Banks, expresses satisfaction at the fact that the two committees intend to hold regular consultations on developments in exchange rates in the Community and on the economic, monetary and budgetary policy-measures affecting such developments.

Sir Brandon Rhys Williams. — Whilst we have to recognize that it might not be wise for the monetary authorities to commit themselves openly to specific guidelines, which would give opportunities to speculators, may we ask that the policy of operating a Community currency snake should be recognized as not appropriate as the only officially recognized remedy for currency instability in the Community, and that the Council should seek to establish a stable currency area for the Community and closely-related economies permitting reasonable flexibility within a framework of accepted principles?

Mr Tomlinson. — The snake arrangements only apply to part of the Community. If the honourable Member, when he has the opportunity to see the printed record, sees what I said in the second half of my answer, he will find that it does in fact cover many of the issues that he has raised in this supplementary question.

Mr Cifarelli. — *(I)* I should like to ask whether these Council guidelines on monetary policy conform to the basic principles of the International Monetary Fund and have been drawn up in agreement with the authorities of this Fund.

Mr Tomlinson. — Obviously the Council keeps very close contact with the IMF and with other international bodies. The exchange of views is mutually beneficial and takes place on a fairly regular and consistent basis.

President. — We now turn to the questions to the Foreign Ministers of the nine Member States of the European Community meeting in political cooperation.

I call Question No 46 by Lord St. Oswald:

Is it to be understood as the view of the Foreign Ministers, construed from their answer to the supplementary question to Question No 31 on 20 April 1977¹) that conditions, however repressive within a particular country, are totally unrelated to the existence or standing of a Government in Exile truly representative of that country, and that the Foreign Ministers fully approve of the present regime of Samora Machel in Mozambique, and regard that regime as adequately representative of the people of Mozambique, despite the fact that no free election or referendum has been held, or is proposed for the foreseeable future, in the territory?

¹ Debates of the EP of 20. 4. 1977, p. 128 (provisional edition).

Mr Tomlinson, *President-in-Office of the Foreign Ministers.* — The answer which I gave to the supplementary questions to Question No 31 on 20 April 1977 was given on my personal responsibility as a United Kingdom Minister and not on behalf of the Foreign Ministers of the nine Member States meeting in political cooperation. Nor did I refer in that answer to the views of the nine Foreign Ministers but only to the views of the British Government.

Lord St. Oswald. — As Mr Tomlinson is on record as having said during the last part-session that he was not a walking encyclopædia and as he has today shown himself unready to answer a series of questions, including mine, which were both straightforward and predictable, would he perhaps accept the ministerial definition of being a securely embedded clam?

Mr Tomlinson. — I wouldn't pretend to compete in that field with the honourable Member, but if he wants to draw his question from assumptions that he has laid down, which on reflection, if he reads the record, he will find to be totally false assumptions, then I am not prepared to give him an answer based on that hypothesis. The answer I have given him is absolutely correct. I made it quite clear last time that I was speaking in my capacity as a United Kingdom Minister, and the deductions that the honourable Member has sought to make in his question are quite untrue.

(Cries of: 'Hear! hear!')

President. — I call Question No 47 by Mr Corrie:

Arising from the Ministers' answer to Question No 32 of 20 April 1977,¹ could the Foreign Ministers provide, for the guidance of this Parliament, to be published in the provisional edition of today's Report of Proceedings, a written list of those organizations in Africa, operating in exile due to political disagreement with the controlling authority in their own country, which are seriously considered as major political forces, worthy of being admitted to international discussions?

Mr Tomlinson, *President-in-Office of the Foreign Ministers.* — The Nine think it unlikely that any positive purpose would be served by the drawing up of a list as suggested by the honourable gentleman. The Nine consider that dealings with such organizations are best conducted on a case-by-case basis.

Mr Corrie. — Surely the Minister is aware that Members of this House would like to know where these organizations are, that Members of this House would like to make contact with many of these groups which live throughout the Community, and that I am disappointed in this answer, since there seems no reason at all why the information couldn't simply be given, as to which groups are in Europe, and where in fact they are resident?

¹ Debates of the EP of 20. 4. 1977 p. 128 (provisional edition)

Mr Tomlinson. — I can readily understand that all sorts of people want to keep in touch with all sorts of different groups. I think it is for those people really to select their own group — there is such a diversity of them. The Nine considered there would be no merit in drawing up such a list.

Mr Cifarelli. — *(I)* I should like to ask whether the Council does not consider it advisable to refer to the international conventions, and thus to the legal status of rebels. In fact such reference would attribute rights to individuals and permit an assessment in accordance with existing international treaties.

Mr Tomlinson. — I obviously note what the honourable Member says, but it doesn't really arise from the question that's being tabled to me.

President. — On Question No 48 by Mrs Ewing, the Foreign Ministers meeting in political cooperation have informed me that they are unable to reply today and therefore propose to reply during the next part-session of the European Parliament.

I call Mrs Ewing on a point of order.

Mrs Ewing. — Could I have this procedure explained to me? One has to wait a long time for a question to get onto the order paper. Why can the ministers then simply say without any explanation that they can't answer till the next part-session? Is it not necessary we have a little more from the Council by way of an explanation?

President. — When an institution states that it is 'unable' to reply, this implies that it intends to gather together all the aspects so that it can submit them to Parliament in a more coherent form.

I would ask Members not to begin a procedural debate on this point.

I call Mrs Ewing.

Mrs Ewing. — Can I express, as a back-bench Member of this Parliament, extreme concern at the debonair way in which my question has been treated? There was nothing to stop me having my supplementary and the limited kind of discussion that follows the lodging of any question by a Member. It is unacceptable just to be told that they are not going to answer without any reason given. Any one of us has, perhaps, a contribution to make on this important matter. I must register my extreme dissatisfaction.

(Cries of 'Hear! hear!')

President. — I call Lord Bethell.

Lord Bethell. — Is the President-in-Office aware that some of these Soviet Jews are in very imminent peril and that it really would be an urgent matter for

Lord Bethell

this question to be dealt with and answered? I am thinking particularly of Mr Anatoly Shcharansky, who is charged with treason, a charge which carries the death penalty. He is charged with allegedly spying for a signatory State of the Helsinki Agreement, which will be discussed in Belgrade. This is really something very urgent in which the life of a Soviet Jew is concerned.

(Applause)

President. — Lord Bethell, the Council proposes to give a reply on this problem at the next part-session. Therefore we cannot discuss the substance of the question now.

I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, I have sufficient respect for your decisions and the criterion which you have adopted not to want to go into the substance of the question. But I should like to stress the political significance of the Council's postponing the answer to a question. I can understand that the Council may be unable to reply if it is taken unawares by an unforeseen or current event, but not when the whole of Europe has been aware of the problem for years. This seems very strange to me and I think that the question of postponement, Mr President, must be examined by the Bureau, since the reasons for it ought to be stated; otherwise we shall be obliged to believe that the Council wants to avoid explaining itself before Parliament.

Mr Brown. — If the President-in-Office is short of information on the situation of Soviet Jewry, I am anxious to impart it to him now to enable him to rise and give a statement on this matter.

President. — I call Mr Hougardy.

Mr Hougardy. — *(F)* Mr President, I shall not go into the details of the matter. But let all of us acknowledge that a reply pleading unfamiliarity with the subject is something which the European Parliament cannot accept. Everyone has been familiar with this subject for a very long time, and we are keenly aware of the plight of those citizens over there who, like us, want freedom. Personally I do not understand the Council's attitude.

(Applause)

President. — I call Mr Tomlinson.

Mr Tomlinson, President-in-Office of the Foreign Ministers. — I think we have to be just a little less excited about this and to understand that there is...

(Protest)

Mr President, I would be a little bit more impressed with some of the passion, if the Members had been here to express it during the human rights debate last month when this Parliament was almost empty.

(Cries of 'Hear!, hear!')

The Council, Mr President, has got an obligation which they have entered into with this Parliament to provide answers within a set period of time. That does not apply to political cooperation. This is a question addressed to the Foreign Ministers meeting in political cooperation. They are not in a position at this moment to answer the question, and that is something which is a matter of fact and, I think ought to be accepted by this House.

(Mixed reactions)

President. — I call Mr Hamilton.

Mr Hamilton. — Would it not have been much simpler for the Minister to have said that in the first place? He has had ministerial experience in the UK Parliament and this is what he would have done there. Why should he not follow that very good practice here?

President. — I call Mr Klepsch.

Mr Klepsch. — *(D)* Mr President, if I have understood the President-in-Office of the Council correctly, he is refusing to give us an answer and yet at the same time giving Parliament a ticking off. I should like to reject this most emphatically.

(Loud applause from the right)

President. — To wind up this procedural debate, I shall act as spokesman for Parliament by requesting the Council to give a precise and detailed reply on this matter at the next part-session.

Mr Tomlinson. — Mr President, can we just make it clear that you might invite the Foreign Ministers meeting in Political Cooperation, not the Council?

President. — Please, Mr Prescott, we must now close the debate on this item...

Mr Prescott. — But you have not decided the issue. Mr President, Mr Cifarelli has put a proposal. It is quite clear, as Mr Hamilton has pointed out, that it would be better in all circumstances where a question is asked, that even if the Council of Ministers can argue that the foreign ministers are not dealing with it, they should give that as their answer. Then Members of this House could express their own views in the supplementary questions. I would like to support the point made by Mr Cifarelli that you, Mr President, suggest to the enlarged Bureau that they make the recommendation through the proper channels that the Council of Ministers should give that sort of reply, namely that it was not their responsibility at that time. This would then allow Members to express in the forum of this Assembly exactly what

Prescott

they wished to express about a matter that had not been concluded.

President. — Mr Prescott, I have already noted Mr Cifarelli's request that this matter should be dealt with by the Bureau.

I call Question No 49 tabled by Mr Durieux, for whom

✓ **Mr De Clerq** is deputizing :

Following the Paris Conference on international economic cooperation which failed to reach agreement on several outstanding problems, in particular that of energy, what steps do the foreign ministers intend to take to pursue the dialogue between the industrialized and developing countries in order to create in the near future a 'new world economic order'?

Mr Tomlinson, *President-in-Office of the Foreign Ministers.* — Mr President, this question was tabled to the Foreign Ministers meeting in Political Cooperation but should have been addressed to the Council and I answer it on behalf of the Council.

The creation of a more just and equitable economic order is a continuous process calling for unremitting effort and progress. No one expected the Paris Conference to provide a solution to all the problems. Despite the partial character of its results, which doubtless did not entirely satisfy expectation, the conference enabled new and significant steps to be made. Now that the Paris Conference has terminated, the dialogue between the developing and industrialized countries will continue. In this connection, in the final communiqué, the conference participants all acknowledged that the CIEC was merely one stage in the on-going dialogue between the industrialized and the developing countries and that the dialogue should be actively pursued within the framework of the United Nations and other appropriate bodies. They further recommended that in these forums further thorough consideration be given to the problems for which a solution had not been found in Paris.

Mr President, the Community's strong commitment to the dialogue with the developing countries and to international economic cooperation is a permanent feature of its external policy. In Paris the Community made a number of proposals enabling it to play a central role within the group of industrialized countries. The Community is preparing itself to pursue this policy within the various international fora in which the dialogue will be continued.

Mr De Clercq. — (*F*) The North-South Conference was not a failure for the Community, since the idea of STABEX, which we pioneered under the Lomé Convention, was retained.

Does the Council not consider that in future we should also adopt this pragmatic approach in other fields, for example that of energy?

Mr Tomlinson. — There is nothing which the honourable gentlemen said with which I would in any way disagree.

Mr Price. — Could I also remind the President-in-Office that the impression gained, certainly from the delegates at the ACP Assembly recently held in Luxembourg, was that it would not be right to call the recent meeting in Paris a failure, but only a partial success? Is he further aware that if future efforts in other fora are really going to be successful, the developed countries in the world must not only go on looking for a solution to energy problems but also tackle a problem which is more urgent, and that is, remitting much of the debt of some of the Third World countries? This debt is very theoretical in many ways, since it is never going to be paid back, but it is an increasing burden since the oil crisis which we, in the richer countries in the world, ought to take more seriously and consider remitting.

Mr Tomlinson. — I too attended the meeting with the representatives of the ACP countries in Luxembourg last week, and I formed exactly the same impression as my honourable friend, and in fact tried to convey that same impression in the original reply that I gave to Mr Durieux's question. It certainly would not be right to call the Paris meeting a failure. Concerning debt, of course the honourable Member will realize that this is one of the problems on which there will be further, no doubt difficult, on-going discussions, and in the various fora in which these discussions take place, consideration will have to be given to a number of points of view, including that expressed by the honourable Member.

President. — On Question No 50 by Mr Cifarelli, the Council has informed me that it is unable to reply today and proposes to do so during the next part-session of Parliament.

Mr Tomlinson, do you wish to explain to the House why you are unable to reply today?

Mr Tomlinson, *President-in-Office of the Foreign Ministers.* — The position is that, as I thought I tried to explain, the question is addressed to the Foreign Ministers meeting in Political Cooperation and they do not have the same obligations to this House as the Council of Ministers. They want to be as forthcoming as possible, but they are not in a position to answer the question at present. I am afraid I can go no further than that.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (*I*) Mr President I always respect decisions by the Chair and am aware of the needs of others. Nevertheless I would not like it to happen that, on the pretext that neither the Council nor the Foreign Ministers meeting in political cooperation can

Cifarelli

reply to this question, we never get an answer at all. This is a political Assembly and not a historical meeting to discuss events which happened a century ago.

President. — I call Mrs Dunwoody.

Mrs Dunwoody. — Mr President, I am deeply disturbed by this answer, because the whole question of democratic States inside the EEC is so fundamental, I would have thought, not only for the Treaty but for the continuing presence inside the EEC of Member States who have had for many years a democratic system, and could not accept finding themselves trapped into a situation where non-democratic States were accepted for membership. I think this so fundamental that I am deeply disturbed that we are not able to deal with it today.

President. — I call Mr Fletcher-Cooke.

Mr Fletcher-Cooke. — Mr President, the attitude of the President-in-Office, though polite, is surely very strange. It is not that he has said that he has no responsibility. I can understand that answer and it may be a good one. What he has said is that he will answer it when he chooses and not in the normal course of business. My point of order is: is that a proper answer, is that a constitutional answer? If not, should not you, Mr President, and your Bureau, pursue it under the correct procedure?

President. — I call Lord Bethell.

Lord Bethell. — Mr President, following the mysterious withdrawal of five previous questions about the Leeds Castle Conference, does not the President-in-Office agree that it would be proper for this House to have some more details about this extremely important conference? Is it not very strange that it seems we are not going to have these details and is it not even more strange that Mr Tomlinson's colleague, the President of the Council, Mr David Owen, is not here to give an account of his stewardship for the last six months, which is the custom of this House and which has happened certainly at the end of the six months of every Council-presidency since I have been a Member for the last two and a half years?

(Cries of 'Hear, hear!')

President. — I think that the procedural questions raised during the discussion of this and the previous question will have to be considered not only in the bureau but also in talks between the Presidents of Parliament and the Council so that a solution may be found to the problem involving the Foreign Ministers meeting in political cooperation.

As regards the content of the actual questions, I believe that the President of the Council has noted

the questions which were not answered and intends to reply to them as soon as possible.

We shall now consider the questions to the Commission which I did not have time to call yesterday.

I call Question No 11 by Mr Albers:

Now that the Court has found that certain aspects of the draft Agreement with Switzerland to set up the Fund are incompatible with the Treaty, what action does it intend to take to produce a new draft agreement, and to prevent the problem of surplus capacity in the inland waterway sector becoming even more difficult to overcome?

Mr Burke, Member of the Commission. — When in July 1976, the Commission approved the draft agreement on the setting up of a European laying-up fund for inland waterway vessels, it decided simultaneously to seek the opinion of the Court of Justice of the European Communities, pursuant to the second paragraph of Article 228(1) of the EEC Treaty, on the compatibility of this draft agreement with the provisions of the Treaty, in view of the innovation which the working of the system created by the terms of the agreement would represent for the Community.

In its opinion, dated 26 April 1977, the Court of Justice declared that the draft agreement was not compatible with the EEC Treaty. In its opinion, the Court first of all confirmed the power of the Community to conclude the proposed agreement with Switzerland on the basis of Article 75 of the Treaty, emphasizing that the legal effect of the agreement with regard to Member States resulted exclusively from its conclusion by the Community, and that the participation of certain of the Member States in the agreement could only be justified for the purpose, and within the limits, of the particular undertaking which the agreement contains as regards amendments to the Convention of Mannheim. Moreover, the Court did not raise any objections, either to the aims of the draft agreement or to the setting up of the laying-up fund which would be managed jointly with Switzerland.

The negative opinion of the Court relates essentially to the structure of the supervisory body and to the development of the decision-making procedure within that body. The Court considers that the proposed provisions call in question the authority of the institutions of the Community and alter, in a manner inconsistent with the Treaty, relationships between Member States within the context of the Community, by giving States directly interested in navigation on the Rhine, a privileged position at the expense of the Community and its institutions, whose authority and internal decision-making power would thus be disregarded. In addition, the Court has on reservations on the subject of its own participation in the make-up of the legal body which it is intended to set up in accordance with the draft agreement.

Burke

As a result the draft agreement on the setting up of a European laying-up fund for inland waterway vessels cannot be finalized in its present form. It must first be changed to the extent needed to make it compatible with the provisions of the Treaty in the way indicated by the opinion of the Court. These changes will have to relate mainly to the various provisions of an institutional nature with regard to the participation of the Member States in the management of the proposed system, and in particular to the provisions of the statute annexed to the agreement relating to the structure and operation of the supervisory body which exercises the authority to take the necessary decisions for implementing the system. Such changes will have to put the institutions of the Community in the place of the Member States in the organic structure of the fund. On the other hand there will be no need to change the draft agreement and statute as far as the substance of the intended system is concerned, in regard to which the Court has not raised any objections.

It therefore falls to the Commission to submit a communication to the Council with the combined aim of withdrawing its draft regulation of 28 July 1976 and proposing new directives which will allow the Commission to reopen negotiations with Switzerland in order to provide such changes to the draft agreement as are necessary to permit its conclusion by the Community, having regard to the requirements indicated by the Court of Justice. This communication is in the course of being worked out and will be submitted as soon as possible for approval by the Commission and subsequent transmission to the Council.

President. — Thank you, Mr Burke, for giving such a comprehensive reply. However, I would ask you and of course all the Members to speak much more briefly in order to speed up the debate.

Mr Albers. — (NL) Mr President, this comprehensive answer shows us that we must expect a considerable delay with regard to the laying-up fund. I should therefore like to ask the following supplementary question. Is it possible for the Commission, now that this delay cannot be avoided, to comply with Parliaments' urgent request that it should not only take measures with regard to the periodical surplus capacity but that it should at the same time devote special attention to the structural surplus capacity which constitutes such a major problem in the inland waterway sector?

Mr Burke, Member of the Commission. — Two points, Mr President. First, as regards the length of the answer, I agree that it was somewhat lengthy, but I think the House, on reflection, will realize that the importance of this decision goes far beyond the immediate question of the laying-up fund.

In regard to the supplementary question of Mr Albers, I can assure him that the Commission will not waste

any time in taking the necessary decisions in order to speed up the informal and formal contacts necessary to bring this into being at the earliest possible moment.

President. — Since its author and the Member deputizing for him are absent, Question No 12 by Mr Dondelinger will receive a written answer (see Annex).

I call Question No 13 by Mrs Dunwoody:

Did the Commission make any preliminary enquiries into the Parliamentary Association for Euro-Arab Cooperation before granting it a subsidy in 1975, and does it intend to refrain from granting any further subsidy?

Mr Haferkamp, Vice-President of the Commission. — (D) I should like on behalf of the Commission to give the following answers in reply to the various points raised in this question:

1. The Commission does not grant subsidies to organizations about whose aims and action programmes it has no knowledge.
2. The Commission judges each individual application received on its merits. The decision takes account of the extent to which the activities of the organizations applying for subsidies are in the Communities' interest.
3. In the case of organizations of a political nature, the granting of a subsidy does not amount to a judgement by the Commission on the activities of the organization concerned.
4. The Commission has not yet taken a decision on whether to grant a subsidy for 1977 to the Euro-Arab Parliamentary Association.

Mrs Dunwoody. — Is the Commissioner aware that that is really a very worrying answer and that in fact this organization is being used as a straight organ for Arab publicity? The chairman of the association has taken to making a number of totally unjustified attacks on Israel, and if the Commission is to use EEC money in order to support this kind of political ploy, then there will be a great deal of offence caused within the Member States.

Mr Haferkamp. — (D) We are aware that European Members of Parliament who belong to this Association have made specific statements on questions concerned with the problems in the Middle East. Many Members of the European parliaments belong to the Parliamentary Association. I think it ought to be for the Association itself to see to it that the activities of this organization are in keeping with the Community's intentions.

Mr Mitchell. — I hope the Commissioner will not listen too closely to the Zionist propaganda put forward by my honourable friend, no matter how ably she puts it forward. Is he aware that this parliamentary association for Euro-Arab cooperation is a very

Mitchell

genuine attempt to get a closer association between the Arab States and Europe and is well worth subsidizing by the Commission?

Mrs Dunwwody. — Go back to Arabia!

(Laughter)

Mr Haferkamp. — *(D)* The Commission assumes that this is the Association's objective, otherwise we would have nothing to do with it.

Mr Fellermaier. — *(D)* Would you agree with me that, when parliamentary associations are concerned, it is not in fact up to the Commission to assess whether and to what extent it should subsidize them at European level, but that this is a most basic task of the budget of the European Parliament itself? Will the Commission point out in future to such applicants that, if they are associations of European parliamentarians, they can apply to a certain address, namely the Secretariat-General of the European Parliament in Luxembourg, so that the legislative assembly itself can decide which parliamentary associations are to be subsidized?

Mr Haferkamp. — *(D)* I am convinced that the Commission would welcome such initiatives and reactions from the European Parliament. However, it is faced with having to take a decision on a specific subsidy. I do not know whether what Mr Fellermaier said can be interpreted as meaning that Parliament would also be prepared to deal with this now and form its own opinion on this urgent matter. Such a statement would certainly be of value to the Commission in forming its opinion.

Mr Giraud. — *(F)* Does the Vice-President really think that the Commission is the body responsible for assessing the value of the activities of this type of organization made up of Members of Parliament? Is he also aware that this association approves boycotting mechanisms against which the European Community systematically defends itself?

Mr Haferkamp. — *(D)* With regard to the first question, we assume that the proposal and the application for subsidies in this connection are supported by many members of European parliaments. As for the second part of the question, I am not aware that this Association's attitude to boycotting is in conflict with ours. This would be news to me.

Mr Blumenfeld. — *(D)* I should also like to raise the fundamental question just put by Mr Fellermaier and ask the Commission whether it is prepared to put off its own decisions on this matter until the European Parliament has itself dealt with these questions involving support for parliamentary organizations. This particular case involves a so-called parliamentary association which, although not a single leading representative of it belongs to the European Parliament,

decks itself in the plumes of the European Parliament and at the same time claims the right to meet on the European Parliament's premises. This is — and hence the question to the Commission — a matter in which the Commission would be very well advised to ask Parliament for its opinion. You cannot simply subsidize something which arrogates parliamentary responsibilities to itself. I also wish to ask the Commission what actual interest it has in the activities of this organization.

Mr Haferkamp. — *(D)* I shall begin by replying to the last question on the Commission's interest: of course there is a general interest in promoting the Euro-Arab dialogue. The honourable Member then asked whether the Commission was prepared to delay its decision in this particular matter until it had been decided, as he and Mr Fellermaier proposed, whether Parliament might take an initiative of its own in this matter. On this point I can only state at the moment that I shall report on it to the body which is due to discuss this question, i.e. the Commission; a Commission decision will then have to be taken on this matter.

Mr Spicer. — I wonder if the Commissioner could tell us how many other similar association or organizations receive a subsidy in the same way.

Mr Haferkamp. — *(D)* I do not know of any subsidies to other parliamentary associations.

President. — The time allotted to the second part of Question Time is over. Questions Nos 16, 18, 22, 24, 25, 28, and 29 are carried over to the next part-session. Questions Nos 14, 15, 17, 19, 20, 21, 23, 26 and 27 will receive written answers⁽¹⁾.

Question Time is closed.

I thank the representatives of the Council and the Commission for their statements.

I have received from Mr Klepsch, on behalf of the Christian-Democratic Group, a request for a debate to be held, pursuant to Rule 47 of the Rules of Procedure, on the problem raised in the question by Mrs Walz.

In accordance with paragraph 3 of Rule 47B, I have decided to proceed with this debate immediately.

I call Mr Fellermaier.

Mr Fellermaier. — *(D)* May I ask on which question from Question Time we are now to hold a debate? As I understand the Rules of Procedure, a debate can be requested either by a group or by five Members if the answer to a question to the Commission is considered unsatisfactory. I should like to know the number of the question from yesterday's and today's Question Time on which this debate has been requested.

¹ See Annex.

President. — Mr Fellermaier, the request concerns Question No 44, to which the Commission and the Council have already replied and which was also the subject of supplementary questions. Under Rule 43B, the conditions on which a topical debate can be held are therefore fulfilled.

Mr Fellermaier. — (D) I want to ask another question, Mr President, now that you have just said in connection with Question No 44 that it is addressed to the Council of the European Communities, namely whether the Council of the European Communities is actually taking part in this topical debate.

President. — I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I can be brief, since Mr Fellermaier rightly quoted Rule 47B of the Rules of Procedure. In our view all the conditions are fulfilled. Owing to the inadequacy of the answer to Question No 44, we requested a topical debate in writing after all the supplementary questions had been answered, as laid down in Rule 47B. Only then did we submit this request in writing.

President. — Perhaps the President of the Council can say whether he can be present during the topical debate.

Mr Tomlinson. — The Council is available up till five o'clock this afternoon, Mr President.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, I should like to state, and I feel that this ought to be very carefully recorded in the minutes, that in saying this Council has declared its willingness to enter into a new formal relationship with Parliament, even though this is not provided for in the Rules of Procedure concerning Question Time and topical debates, namely its willingness also to take part on request in a topical debate. Hitherto it has only been open to us to request a topical debate with the Commission. I think it is splendid that the President-in-Office of the Council should state that he is willing for the Council to take part in future in topical debates following Question Time. I think that we ought to bid farewell to the President-in-Office of the Council with the request that, during the final handover of the Presidency of the Council to Belgium, he should make sure that this practice is continued.

President. — I call Mr Brown.

Mr Brown. — Mr President, further to that point of order, do I therefore understand that, having regard to the unsatisfactory nature of the reply to Question No 48, if I now ask you to accept the same procedure as a matter of urgency, in fact the Council will be

prepared to answer that question in that debate as well?

President. — Ladies and gentlemen, I would point out that Rule 47b of the Rules of Procedure lays down that :

Before the close of Question Time, any political group or at least five Members may request that a debate be held immediately thereafter on the answer given by the Commission, the Council or the Conference of Foreign Ministers on a specific matter of general and topical interest.

A debate as referred to in paragraph 1 may be requested only after the Commission, the Council or the Conference of Foreign Ministers has replied to all supplementary questions on the specific matter concerned.

The decision as to whether to hold a debate on request shall be taken by the President only at the close of Question Time and shall not be subject to debate.

Since I have already taken this decision, I declare the topical debate open.

5. Debate on the Council's answer to the question on the freezing of appropriations for the JRC

President. — I call Mrs Walz.

Mrs Walz. — (D) Mr President, Mr President-in-Office, I requested this debate on behalf both of my Group and the Committee on Energy and Research because we are dealing here with a twofold question : on the one hand advanced technology, and on the other hand job security. The situation — which to our regret we learnt about not from the Commission, who ought to have informed us, but from the trade union in Ispra — is as follows.

It was with a great sense of relief that those interested in European research policy learnt on 29 March 1977 that the Research Ministers had at least given their unanimous approval to the Joint Research Programme. It is true that one minister gave his approval only 'ad referendum', in other words dependent on his reporting back to his government ; at the subsequent press conference, however, another minister, Mr Kaufmann, announced the unanimous decision without mentioning the 'ad referendum'. Everyone naturally thought that the Research Programme was at last home and dry. Up to last week — two and a half months later — no confirmation had been received from this government, and you have just said, Mr President-in-Office, that you would not lift this reserve in the foreseeable future. This is an anomalous situation without precedent in the EC's history ; it led to the blocking of 25.3 million u.a. and to an appeal from the trade union which is concerned about the possible loss of jobs. Incidentally, a strike is underway in Ispra at this very moment.

President. — There is a breakdown in the simultaneous translation. The sitting is suspended for a few minutes.

(The sitting was suspended at 11.45 a.m. and resumed at 11.50 a.m.)

President. — The sitting is resumed, I ask Mrs Walz to continue.

Mrs Walz. — *(D)* Behaviour of this kind, contrary as it is to contractual obligations, naturally has its reasons, the main one being admitted quite openly by the ministers concerned. The point at issue is a linked transaction involving JET — the Joint European Torus, a nuclear plant for the fusion of hydrogen atoms, one of the most important advanced technologies there are. The controversy surrounding the site for this top-priority Community project has been raging now for more than one and a half years. The choice was finally narrowed down to Culham and Garching, both equally suitable. It had previously been decided in the Council of Ministers — which, by the way, sat following the meeting of the Ministers of Agriculture — to abide by a majority decision. The vote went in favour of Garching, and the outvoted nation subsequently refused to accept this decision. A few days later, the 'Guardian' reported that Mr Benn favoured cooperation with the USA on nuclear fusion. Now this 'ad referendum' is being used to block work and jobs, European research is being jeopardized and, with it, the livelihood of the personnel to whom we owe a debt of loyalty. But we all know that we can only live by the proper application of advanced technology and that this is the only way in which our jobs can be safeguarded. It is symptomatic that it was the trade union which addressed its appeal to us.

Ladies and gentlemen, Europe will never be built with the help of the kind of Community spirit we have seen here. Europe depends on mutual give and take without any penny-pinching mentality — and I am referring to my own government. In a world dominated by superpowers, Europe is the only chance we have of living the way we want to live.

(Loud applause)

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

Mr Flämig. — *(D)* Mr President, the Council's answer which we heard today was very brief, amounting basically to the message: we hope everything will soon be alright. That was all. And if we hadn't heard accidentally — as has just been said — from the trade unions that funds are being frozen, we would have gone on believing firmly that everything was alright and that progress was being made in at least one field in Europe, namely research. Now, just by chance, we found out what was going on, and that is the first thing we don't like. This is, so to speak, the procedural aspect of the affair. This is no way to treat a Parliament. We have a right to information. We

want to know what is going on. On the technical side, our view is that an urgent demand on the part of the European Parliament has so far been ignored because, Mr President-in-Office, this House fought for years to get this medium term research programme finally under way. The point is that this research is in fields which are enormously important — top priority, you might say. Reactor safety, plutonium fuels, the management of nuclear materials and radioactive waste, solar energy, hydrogen research, high-temperature materials, the environment etc. — these are all enormously important fields.

What is the meaning then of this freeze? From the technical point of view, it means that at the moment no-one can say whether this research will or will not be continued in Europe.

And now for the political side of the question. All this is just beating about the bush. The answer gave no clear indication of the real causes. The previous speaker suspected that some kind of linked deal was involved — but I would regard this as an unacceptable linking of matters which in fact have nothing to do with each other. The JET site is one question, the continuation of the European research programme is quite another — and if someone were now to go and say that we should include agriculture for good measure, I should not be at all surprised because, Mr President-in-Office, chance would have it that the same week also saw tough negotiating on agricultural prices.

But now to a completely different point — the social aspect. In reply to a supplementary question, you said that salaries were guaranteed up to the end of the year. I hope you are not referring to the end of the financial year, because that will end in only a few weeks; I assume that you were referring to the calendar year, but in our opinion this is missing the point entirely. The point is that you are playing around with the livelihood of 1 705 European workers. The result of this freeze is insecurity and apprehensiveness; it produces a bad working atmosphere, and how can anybody be expected to come up with good results in such an atmosphere?

In the short time available to me, I do not want to go into the question of how the matter was dealt with in the Council. It would, however, be interesting to know whether it is true that eight countries were agreed on the JET site, and that the President-in-Office thereupon dug his heels in. Perhaps it does not lie within our competence to ask for such details. However, Mr President, I should like to end with a call that this matter should not be settled at the level of bartering in an oriental bazaar, but that a decision should be taken on merit in the interests of the people of Europe. We demand the release of the funds for medium-term research — we owe this to the citizens and our constituents in the countries of Europe.

(Applause)

IN THE CHAIR: MR BERKHOUWER

Vice-President

President. — I call Mr Noè.

Mr Noè. — (*I*) Mr President, ladies and gentlemen, I shall use these five minutes to underline two problems relating to possible developments in the energy sector and to show how the current indecision will have repercussions for generations to come.

It was only a few days ago that Darril Spriggs, one of America's leading oil experts, forecast that by 1985 a barrel of oil could cost between 25 and 31 dollars, more than twice what it is today. He backs up this frightening prediction by pointing out that, by 1982, all the OPEC oil-producing countries, with the exception of Saudi Arabia, will have reached their production peaks. The inevitable result of this will be that these countries, unable to increase production, will have to push up prices if they want to increase their earnings.

The attitude of Saudi Arabia will be decisive at this point because, as I have just said, Saudi Arabia will be the only country capable of meeting the increased demand for oil which is likely in 1981-82.

There is not one of us here who can be unaware of the serious consequences of more than doubling the price of oil. Spriggs claims that three factors could slow down the rise in prices — although if we look closely at these factors, they will not, in my opinion, be a very effective brake. He claims, first of all, that rising prices will result in a 'tremendous' drop of consumption. That is the word he uses. Secondly, he relies on the success of America's new energy programme, since American consumption accounts for a sizeable share of total world consumption. The final factor is his gloomy forecast of a widespread recession. In spite of these three factors — and the third one is particularly pessimistic — prices will probably rise to the level which Mr Spriggs forecasts.

On the other hand, the full impact of rising costs will not be felt in the very near future, between now and 1981-82, since we are shortly going to get 1 200 000 barrels a day from Alaska, and the yield from the North Sea has been estimated at 3 500 000 barrels a day. This means that we have until 1982 before rising costs begin to curb consumption of the world's most widely used fuel.

Let me turn now to the second disquieting possibility. The IASA in Vienna has carried out the first comparative study to be made of the two energy sources which could free us from our dependence on oil — I refer to nuclear fusion and fast reactors. The study was made by two specialists — one of whom was Professor Häfli, who is the top man in IASA and works — I

think, in Stuttgart — and by four other experts, two on nuclear fusion and two on fast reactors.

I urge everyone interested in these problems to read this report and realize — and I want to draw the attention of the House to this too — that if we choose nuclear fusion, a tremendous effort will be needed to overcome the remaining technical obstacles. The fast reactors have already completed the first of the three necessary stages, i.e. shown that they are feasible, but they still have to prove their safety and economic viability. With regard to the other energy course, nuclear fusion, there is still a great deal to be done. Hopes had been raised by satisfactory progress in the physics involved, but things have now been held up for months. You only have to read this report to realize how much has to be done to discover materials which can resist very high temperatures, and especially neutron bombardment which no material has yet undergone.

This is what we may be faced with — on the one hand a lack of conventional fuel, and on the other the difficulties which have to be surmounted if we are to find a substitute. To overcome these difficulties, we have our research centres, which ought to be making a significant, if not decisive, contribution toward solving these massive problems which threaten us. But, as the previous speakers have already pointed out, these centres are practically marking time. Mr Flämig mentioned research outside the reactor field, and he was right to do so, but I want to keep to research in this field because I feel that this is our best chance of finding a reasonable solution. . . .

President. — I am sorry, Mr Noè, but your time is up. I call Mr Hougardy to speak on behalf of the Liberal and Democratic Group.

Mr Hougardy. — (*F*) Mr President, I should like first of all to congratulate Mrs Walz for introducing this topic and also you, Mr President, for allowing this debate to take place.

It really is absurd that we should have to learn from the unions that these appropriations have been frozen, while all the time Mr Brunner has been speaking to the Committee on Energy and Research about choosing a site for the JET project and about the joint research programme. We have a right to be kept informed, and what has just happened is completely unprecedented.

What is going on? Research throughout Europe is being jeopardized. The brain drain of our best scientists, which was already considerable, is going to get worse, just when there was some hope for the future at Ispra. And what is just as bad is that advanced research, which we have continually called for, is also being threatened.

Hougardy

We went on believing for more than a year that technical criteria were going to determine the choice of a site. But now we see that everything is being decided behind the scenes. This is the truth, and it is quite unacceptable. And we do not know — although perhaps we shall know soon — what else is going to determine the choice of a site for JET.

The 10 June edition of 'Europe', which is always well informed, had an article on the energy ministers' meeting of 14 June. I looked in vain for any mention of a site for JET and I should like to know if this matter was in fact discussed at yesterday's meeting. I should be much happier if we were informed of what was happening by some official statement from the Council, and not by hearsay or by rumours which somehow filter out. I am sorry to say that until now, the Presidency has failed in all its duties to provide information in this area and to take the necessary decisions.

(Applause)

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

Mr Bouquerel. — *(F)* Mr President, ladies and gentlemen, the Group of European Progressive Democrats fully agrees with the Members who have spoken out against the freezing of the appropriations for the Joint Research Centre which are provided for in the 1977-80 programme.

This House has devoted a great deal of effort to helping the centre get out of the sorry plight it was in. The Commission, too, has worked strenuously to draw up realistic programmes and to give the centre the resources which it needs to continue its work, or even simply to remain in existence. In the budget debates of the last two years, we had to fight hard to get sufficient funds to finance the research centre's programmes. All these efforts may now prove to have been wasted, ladies and gentlemen. Let us not forget that what the centre needed most was confidence — confidence in the support of the Member States, confidence in the Commission, and lastly confidence in itself. It was thanks to the strenuous efforts of Commissioner Brunner, backed by the constant support of this House, that this confidence was eventually restored.

The decision to freeze the 1977-80 appropriations will be a grave injustice to the centre, since it is no less than a betrayal of their trust. How can you expect scientists to achieve anything when their very work is constantly being jeopardized, when they have no idea of what tomorrow will bring? We thought that all this uncertainty was a thing of the past, and that everyone had got down to work again. But now, once more, the Joint Research Centre is seriously threatened.

Mr President, the Group of European Progressive Democrats would like to reaffirm its confidence in the

work of the Joint Research Centre; we are therefore totally against freezing the scheduled appropriations. It is outrageous that in spite of the supplementary budget we do not have enough money to go on paying the staff beyond next September.

(Applause)

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

Lord Bessborough. — Mr President, I too would like to thank Mrs Waltz for having arranged this debate.

I think we must all emphasize at the outset that approval was given by this Parliament both in plenary session and in committee and indeed, by members of all political groups, that the multiannual research programme should go ahead without a referral to national parties and governments. Research and development require continuity and stability of employment for their successful and timely conclusion. We must have a decision on this by the end of the month, otherwise I think the JET project will have to be abandoned.

Quite apart from this unhappy consequence, it will be greatly distressing if, as a result of this situation, the brain-drain to the United States considerably increases, as it is virtually certain to do.

The Presidency of the Council has a duty to take note of the character of political support in Parliament. It is irresponsible for important decisions about which political unanimity exists to be left in suspense for lengthy periods. The House has a duty to be watchful of Council failures to come to essential decisions, and to report them to public opinion. We are concerned with work about which public opinion has expressed anxiety: nuclear safety, the disposal of nuclear waste and, what is most important for future generations, the availability of adequate energy supplies. In this connection the JET project is one long-term measure, and a very significant step, if successful, towards the achievement of fusion power. We are answerable, and Council is answerable, before history for our decisions. It would be a harsh political reward if the results of the Council's failure to decide were visited upon them and on unfortunate citizens of the Community rather sooner than we expect, especially in view of the recent publication by the Workshop on Energy of its forecast of an energy crisis by 1981-82. Mr President, JET must go ahead!

(Applause)

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

Mr Veronesi. — *(I)* Mr President, on behalf of the Communist and Allies Group I wish to thank Mrs Walz and her Group for having raised this question so promptly.

Veronesi

I do not intend to repeat what the previous speakers have already said, but I must repeat that this is a very serious situation. A reasonable agreement had apparently been reached, under which, firstly, the two problems of the JET project and the Ispra research programme had been separated and, secondly, this programme for Ispra had been approved.

The approved plan was reasonable and satisfactory, and in line with the needs of the Community. It answered the real needs of the partner countries in the field of scientific research. It was not of course a complete plan, but it had the merit of tackling a number of vital aspects which required urgent action. You will recall that in the last part-session the House adopted a resolution tabled by Mrs Walz calling for European collaboration to help bridge our technological shortfall vis-à-vis other countries. On that occasion, too, we all recognized the urgent need for more vigorous and forceful action in carrying out research programmes.

A similar motion is on the agenda for tomorrow, relating to a joint effort in the use of solar energy. But how are we going to feel about passing a motion calling for joint action, when we know that the outcome of all this will be just the same as has happened with the joint research programme at Ispra?

We must not forget what happened to Euratom, to the programmes for the development of breeder reactors.

If you ask me, the situation is not unlike that in which the Philistines judged the tribe of Samson. We withhold from Ispra the funds it needs to operate, and then we say it is achieving nothing. We put off choosing a site for JET, which in practice means delaying the project, and then we say that it is unfeasible and has to be wound up within a month. Behind this approach there is, I feel, an attempt to curb Europe's ability to pursue an independent energy policy. This is borne out by Mr Benn's statement — referred to by Mrs Walz — that the JET project could not be implemented without bilateral collaboration with the United States.

We must therefore realize that there are factors working against Europe's independence and self-sufficiency in energy requirements.

One final comment, ladies and gentlemen. Keeping idle a centre with a well-equipped staff of almost two thousand competent and qualified workers, in our modern technological society, is sheer suicidal madness. Without offending anyone — and I hope no one takes it that way — I would merely point out that mismanaging our intellectual resources in this way is jeopardizing all progress towards a better future.

(Applause)

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, we have heard about the harm that is being

done to the Joint Research Centre by the delay in approving the programme. We have heard about the way confidence is being destroyed among the research community in Europe. We have heard how the citizens of this community will be affected if no progress is made in research into reactor safety and the management of nuclear waste. We have heard how critical all this will be for the whole research work of EURATOM.

We have heard nothing, on the other hand, about the harm which an affair like this does to the Council as an institution. There is a constant danger that, if the Community institutions consider issues without having the Community's interests foremost in their minds, the authority of these institutions will be impaired. The exaggerated defence of supposed national interests in issues which have absolutely no direct connection with these interests reduces the Council of the European Communities to nothing more than a loose intergovernmental conference. Then the Council of the European Communities will no longer live up to its name, and this is what we ought to bear in mind if we accept a false correlation between a four-year Community programme on the one hand, and a completely different matter — the JET Research Project — on the other. I can only raise my voice in warning, for anyone who adopts such an attitude will get no great benefit out of it. On the contrary, he will damage himself by contributing to the institution's loss of authority. He will damage himself at home, even though he may think today that he can count on the sympathy of some of his constituents. This sympathy will be short-lived. The lasting damage that can result from actions like this is immeasurable, and I would warn against proceeding any further along this course. I should be glad if we could now at last get around to implementing the research programme which has cost us so much work.

(Applause)

President. — I call Mr Tomlinson.

Mr Tomlinson, President-in-Office of the Council.

— Mr President, I have listened carefully to all the contributions to this debate. In reply to Mrs Walz, who said in her opening remarks — which I heard before the translation disappeared, and unfortunately I didn't hear her repeat them when the translation reappeared — that the Council referred in their answer only to approval and did not mention that concerning one Member State it was approval *ad referendum*, may I, right at the outset, just repeat my original answer for the sake of clarity so that everybody fully understands exactly what I said?

Tomlinson

Out of the 98.4m u.a. in appropriations for payment which were requested by the Commission for the Joint Research Centre in the 1977 budget, 25.3m u.a. were blocked by the budgetary authority. (If I may just interpose a point there for the sake of Lord Bessborough, perhaps I should point out quite clearly that the budgetary authority is the Council and Parliament working together. It was blocked by the budgetary authority because the new programme had not yet been decided by the Council. That is still the situation, because one Member State which approved the new programme at the Council on 29 March only *ad referendum* has maintained its reserve until now. We can only hope that it will be possible for this reserve to be lifted soon. I thought I made that quite clear in my original remarks.

I must also say to Mrs Walz that I did not say, as she quoted me as saying, that I could not see the position being changed in the foreseeable future. I would say to her that when she says that the spirit of these discussions will not build Europe, equally I must say that a spirit of over-exaggerated expectations of the consequences also does not help the process in which we are all working together. There are serious problems within Member States, and all of them equally recognize the seriousness of the problems.

If I may turn to Mr Flämig who spoke about the urgent call of this House as being ignored, I would try to reassure him that this is clearly not the case. There is full recognition of the urgency and the deep and abiding concern which every Member who has spoken in this debate and many who have spoken on the subject in the past, have expressed about this problem. Unfortunately, that has not yet led to a full resolution of the differences of view; but there can be no question of anybody's ignoring the urgency with which this House views the situation.

Mr Flämig raised in his speech the question of the 1 705 workers at Ispra, and I would say to him that I fully recognize the concern, both of the workers themselves and of this House, about the interests of the workers, and I will say something about that briefly. To Mr Noè, who spoke with great expertise about the problems particularly in relation to energy trends, I recognize the importance to the whole Community of secure sources of energy, but so, I may equally assure him, does every Member State of the Community and so does the Council of Ministers, This is something which we recognize but it does not automatically lead us to adopt an identity of views on all issues in pursuit of that objective of secure sources of energy supply.

I must say to Mr Hougardy, that I cannot accept that — and I quote what he said — 'the Presidency has failed in all its duties to provide information in this area'. I must reject that because it is just not the case. We have tried, with all the difficulties that surround this problem, to be as forthcoming as we possibly can.

To Lord Bessborough, I can say that I accept part of his hypothesis about the danger of matters' being left in suspense where there is political unanimity. But I have to say to him that the simple truth is that in this particular area at the moment the political unanimity does not exist. And so the question cannot follow the hypothesis, which itself is not correct.

I listened with great interest to what Commissioner Brunner had to say, and obviously the Council heed very seriously the words of the Commissioner, who, as I think everybody would agree, is working indefatigably in pursuit of a solution to this complex problem. Everybody appreciates the energy with which he is pursuing it. But I must say to him that there are differences of view within the Council — not all the views fully accord with those which he expressed — and that everybody is working with maximum energy and endeavour to resolve the outstanding difficulties.

Now I would say in a more general spirit, having referred to one or two specific points in the debate, that the Council is fully aware of the importance of the Joint Research Centre and shares the Parliament's disappointment that the meeting of Research Ministers of 29 March was inconclusive. Since that Council meeting, the Presidency has been promoting a full discussion of all the issues involved in the JET project, to enable an agreement acceptable to all the parties concerned to be reached. The Joint Research Centre's programme contains, as the Parliament is fully aware, fusion items on which decisions are closely linked with the outcome of the discussion on JET. The Presidency expects, therefore, that, providing the remaining differences on JET can be resolved, the remaining funds for the Joint Research Programme can be released. The Council fully understands the urgency of the matter, but I believe it is important that we place the matter here today in its proper perspective. In practice, the programme as a whole has sufficient funds to enable it to continue until the autumn. The Community budgetary authorities have already made available three-quarters of the 1977 planned expenditure for the whole programme, and if the need arises the procedure does exist to unblock still more funds. It is also within the powers of the JRC management to summon at any time a meeting of the General Advisory Committee so that problems arising from the delay in adopting the new programme can be discussed. It would be wrong, therefore, I believe, to exaggerate the financial problems. There should be no difficulty over the payment of staff salaries or the maintenance of essential services at the Joint Research Centre in the foreseeable future. I hope that will provide some reassurance to the honourable Members of this House who have rightly placed emphasis on the interests of 1 705 workers who are rightly concerned about their future, and I hope this, in some way, helps Mr Veronesi in his understandable concern about trade union interests.

Tomlinson

Perhaps I may, however, say a word about the position of my government, as it is the government which felt unable to lift its reservations on the joint research programme ahead of a satisfactory resolution of the JET issue. As I have tried to indicate in the course of my intervention, the Joint Research Centre and JET are inextricably linked, and in the opinion of my government it would be premature to take a decision on the one in isolation from the other. It makes no sense to decide on the European fusion programme piecemeal. Mr President, I appreciate that this is a view which is not universally shared, but I can only add that, as a presidency, we have been working hard to promote an agreement on the one, in order to enable the remaining reservation, on the other, to be lifted. I personally do not share the prevailing pessimism that has been expressed in this debate. Differences on JET have been substantially narrowed and we, as a presidency, will not hesitate to call for a further discussion at ministerial level as soon as there is a good chance of decisions being taken. I am not able to predict when that might be, but we and, if necessary, our successors in the presidency will not hesitate to bring matters before ministers as soon as the time is right. The President of the Research Council, Mr Kaufman visited the Joint Research Centre at Ispra as recently as last week to hear the views of the management and staff at first hand, and so the views which have been rightly expressed by Members of this House today are views which were expressed directly to Mr Kaufman when he visited the JRC last week. He is therefore fully seized of the urgency of the matter and will continue his efforts to promote a settlement of both of these interlinked questions.

President. — I call Mr Brown.

Mr Brown. — Mr President, I would like to thank the President-in-Office very much for the very careful explanation he has given of the position as he sees it. From my point of view, the important point is to develop a meaningful and objective European research programme, and there is no disagreement on this either among scientists and technologists or among informed parliamentarians. It is a basic requirement which we accept. Therefore, may I say, Mr President, that any attempt to try and play either a national political game or a party political game in this important issue does, in my view, grave injustice to the European ideal.

As the President-in-Office has said, there are two distinct issues involved, although they are part of the whole. First we have JET, where genuine disagreement exists on the most appropriate place for the project to be based. The arguments are finely balanced: broadly speaking, the scientific community appears to favour Culham, whereas the political judgment tends to favour another site on the grounds of

an equitable distribution of programmes. There can be no disagreement on the fact that a final decision is urgent, and we can only hope that the varying views can be reconciled at an early date.

The second issue is the joint research programme, of which Ispra forms but a part. The information that I have is that at the meeting of 29 March considerable discussion ensued on the excellent work being carried out at the various places. By and large, there appeared to be general approval of the idea that the fusion programme should be carried out at Ispra and that it should be increased in both quality and quantity, but it did not seem to make much sense to people present to go ahead increasing one part of the commitment without knowing what the overall European fusion programme was likely to be. As I understand it, the UK attitude has been well known since January 1976, and discussions again took place on this very issue in November 1976. One can only observe that it is a perfectly honourable position for any one of the nine States to adopt if it can argue that certain advantages would accrue to Europe if a different attitude were taken, and who can deny that the establishment of an overall European fusion programme is of fundamental importance? Therefore when the UK minister reserved his position on the proposal to increase the quality and quantity of fusion work being undertaken at Ispra in advance of agreement on an overall fusion programme, it does seem to me a consistent attitude which in no way either surprised or disappointed his colleagues. At the present time a majority of fusion programmes are carried out at national laboratories, and before deciding to extend the work being carried out at Ispra, one must, I think, be sure that we are not duplicating work already being undertaken elsewhere in the Community.

I would say to Commissioner Brunner that I was very interested to hear his thrustful and forthright observations. I look forward to receiving the same thrust on Question No 14, which unfortunately we have not reached today but which will, I hope, be reached at the next part-session, when I hope he will show the Commission to be as anxious to be pleasing to the Parliament: I am almost prepared to believe that he is already agreeing in advance.

Let me end, Mr President, by saying that it is ludicrous to suggest that with the cost of the delay since March scientists are likely to become unemployed. Nor do I accept that such a delay is desirable. While I am not excusing the delay, I nevertheless support the point made by the President-in-Office that one can exaggerate some things, as I feel has been done today. I urge the United Kingdom to come forward with proposals as soon as possible for agreement with their colleagues...

(Applause)

Brown

... but I do accept that it is in Europe's interests to have a European fusion programme which is properly constructed, scientifically acceptable and designed to advance Europe's scientific capability in this field.

(Applause)

President. — I call Mr Hougardy.

Mr Hougardy. — (F) Mr President, I asked whether the problem of JET had been raised at the meeting of the Council on 14 June during which questions of energy were discussed and whether a decision had been taken.

President. — I imagine that the President-in-Office of the Council will say a word on the subject in his reply to the four speakers who have still to contribute to this debate.

I call Mr Vandewiele.

Mr Vandewiele. — (NL) Mr President, I should like, at the end of this debate, to say that we have just witnessed a very convincing demonstration of the impotence of this Parliament and of the inadequacy of the European institutions. When we come tomorrow to read the report of this debate and the Council's reply, we shall be astounded at the nebulous atmosphere in which the debate has been conducted and at the feeble answers received from the Commission, which is supposed to be the defender of European interests.

The question at the moment is whether part of our budget really is being blocked by the use of the *ad referendum* formula, and whether this is being done by the whole Council or by one single member of the Council? The answer is: yes! But, the *ad referendum* formula has a very precise meaning and is contrary to international law, and certainly contrary to Community law and to the Treaties. If the President-in-Office can refute my allegation in a satisfactory way, I shall take back what I have said. If he cannot do so, however, then it is high time that the Treaties were read in the United Kingdom. The same goes for all the other Member States. Perhaps they will all in due course take their turn in the dock. But we must have the guts to say this openly and frankly. When the question of European defence was in issue, it was France which had to answer the charges. Today we are talking about questions which have not received a satisfactory answer and I am disagreeable enough to draw attention to this fact.

My second question is whether the workers are not entitled to be anxious. Mr Hougardy has questioned the Council and the Commission at least five times on this point. So have Mr Flämig and Mrs Walz. They asked what was to become of our highly qualified scientific workers. As long ago as last year we asked for a clear answer on this. There is a danger of our

scientists emigrating to other countries where they will be welcomed with open arms; and the whole JET project is in danger of coming to nothing because of the insecurity felt by our scientific staff. Can't any reassurance be given? The Council's answer was totally irrelevant.

My third question is whether we can do anything to combat this sort of blackmail, because that is what it is. We appreciate the fact that the President-in-Office spoke in his dual capacity. On behalf of his own country he said that the United Kingdom linked the location of the JET project and the allocation of part of the funds set aside for research. But he turned a deaf ear to Mr Flämig, who drew attention to a whole series of areas of research which are of such importance and urgency that it is sheer madness for different Member States to use important projects as a means of blackmail to block ongoing work. I wish to protest against this behaviour.

Finally, I apologize for having spoken in what may have been a rather emotional tone, but it was due, Mr President-in-Office, to the fact that we in the Committee on Energy and Research have for the last three years — under different presidencies — urged again and again that a decision be taken quickly on the question of the location of the JET project. The years are passing and we are still no further. I think that the time has come — and I venture to make the suggestion even though it may be unacceptable — for the President of this Parliament or perhaps the Bureau of the Parliament to take the initiative in this matter in accordance with the Treaties to defend Community law with the aim of emphasizing that certain attitudes adopted here are clearly contrary to the spirit of this Parliament and of the Treaties on which all our actions are based.

(Applause)

President. — I call Mr Giraud.

Mr Giraud. — (F) Mr President, I should like first of all to thank the trade unions at Ispra for alerting us when no one else did. I would also thank the chairman of the Committee responsible for having arranged for this debate to take place. Finally, my thanks go to Mr Brunner for what he has just said.

I shall make no reference to the technical problem: this is simply a political matter. The point at issue is whether a government — no matter which one — has a right to block a decision by linking it illogically and unacceptably to another. Mr Vandewiele has just set out the facts: agreement had been reached on a clearly defined problem that of budgetary appropriations for Ispra, which should enable our Joint Research Centre to operate properly. One government gave its assent *ad referendum*. As I understand the Latin — I make no claim to understand the English — *ad referendum* simply means reporting back to the

Giraud

national government, which should not involve weeks — still less months — of waiting. When a representative cannot give his assent, he expresses a reservation. When agreement is given *ad referendum*, it simply means that the national government is informed of the position adopted in the Council; it means in effect that one is basically in agreement. It is therefore intolerable for this *ad referendum* to apply for weeks and months. My own view is that this is an extremely serious situation, from the point of view both of the efficient functioning of the Community and of the Community's credibility among the citizens of the Member States.

My second point concerns the sitting of Jet, or, to be more precise, the JET affair. I am perfectly free to say what I am going to say because when the French government was involved in the question, I stated my view publicly that the question of whether JET was located here, there or anywhere else was not a life or death matter for any of the governments. Now that the French government is no longer involved, I can state my view even more openly: the point is not whether JET is built here or there, in Great Britain or in Germany; the only thing that matters is whether or not JET is vital to the European research effort and to the future of Europe. In view of the fact that the European Parliament is in unanimous agreement on this point, I think it high time that the governments realized that the problem of the site is only of secondary importance; the overriding concern is that we should not squander the all-too-rare lead which European technology and science holds in this field. I therefore call on the Council to take a decision by the end of this month at the latest — I am perfectly aware what I am saying — which will at long last enable JET to get under way, as the European Parliament has for years been demanding with one voice.

(Applause)

President. — I call Mr Fuchs.

Mr Fuchs. — (D) Mr President, ladies and gentlemen, the President-in-Office has been at pains to play down the problem and cool things down a little. I am afraid though that his efforts have had the opposite effect on me. My reaction remains one of amazement and dismay. In particular I am amazed that this unholy link between Ispra and JET was openly admitted; up to now no one has ever said that the research programme in Ispra had shortcomings: the ministers responsible appeared to be convinced of the usefulness of this programme and of the fact that it was working in the direction we need. It is therefore all the more regrettable that this question has now been linked with JET by one Member State.

I repeat: can we Europeans lose much more credibility by being incapable of making the right choice in a question like this? How can we justify the fact that extremely highly qualified technicians and scien-

tists are becoming unsettled and unsure whether they are in the right job? How can we justify the possible destruction of such an institution in view of the enormous importance of energy policy and the creation of forms of energy which will really guarantee our future? I think we should make every effort to bring about a positive decision in this matter as soon as possible.

Moreover, two and a half months have now passed since 29 March and I suppose that the Commission sat out this period in good faith in the expectation that full agreement would at long last be reached.

I think, however, that the Commission should take warning from what has happened here and in the future enlist Parliament's aid at an earlier stage to make sure that the Parliamentary Committee on Energy and Research does not hear of the matter more or less by chance. I think it is high time to put an end once and for all to this grotesque and depressing charade.

If I may be allowed to make a suggestion or request: could not the President of this House get in touch with the Prime Minister of the country concerned as quickly as possible to see that agreement is reached in the very near future? I think we all believe it to be a matter of great urgency; we cannot afford to delay the decision any longer: hence my plea.

(Applause)

President. — I call Mr Fellermaier

Mr Fellermaier. — (D) Mr President-in-Office, a government may be within its rights — I won't quarrel about it here and you made a statement yourself to the same effect on behalf of the British Government — in taking the view that JET and the long-term research programme are inextricably linked. I repeat: a government has the right to present the facts in this way. It was not this which concerned me so much as your announcement that your successors in the presidency would continue to work toward achieving agreement on the JET project and on the common research programme. Mr President-in-Office, is it really the wish of the British presidency to round off its first six months in the history of the European Community with a black mark for having dragged its feet on an issue which was perfectly ripe for decision? And would it not be a magnanimous gesture on the part of the British presidency to demonstrate to the whole of Europe that it is making the utmost efforts — by calling a special meeting of the Council of Research Ministers before the end of the month — to remove the last points of dissension over the location of JET, to give the go-ahead for the long-term research programme and thus to remove the threat hanging over the heads of workers at Ispra? I appeal to the British presidency. I am not asking for the British point of view to be abandoned *expressis verbis*.

Fellermaier

My appeal likewise has nothing to do with the question of Garching versus Culham. Indeed, as a member of the German Bundestag, I would say that from the point of view of the Federal Republic of Germany, the location of JET is not the principal point at issue. We do think, though, that a decision is now so overdue that the British presidency should really concern itself with the question. You would be doing a great service to Europe, Mr President-in-Office, if you were to give us an assurance today or, if you feel obliged to consult your government, some time before the end of this part-session, that a special meeting of the Council of Research Ministers will be convened this month under your chairmanship. This would be a real crowning event in the United Kingdom's Jubilee year.

(Applause)

President. — I call Mr Tomlinson.

Mr Tomlinson, *President-in-Office of the Council*. — Mr President, may I first of all say to Mr Hougardy, in answer to this specific question, that JET was not discussed at the Research Council yesterday.

Can I at the same time link that with the point just made by Mr Fellermaier and re-emphasize to him what I have already said in the debate — that differences on JET have been substantially narrowed and that we, as the presidency, will not hesitate to call for further discussion at ministerial level as soon as we think there is a good chance of decisions being taken. I am not able to predict when that might be but, as I have already said, we will not hesitate to bring the matter before ministers as soon as the time is right. I would hope that that might be within our presidency, but if not then it will of necessity, because the calendar is fixed, be under the next presidency. But it is something about which we have the greatest concern and we would like to see a situation in which we feel that time will be right for decisions.

Can I say to Mr Brown, who I think made a very balanced speech, that I thought that in his speech he hit exactly the right sort of note. He expressed not only the importance of the programme, but the urgency of the need for decisions and the feelings of disappointment in this House at decisions not being taken. I recognize each of the three component parts of that speech as being equally important. There can be no doubt that the disappointment of this House and the feelings of frustration are well recognized by the Council, but that does not change the fact that political differences which still have not been resolved do exist. However, many times we express our disappointment, express our concern, until there is a resolution of the differences, agreement cannot take place. I along with everybody else in this House, hope that those conflicting points can be the subject of a resolution as speedily as possible.

Mr Vandewiele made a speech which, although it contained substantially more emotion than many

others, shouldn't be taken to indicate that those who speak with less emotion necessarily feel less strongly than he does about the subject. The particular point of *ad referendum* was the one that he raised, and this has been a constant scene through parts of this debate. I think it might help the Parliament if I expressed, as a United Kingdom Minister, a little bit more clearly exactly what the position of the British Government is, so that it will not be the subject of continued misunderstanding or misrepresentation. The British Government do not accept the interpretation put on agreement *ad referendum* by some of its critics. Mr Benn's clear intention was to consult his colleagues about the Joint Research Centre programme in the light of the outcome of the Research Council. Having done this, it was decided that the United Kingdom reserve should be maintained. The Joint Research Centre programme includes proposals to extend work on fusion at Ispra, and it was the view of the United Kingdom Government that it makes no sense to decide on the European fusion programme piecemeal. No decision has been taken on JET, which is intended to be the centrepiece of their programme. Until that decision is taken, it is not possible to see whether the fusion role proposed for Ispra is appropriate. Furthermore, the funds and staff for Ispra's fusion programme are to be pruned from within the existing ceiling, i.e. at the expense of programmes in other areas of their work, and for these reasons, and those reasons alone, the United Kingdom believes that it would be wrong to decide on the Joint Research Centre programme or its fusion element in the absence of a decision on JET.

I hope that answers, in some detail, the number of other people who raised the question of the link between the two issues. I would say to people like Mr Vandewiele — although I deprecate the use of words like 'blackmail', because I think they are inappropriate, and are not the most conducive to creating atmospheres for rational debate of the subject — that, strongly as he feels about the question of the link — he might not agree with it — others, as I say, who speak with less emotion, feel just as strongly, and their views are just as worthy of consideration.

Equally, to Mr Giraud: I understand what he says in his view about the link, that he doesn't agree that that link is there. But the fact is that other people take a contrary view.

If I may turn to Mr Fuchs, who also raised the question. He said that what I had said earlier in no way reassured him, that in fact it made him feel more concern that I had in fact admitted the link. I have made no hesitation about its existence, but when he says that, I think other Members of the House should at least acquit the presidency of the accusation of failing to give information to the Parliament. I have tried to be as forthcoming as possible.

Tomlinson

This is the situation, as I have explained it: the Joint Research Centre's programme continues with these fusion items and they are closely linked with the outcome of discussions on JET.

I might say in conclusion, Mr President, that although I understand the concern, I understand the conflict of views and the differences of views about the inter-linking of these two points, I might emphasize that the British Government are not the first and are certainly not the only government which has made a link — not between other factors — but have made a link between these two factors. The question of the Joint Research Centre and the Joint European Torus have been linked together by other Member States of the Community, not only by the United Kingdom. So this great surprise and expression of concern I don't think should be directed exclusively to the attention of one government.

I certainly have found this debate interesting; I hadn't anticipated speaking twice in it, but I found it interesting, informative and I will certainly make quite sure that my colleagues, as I always do after attending plenary sessions of the Parliament, fully recognize as, I can assure you they already do, the further expressions of concern about the delay that has been heard in this House today.

President. — I call Mr Giraud on a point of order.

Mr Giraud. — (F) I should like to put the following problem to this House as well as to all Community bodies: what is the difference between a government accepting a text with reservations and accepting one *ad referendum*? The answer does not have to be given right away, but the question has been asked.

President. — I call Lord Bessborough.

Lord Bessborough. — I do hope the point made by the previous speaker will be taken and the President asked to write to all the Heads of State and Government concerned in this matter.

President. — The debate is closed.

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

The House will rise.

(The sitting was suspended at 1.10 p.m. and resumed at 3 p.m.)

IN THE CHAIR: MR SCOTT-HOPKINS

Vice-President

President. — The sitting is resumed.

6. Statement by the President

President. — The Council has today communicated to us the entry into force of the Treaty amending

certain financial provisions of the Treaties establishing the European Communities as of 1 June 1977.

7. Statement by the President-in-Office of the Council

President. — I call Mr Tomlinson, who has asked permission of the House to make a brief statement.

Mr Tomlinson, President-in-Office of the Council. — Mr President, I am grateful to you for having permitted me to take the floor again at this point, on what will be my last appearance before the House during the United Kingdom presidency. I should just like to say a few words, not as President of the Council, nor even as a United Kingdom minister, but as a fellow parliamentarian.

It has for me been a pleasure, a privilege and the same time a challenge to come here over the past few months of the British presidency. A pleasure because it has always been agreeable to spend some time in Strasbourg and the other seat of the Parliament in Luxembourg; a privilege because, as a Parliamentarian, I welcome the opportunity to spend some time with Members of this House whose experience and whose achievements on behalf of this Parliament and on behalf of Europe need no testimony from myself. Finally, it has been a challenge because in my brief appearances I have had to pit my wits against the experience and skills represented by nine different parliamentary traditions here in this House.

I would not like my last remark to leave you with the impression that I consider the time I have spent with you as an ordeal, or that my appearances here have been some kind of brief skirmish in an on-going war of attrition between the Council and Parliament. On the contrary, I believe, as do the Council of Ministers, that the key to the development of our Community lies in the enhancement of cooperation between the institutions of the Community. It is in that spirit that I have come before you each month during our presidency, and in that spirit that I would like to bid you farewell on this my last appearance here on behalf of the presidency this afternoon.

(Applause)

President. — Mr President-in-Office, I am sure it would be the wish of this House to thank you for the courtesy you have shown us in coming and attending our meetings, and, indeed, in the way you have dealt with our many problems and the many questions we have put to you. We thank you for your diligence in coming here; we thank you for your courtesy and for the way you have replied and the way you have dealt with Parliament. There are always problems between Parliament and Ministers from Council, and you have certainly not made them any worse.

(Laughter)

8. *Voting rights in direct elections*

President. — The next item is the report (Doc. 43/77) by Mr Patijn, on behalf of the Political Affairs Committee, on voting rights in direct elections.

I call Mr Patijn.

Mr Patijn, rapporteur. — (NL) Mr President, it is of course a coincidence that we are debating this matter on the same day as the French Parliament is discussing the ratification of the European elections and dealing with this report a day before the British Government's statement in the House of Commons on what they intend to do in connection with the European elections and what this means for the ratification in the United Kingdom. I say it is a coincidence, but on the other hand it is not all that much of a coincidence since, as we all know, the problem of the European elections has continually been front page news in all of the Member States over the last few months. There have continually been problems calling for a resolution. This was to be expected, of course, for although we or rather the Ministers, signed the Convention on 20 September 1976, the difficulties really only began then, since it became clear at that moment that although general agreement had been reached on the basic principle, this principle still had to be fleshed out. No-one had really given that much thought yet and that is what all the Member States have been busy doing since September of last year.

I should like to take this opportunity, Mr President, of telling you that, as I see the situation in June 1977, there is no reason why we should not be able to meet the deadline of May 1978. The process of implementing the Convention of the European elections is well under way in all the Member States, and the governments in all the countries are trying to get the thing going. And the difficulties which are frequently mentioned in various quarters do not detract from the fact that there is no government in any of our Member States which is not making a supreme effort in this respect. There is no reason for me as rapporteur, following the day by day developments regarding the European elections, to assume that they cannot take place next year. However, what is the task before us today? The report I have submitted to you on behalf of the Political Affairs Committee deals with one of the problems which became apparent after the Convention had finally been signed. I should like to remind Parliament of what we decided regarding voting rights.

We stated that until a procedure had been developed, voting rights in the European elections would be a matter for the Member States themselves. Article 7 of the Convention states that the Member States will take the necessary measures to introduce legislation on

European elections. This means that the question of who votes in the European elections and who does not, and of who can be elected and who cannot, is for the time being primarily the responsibility of the Member States. A second point we agreed on was the provision in Article 8 of the Convention to the effect that no-one may vote twice in a European election. Now these are things which everyone would regard as self-evident. Electoral law is a national affair and no-one may vote twice. But this is in fact where the problems begin since these are two general fundamental principles which everyone can simply agree on without getting to the heart of the matter.

I should like to give you an example to show what kind of difficulties can arise. The draft electoral law introduced by the Irish Government states that a citizen of one of the Member States of the European Communities resident in Ireland, e.g. a British or a French subject, has the right to take part in the European elections in Ireland provided, of course, he or she meets the requirements regarding age, etc. However, consider the case of, for example, a Frenchman living in Ireland and thus entitled to vote there. If the French Government decides at the same time that all French subjects, wherever resident in the European Community, have the right to vote in the European elections, the Frenchman could vote twice — once in Ireland, where he has the right to vote under Irish law and once in France, where he has the right to vote in the European elections under the French legislation. This is one of the reasons why Mr Spénale, the predecessor of our current President, Mr Colombo, sent a telegram to the President of the Council in February requesting the Council to consider these problems and stating 'Here is a problem, and it is up to you to find a solution for it. Come to some agreement on this matter, so that we will not encounter difficulties when the time for the elections actually comes'. The Council gave an interesting answer in a letter to Mr Colombo, our current President, signed by Mr John Silkin with whom you are familiar from several agricultural debates, but who at that moment was apparently the President of the Council and had to sign a letter dealing with a matter with which he has otherwise very little to do, except in his capacity as a British politician. I should like to quote one paragraph from this letter as it is an interesting illustration of the Council's approach to this question. Mr Spénale wrote that he could see problems of double voting rights and asked what the Council was doing about solving these problems. Mr Silkin replied laconically, 'The Council is aware of the problem and has already taken action on it by providing in Article 8 of the Act attached to its decision of 20 September that no-one may vote more than once in any election of representatives to the assembly'. Yes, Mr President, I could have told you that myself as it is stated in the Convention. I am fully aware of this, but it does not solve the problem in that we are referring back to a situation which we

Patijn

ourselves have described as problematic. The President of the Council goes on to say, 'Yes, and in addition the Member States must find a way out of the difficulty in their national electoral legislation'. That's all very well, but there must be some coordination in the Council if we are to avoid problems arising in May next year in spite of the Act of 10 September, because then it will be too late. It will be too late because the legislation on voting rights will have already come into force.

This brings me to the basic problem which lies in the fact that, within the legal framework I have just outlined, large numbers of citizens of the Member States have taken advantage in past years and continue to do so of the Community right of free movement of workers etc. to take up residence and employment in countries other than their own. Millions of citizens of the various Member States live and work in a different country for a variety of reasons. Firstly, there are the migrant workers, who are explicitly covered by special provisions in the EEC Treaty dealing with freedom of movement. There are also professional people, journalists, businessmen, European officials, who have taken up residence in Brussels, Luxembourg or at one of the institutions elsewhere in the Community which we discussed this morning in connection with research programmes. Large numbers of these persons have lost their voting rights simply because they decided to take advantage of the EEC provisions on freedom of movement and leave their own countries. Very many of them are no longer able to participate in political life in any way whatsoever. Many of these people lost an important political and civil right as soon as they crossed the border, namely the right to express their views on the political system and the forms which national and local government should take in the country in which they are living. I do not wish to point a finger here, I am not saying that the Member States can be blamed for this at the moment. I am simply describing the situation as it is and as it has developed. After all, voting rights in each Member State of our Community have since time immemorial been limited to nationals of that particular Member State present within its territory. Thus Britons living in Britain can vote in Britain, Frenchmen living in France can vote in France. However, Frenchmen living in Germany, and British citizens living in the Netherlands have no voting rights. It has long been accepted in all our countries that the right to vote is bound up with nationality and residence. However, this is really an anomalous and outdated view, now that we have free movement of workers. If we open up the borders for persons in various professions, for journalists, businessmen, workers etc., the right to vote should in principle travel with them. However, it remains true that fine words cost nothing but they don't solve the problem.

What can we do to bring about some changes in this situation? What we are trying to do in the report on which I am presenting today is to draw attention to

this problem, to make it clear to the Council, the national Parliaments and the national governments that this is a matter of some consequence. Of course, one can argue that this problem has existed for a long time.

It has existed at every national and local election. Why bring it up now, why come back to it specially in the case of the European elections?

I think we must look at it this way. Now that we are about to hold the first European elections we must, I think, agree that it is the responsibility of a Parliament such as ours to point out that as far as possible every European citizen who is a subject of one of our Member States should have the right to take part in these European elections, since they are for a Parliament which is designed to perform a supra-national controlling function, i.e. it is intended to enable all the citizens of Europe to exercise a degree of democratic control over what happens in the Community. I should also like to say that although we are drawing rawing attention to this problem, we realize at the same time that the European Parliament itself cannot prescribe any solutions. We cannot say this or that must be done. We cannot point a finger at any particular country and say 'that's not how to do it.' All we can say to the governments, the Council of Ministers, the national Parliaments, is that here is a major problem, namely the lack of opportunities for European citizens to express their views on the political system, the form of government and the local situation in which they are living not only for a few weeks, but sometimes for years or even their whole lives. We are speaking here of a not inconsiderable group of people — there are millions of people who have lost their political rights, and we are asking for two things. Firstly — and I have already drawn attention to this — we ask the Council in our resolution, which is very brief, to ensure coordination, and I should like to take advantage of Mr Tomlinson's presence to ask once more whether the Council is prepared to coordinate matters, and what he has already done or intends to do on this aspect.

I should like at the same time to thank him for what he said just before I was given the floor, and as I have already greatly appreciated his presence here I should like to urge him to think about how we can avoid being faced next March or April with a situation which is in conflict with the provisions of the Convention regarding double voting rights. I am not implying that the Council will have to think up and put in practice all sorts of dreadful things immediately, but we must keep our finger on the pulse, it must be clear that we must not allow a situation to arise whereby the European elections will be delayed because the Council failed to act in good time to implement its own provisions contained in Article 8. It was the Council who introduced the provisions of Article 8, and rightly so. However, this also means that it is up to the Council to see to it that this Article is applied in practice, and we urge it to do so.

Patijn

Secondly, the governments and parliaments of the Member States must, in our view, ensure that every citizen of a Member State who fulfils all the requirements for voting rights apart from that of residence can exercise his vote. We will leave it at this, Mr President. We are not saying that this means that country A or B must do this or that. We are fully aware that a little reserve is called for on this matter. Why? Because the electoral law is a matter for the Member States. It is the Member States who must decide. We are making a general appeal to the governments to settle this matter. We call on them to do what they can to make the first elections to the European Parliament a success by enabling as many citizens of Europe as possible to participate.

I hope therefore that the appeal which we have made here today to the national parliaments and governments and to the European institutions will not have been in vain.

President. — I think this is perhaps an appropriate moment for me to recall to the House that on Monday we passed a resolution concerning the time that speakers would have: the spokesmen for groups have 15 minutes each, and other speakers have 10 minutes. I trust that they won't all take the full time allotted to them, but of course, it is their right, if they so wish.

I call Mr Zagari to speak on behalf of the Socialist Group.

Mr Zagari. — (I) Mr President, I feel I must be the first to comply with your request and speak as briefly as possible. I might add that this will be very easy following Mr Patijn's speech. Not only was it as admirable as ever, but it was also extremely thorough, and dealt with all the requirements which are currently known. If I do not take the whole of my allotted time, it is because I want the political aspect of this problem to remain clearly in the foreground. This is, after all, what it is all about.

I am sure this House is with the *rapporteur* in calling on the parliaments and governments of the Member States, and especially on the Council, so that these first elections can go ahead without any form of discrimination, even of an involuntary kind, and with all rights properly safeguarded.

The problem as the Socialists see it is simply to ensure the fulfilment of the desire of migrant workers to play a part in the construction of the democratic Europe we all want. This vast group of workers has often suffered because they could not vote in the host country, nor could they always vote in their country of origin. Now is their chance to exercise this basic right.

This is a truly fundamental right in the sense that these workers — and they are the ones who have

suffered most in a divided Europe — must be proved right in thinking that the construction of Europe will help them to achieve equality with all European workers.

While I am speaking on behalf of my Group, I cannot forget that I am also a Member of the Italian Parliament, and it would be an omission on my part if I did not quote some figures, which in any case speak for themselves. In the EEC countries there are 1 456 000 potential Italian voters over the age of 18, but at the elections on 20 June last year only 55 675 of these made the trip to Italy to vote. This means that the majority of these potential voters could not exercise their fundamental right last year, just as they were unable to do so at the time of the local government elections.

It would be tremendously significant if they could feel they were in the front line of European voters for the forthcoming European elections. We should therefore like to add our voice to those calling on the Council to coordinate matters as it has pledged to do so. Coordination here means in simple terms that we have to ensure there is sufficient contact among Member States to permit the election to be carried out. We have mentioned the special problem of voters, like the Italian voters abroad, who cannot afford a long trip home, which needs among other things about a week off work. They ought to be allowed to vote where they work, and the basic problem is how to make this possible. They should be able to vote like the citizens of the host country. One answer might be to let them vote in the same polling stations as the host citizens, although of course the votes would be put in a separate box for the candidates of their own country.

Solving this problem in the way we have suggested will mean that we have finally achieved the noble objective of giving every citizen the chance to participate in the elections, especially those workers who have suffered most, and thus of satisfying their legitimate claims.

This is the real thinking behind this motion for a resolution, the reason for our full support for the Patijn report, and the reason why we ask for this fundamental right to be borne in mind, so that the constitutional rights which every citizen enjoys in his own country are recognized in all the Member States.

These are the points which I wanted to bring out. Once again may I ask the Council, in the person of Mr Tomlinson, to initiate action as soon as possible in order to make this basic right a reality.

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

Mr Klepsch. — (D) Mr President, ladies and gentlemen, I have the honour of saying, on behalf of my Group, how pleased we are that we will be able to adopt Mr Patijn's report here today — a report which represents one of Parliament's contributions to the work of preparing for the direct elections. I agree with the previous speaker that Mr Patijn has dealt with the problems in his report with the care which we have come to expect from him and has also proposed the solutions we all had in mind. However, I should like to take this opportunity of making a number of additional remarks.

First of all, Mr Patijn reminded us that the French National Assembly has, we hope, today ratified the Convention. He also pointed out that we can perhaps expect a statement from the British Government tomorrow. I should like to add that the Bundestag will be concluding its deliberations on the ratification agreement tomorrow evening. Thus, if I see the timetable correctly, we will be in the fortunate position that all the Member States, with the exceptions of Denmark and Great Britain, will have ratified the Convention on the European elections before the summer recess. This was only possible in most of these countries because the national electoral legislation had been kept separate from the Convention. This was, in my view, a wise decision which my Group supported in all the countries in which we have influence, since our concern was the actual ratification of the Convention on the direct elections, i.e. the decision by the national parliaments that the direct elections would in fact take place, regardless of internal problems in each of the Member States over the introduction of national electoral legislation which met everyone's wishes.

I should like to take this opportunity of asking the British and Danish Parliaments not to make the very difficult process which is going on in each of the countries — namely the problem of passing national electoral legislation — completely dependent on the ratification of the Convention, as this might give the impression that some countries are lagging too far behind the times.

My Group hopes that everyone involved will do what they can to be able to report to the people of Europe as soon as possible that this Convention which has been concluded by the governments has the full support of the national parliaments. I am all the more insistent on this point as we remember quite clearly that Parliament had originally chosen 1980 as the target date for the first direct elections. You perhaps still remember that the House devoted considerable attention to the timetable for the various steps towards the further political unification of Europe, and that we were pleased when the Heads of Government decided at their summit conferences that things should move faster. Nevertheless, I must point out here today that

the summit conferences produced a large number of decisions, on the part of the Heads of Government, which have been so eroded by time that all we are really left with is this welcome initiative on which the Heads of Governments and the national governments have come to an agreement — namely that the direct elections to the European Parliament should be held in 1978. Parliament welcomed this decision, and in spite of all the attendant problems, has gladly supported moves to ensure that the direct elections actually take place on this much earlier date. It has become clear to everyone today that the driving force behind the further development and stabilization of the Community in the face of all the problems with which it is currently confronted is the direct election of the European Parliament.

I should like to add that we realize that this debate on the elections to the European Parliament will provide the citizens and people of Europe with much more information regarding the real problems of the Community than was possible in the past. We should therefore like to state explicitly that we welcome the fact that the political forces in Europe will have to submit their programmes for Europe and their views on the acute problems facing Europe to the people and citizens of Europe as part of the preparations for these direct elections. For his reason, we regard these direct elections not merely as a technical and organizational matter, but also as a major political issue of extreme significance for the further development of our Community.

I say this both out of appreciation for the Council and at the same time as a challenge. I appreciate the fact that the Council has chosen a much earlier target date for the direct elections than originally proposed by this Parliament, but I am also challenging them to avoid disappointing the citizens and people of Europe. We therefore insist that the necessary coordination measures legislation be passed so that it will indeed be possible to hold these direct elections by the target date. I should like to make two remarks in this context.

Mr Patijn drew sufficient attention to the problems raised in our motion for a resolution. I go along with him completely. We considered what else we could perhaps add, and I am pleased that it was possible by means of contacts within the Groups to come to an agreement on one addition, on which my colleague, Mr Granelli, will speak on behalf of my Group, and which may perhaps form a basis for further proposals as to how to involve as many European citizens in this direct election as possible. However, my Group attaches particular importance to the fact that these first direct elections to the European Parliament will be organized under nine different European electoral laws, one for each Member State, and that for this reason the question of harmonization arises on an

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otherwise unprecedented scale. We are prepared to take any course which will enable, if possible, every citizen of the Community to exercise his vote in these elections in full awareness of the issues involved. We are therefore pleased that the discussions on the national electoral laws will provide further opportunities in the national parliaments — in addition to those offered by the ratification of the Convention — to draw the attention of the citizens to these questions once more.

When we have taken the decision we are working towards, we will know that the second direct elections will be conducted under a uniform electoral law which we will have to pass here. The preparations we are making today are a major requisite for this further process, as we must all naturally give some thought to the question of how it will be possible for us to involve as many citizens of Europe as possible in the process of choosing the representatives who will exercise parliamentary control of power. This brings me to my final remark.

We are contributing to the realization of the direct elections here today. We are aware that it is the task of this and the next Parliament to exercise parliamentary supervision of how the governing bodies of the Community are using their power and to prevent, if possible, misuse of this power. This is our task as he representatives of the people, and it is also our task to ensure that, as representatives of the people of Europe, we make an adequate contribution to the decision-making process. I therefore heartily welcome, on behalf of my Group, the report by Mr Patijn before us now, and thank him for his excellent work.

President. — I call Mr Berkhouwer, to speak on behalf of the Liberal and Democratic Group.

Mr Berkhouwer. — (NL) Mr President, the rapporteur has already drawn attention to the particular political situations in some of our countries which provide the background to this technical debate. I therefore agree with Mr Klepsch that this debate should be given an additional dimension and not just deal with the machinery of voting pure and simple. I do not see any particular difficulties as regards this machinery, since the legal basis for granting all persons resident in the Community the right to vote, regardless of what country they are in, is in fact already implicit in the elections themselves. In the case of elections for a national parliament it is possible to justify allowing only the nationals of the country in question to take part, but what we are discussing here today are elections for a Parliament which is to control the Community institutions, and for this reason all Community citizens regardless of the part or country of the Community they happen to be in, should be given the right to vote. And I am not referring only to migrant workers. I am naturally also referring to other

persons, everybody, including for instance retired English gentlemen on the Riviera, and my personal preference would be to let people vote for the time being for their own national delegation. Imagine what would happen if the 100 000 Italians living and working in Luxembourg were allowed to vote in the Luxembourg elections. The whole political picture in Luxembourg could be radically altered.

Mr Klepsch rightly said that in our political assessment we must distinguish between the various elements, and the most important thing is naturally that the elections should be held towards the middle of next year. This is the main concern, and technical questions may well be important, but they are essentially secondary. Thus what we as European Members of Parliament should be most concerned with at this moment is seeing to it that the nine National Parliaments empower their governments as soon as possible to ratify the Convention of 20 September.

Mr Klepsch pointed out that we must distinguish between the ratification of the Convention and its incorporation in the national electoral legislation, which is a procedure which will be conducted differently in practically all of our countries. Mr Klepsch spoke about his own country, where the matter will be brought to a close in the next few days. I can assure you that the Second Chamber of the Netherlands Parliament will ratify this Convention next week and that the Netherlands Government, the current caretaker government, intends to submit amending electoral legislation to Parliament this month.

I should now like to make a few remarks regarding the events of the last few days — political storm clouds have appeared here and there in the sky of the European elections, at least in certain national sectors of that firmament. It is also remarkable that our debate has coincided with a number of similar debates in the national parliaments and we must naturally exercise a little reserve with regard to these debates. Perhaps we can nevertheless point out that we regret that emotional reactions arising from internal policy have thrown their shadow here and there across the ratification debates. These emotional reactions are due to national questions but they nevertheless affect the European issue. If, in any of the countries in which these elections are currently under discussion — for we can assume that the debate will to all extents and purposes be completed today or tomorrow in seven of the countries and probably in the eighth, i.e. France, too — the ratification is unsuccessful, and particularly if this happens in one of the large countries, the whole thing is finished. I am convinced that other countries would be able to use this as an excuse and we could then forget about the European elections. For this reason we must exercise a little reserve in connection with the national ratification debates and not interfere, but on the other hand the national parli-

Berkhouwer

aments should not forget the matter is not only of national interest, but that it has a European dimension, since if the election does not take place in one of the countries, it will not take place at all, and I should therefore like to analyse these arguments, which are partly emotional arguments, in greater detail. There appear to be three main objections.

There are some politicians who say, 'Our membership of the Community is to blame for everything that is going wrong in our country'. Another emotionally loaded statement is that the elections detract from national sovereignty and reduce the power of the national parliaments. Thirdly, some people are afraid of the European Parliament becoming more powerful as a result of the direct elections. In my view, none of these arguments hold water.

It is not, in my view, honest to say that everything that is going wrong in a particular country results from the fact that it is a member of the Community. In practice, this tends to be said in the very places which have profited considerably from the Community, even if only from the daily inflow of millions of units of account by virtue of Community membership.

It is impossible for the implementation of Article 138 to erode the sovereignty or reduce the powers of the national parliaments. This has happened already with the formation of the Community in 1957 and the later accession of three countries in 1973. Membership of the Community entailed a reduction of national sovereignty, as does any treaty to which one is a signatory. There is always a reduction in national sovereignty. However, as you have already said yourself, Mr Spénale, the fact that after almost 20 years we are applying Article 138, cannot in itself lead to a further reduction in national sovereignty or the powers of the national parliaments. At most, this Parliament will be given something which the national parliaments lost in 1957 or 1972 and 1973. That is all that can happen.

Then there is the question of the fear of increased powers for the European Parliament as a result of the implementation of Article 138. In today's 'Figaro', I found two apt quotations from a former Member of the European Parliament, Jean de Lipkovski, and former French Minister, Jean Lecanuet. I fully agree with Mr Lipovski who says, 'Let us stop this unnecessary quarrel from which the real construction of Europe has nothing to gain.'

This is his view of the matter, and I think it is worthy of note that a person such as Jean de Lipovski dismisses the question of the extension of our powers as a pointless quarrel.

Mr President, I also go along with the views of Jean Lecanuet who says:

'In reality, the argument about the powers of the Strasbourg Assembly is an imaginary problem. The result

of the election, which cannot be regarded as either illusory or revolutionary, will not be an increase in the powers of the Assembly, but a reinforcement of its authority and influence. The elected Assembly will be the place where the common interests of our countries will be expressed it will become a driving force in the realization of the European union which is more necessary than ever before.'

I endorse these words completely. May I be permitted, therefore, as a Liberal, to voice on behalf of my Group, our hopes that the electoral law ultimately worked out in all our nine countries will be based as much as possible on the principle of proportional representation.

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

Mr Rippon. — Mr President, it is with pride that I rise to address this House for the first time. I believe this Parliament has a great role to play in the future of our ancient continent. I believe that here in this Parliament we can join together in proclaiming that the nations of Europe are not just chance neighbours, living in contiguous territories. They are the joint heirs and trustees of a common civilization.

Mr President, when I signed the Treaty of Accession which I negotiated on behalf of the United Kingdom, I envisaged not just the enlargement of the Community, but it's deepening. Since then, I am bound to say, there has not been the political and economic progress that I would have wished. Nevertheless, there has been, among a number of other things, one great hopeful initiative taken by our governments the decision to hold direct elections to this Parliament. It is those direct elections which can provide the front line of truly democratic control over the Council of Ministers and the Commission. That is the essential first step towards the creation of the citizens' Europe of which Mr Tindemans spoke so eloquently in his rather neglected report.

Of course, from the outset, it was clear that, at least for the first round of direct elections, it was impossible to draft a uniform electoral procedure which could be applied to all Member States. The traditions and the practices in our countries vary too widely for that. So everybody, I think, has been agreed that for almost all questions of procedure, national electoral laws will have to apply. But I must say it always seemed to me that there was at least one matter on which we could all agree, namely that all Community citizens should be able to vote in the direct elections, wherever they live in the Community...

(Applause)

... Because when we speak of democratic control we imply one fundamental democratic right: the right to vote. So far as the United Kingdom is concerned, the

Rippon

all-party Select Committee, which the House of Commons established, recommended that some way should be found of affording to United Kingdom nationals working in other Member States, and their wives — and the Foreign and Commonwealth Office estimated that that was about 270 000 people — the opportunity to vote. They then expressed the view — quite rightly in my opinion and I think the same considerations must apply in other countries — that the situation is radically different in the case of these direct elections from that obtaining in United Kingdom parliamentary elections in a number of respects.

First of all, the actions of the European Community affect nationals and will affect the nationals working in other Community states, in the same way as they affect residents in the United Kingdom. Secondly, United Kingdom parliamentary elections are usually called at short notice. In the case of the European elections there will be plenty of time to make the necessary arrangements. Thirdly, voting will be taking place at approximately the same time in Member States. Now, I myself very much hope, and I hope this report will reinforce the argument, that these powerful and persuasive considerations will be taken into account when the national legislation proposals are formulated.

Mr Klepsch has suggested that perhaps we might in some way separate this consideration of national legislation procedure from the ratification of the Convention. This, I am afraid, in the case of the United Kingdom, is impossible. What has happened is that the British Government freely negotiated an international agreement in its collective responsibility on behalf of the Crown. That was an exercise of the royal prerogative by the government acting collectively. They are therefore bound, in any event, collectively to use their best endeavours to ratify their collective act. The ratification in the United Kingdom of a convention of this kind in effect takes place after the national Parliament has made the necessary changes in the domestic law, the changes which the British Government have bound themselves to their fellow members of the Community to use their best endeavours to bring about.

May I say also how much I agree with what Mr Berkhouwer had to say to the effect that this matter of voting rights is very much more than a technicality, because it bears on one of the supreme objectives for which I believe we stand: the creation of a sense of European identity in a situation in which, if I may say so, if we as Europeans fail to transcend the old nation-state boundaries, we will ultimately consign ourselves to the obscurity which we will have deserved.

(Applause from the European Conservative Group)

I welcome this report. Giving European electors the right to vote, wherever they live in the Community, will help make people feel that they are citizens of

Europe, not by discouraging quite normal and natural national sentiments where they are relevant and material, but rather by developing side by side with them the broader concept of a European patriotism, which we in this Parliament of all places, whatever our party, whatever our country, should be seeking to extend.

I am bound to say too that, sadly, I agree with Mr Berkhouwer when he said that so many countries, for their own domestic reasons, are suggesting that everything that has gone wrong is in some way the fault of membership of the Community. I think perhaps, Mr President, we do not always sufficiently appreciate the extent to which the moral strength of Europe was sapped by the two great wars in which we so tragically engaged in this century. Too many people in all our countries clutch their former glories around them like mourning robes and in this situation the young, who do not remember the considerations which motivated the all-party founding fathers to initiate the movement to unite Europe, do not recognize that ideal, because it all too often seems to them to have degenerated into a series of petty disputes about selfish interests.

At the same time of course, too many politicians in all our countries have become rather inferior specialists and technicians, going like demented ants from one committee meeting to another, engaging in all sorts of trivial activities, instead of operating, as we should operate, in our own proper field to create the conditions of progress in a wider political perspective.

Now it seems to me, Mr President, that building our European future involves mobilizing public imagination. That is what we should be trying to do here, so that the design of our politics should be seen to be boldly ambitious and not just passive or drifting. And that as I see it, and which is the reason why I am proud to be here, is the major task of a European Parliament now and in the future. And that in the end is what direct elections are really all about. Mr President, may I say in conclusion: who have a better right to express their European ideal in the ballot box than those who have already crossed the national frontiers and live and work and serve us in our own Community?

(Applause)

President. — I call Mr Tomlinson.

Mr Tomlinson, President-in-Office of the Council. — Mr President I just say to Mr Rippon on his maiden speech here at the European Parliament how much I am sure everybody in the Parliament has welcomed him and will want to congratulate him on his appointment as leader of the Conservative Group. Can I just personally strongly echo what he said — that there are great dangers in people making a scapegoat out of the Community and seeking to blame all ills on membership of this body. I strongly and warmly welcome what he said in that direction and would echo that myself.

Tomlinson

Mr President, I have listened with interest both to Mr Patijn's presentation of his report and to the limited number of speeches I have been able to hear. I apologize to the House that I won't be able to hear the rest of the debate, much as I would have liked to have done.

The question touched upon in this report is of course a very sensitive one. I am sure that the honourable Member, Mr Batijn, who has been in the forefront of the campaign for direct elections and to whom everybody would want to pay tribute for the energy and drive with which he has conducted himself in that campaign, is well aware of the provisions of Article 7 (2) of the Direct Elections Act, which stipulates that, pending the entry into force of a uniform electoral procedure, the electoral procedure will be governed in each Member State by its national provisions. The honourable Member believes that our first priority is to strive to ensure that direct elections take place on time, and if he believes that — and I am sure he does — he will recognize that however imperfect the transitional national arrangements may be in the medium to long term, it will remain the fact that the imperfections will only be resolved by uniform electoral procedures. If he seeks to impose a Community-wide solution to the very real problems and the inequities which I believe will inevitably be thrown up by our first direct elections, then I am convinced that what he may well succeed in doing is holding up the direct elections, an end which none of us would want to see. I believe that the additional problems that would have to be confronted may just succeed in making us miss the target date of May-June 1978, because of the additional problems that there would be. We must therefore hope that both Article 8 of the Direct Elections Act and the respective national provisions have their effect and are duly respected by the Community's electors.

Naturally, national governments may make reciprocal or unilateral arrangements with other governments, and in fact Article 7 (2) of the Direct Elections Act does not exclude such arrangements. But I believe it would be fatal to the 1978 target-date to make such arrangements or coordinations between member governments compulsory. The Council had — and the Parliament will be aware of this — very real and very considerable difficulty in reaching agreement on the text that was agreed by Ministers on 20 September 1976. I believe that any further attempt to impose further obligations on national governments to reach agreement before the May-June 1978 target-date cannot therefore be considered helpful, however justifiable the cause may be, if, as I believe the vast majority of us hope, we are to meet direct elections on target.

Mr President, on the question of franchise, as far as the United Kingdom is concerned — and here I hope I really am speaking for the last time in this House as

a United Kingdom Minister — the British Government feels that it would be inappropriate to widen the franchise with all the implications for national elections that that would bring. Here, in particular we have our own considerations to make and we feel this would be particularly wrong if we did it in advance of the speakers' conference of the House of Commons. What I have said in my intervention, Mr President, is in no way meant to dampen enthusiasm for the report that Mr Patijn has put before us, or in any way to deny the importance of what he has said. But if we try to apply it before May-June 1978, that may well have the effect of delaying the timescale of direct elections because of the problems that the report itself puts before us. I welcome the report, I certainly welcome the spirit in which Mr Patijn has introduced it to this House, but I felt that on behalf of the Council I should make these brief observations as to the problems that can well be thrown up if we seek to put into effect the report by Mr Patijn prematurely.

President. — I am sure the House will be grateful to you, Mr Tomlinson, for the words you have just said and will bear them in mind when coming to a conclusion at a later stage on Mr Patijn's report.

I call Mr Patijn.

Mr Patijn, rapporteur. — May I just say that I didn't ask for obligatory coordination but only warned the Council that Article 7 (2) may be in conflict with paragraph 8 of the convention.

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

Mr Pistillo. — (I) Mr President, ladies and gentlemen, Mr Patijn's report on voting rights in direct elections offers a prudent and balanced view of the various problems. His report also displays I feel, a fair amount of realism.

It is obvious to us — as it was to Mr Patijn — that we have to start from Article 7 of the Act which was approved on 20 September 1976. This embodies the text of the corresponding article in the Convention which the House incorporated in its motion passed on 14 January 1975.

This means that until a standard election procedure has been agreed on and approved for all the Member States, the right to vote can only be seen as a right to be exercised in accordance with the particular legislation in force in each individual State. It is the heartfelt hope of our Group that a uniform election procedure, based on the principles of a secret ballot and proportional representation, can be worked out very soon.

We feel that the differences between the various systems of voting can hardly be an advantage as far as the election of the European Parliament is concerned. There is no doubt that the first elections for a European Parliament would have benefited from a single

Pistillo

election procedure for all the Member States. But the Member States were unable — or perhaps unwilling — to agree on such a procedure, with the result that we are now obliged to take a realistic view of the situation. There is one point we ought to agree on, even if we do not have a uniform voting system. Each and every Member State must make a determined effort to work out agreements whereby the citizens who live in the Community are allowed to cast their vote which, as we see it, must be a free, secret and personal vote with no discrimination. We realize that there are a number of obstacles. Some of them are constitutional, while others arise from the electoral legislation in different countries. But these are not the only obstacles. There are others relating to the organization of the elections, the assistance offered to citizens to allow them to cast their votes, and the ways and means of ensuring that the right to vote is in fact exercised.

In a special position here are migrant workers — mentioned already by a number of other speakers — who are not resident in their native country but who live and work in other Member States while remaining on the voters' list at home. The House is well aware that Italy is particularly affected in this respect, since there are large numbers of Italian workers in Germany, France, Belgium and the United Kingdom.

The problem of Italian voters abroad and their right to vote is certainly not a minor one. This difficult problem has to be tackled in a manner free of manipulation or gerrymandering. We have to tackle this problem responsibly and realistically, so that the right to vote can in fact be exercised.

At the end of 1975, as Mr Zagari said just now, there were no fewer than 1 400 000 Italian voters living abroad. According to recent data supplied by the Italian Ministry of Foreign Affairs, this figure had dropped dramatically to 404 186 by 20 June 1976. But one of the reasons for this was the wholesale and unjustified removal from the electoral lists of the names of Italian citizens resident abroad. This was done in accordance with a method which we have no hesitation in calling unfair and detrimental to the right of Italian workers to cast their vote.

The whole affair was all the more deplorable in that the principal victims were enormous numbers of Italian migrant workers. Most of them were summarily struck off the electoral list, without any request on their part, as should have been the case.

This, then, is the first problem which has to be tackled. Although it concerns primarily the political parties in Italy, we raise this question since in a more general sense it affects countries other than our own. These migrant workers must be reinstated on the electoral rolls.

There is a great deal of talk about guaranteeing the right to vote. Let us begin by restoring that right to

hundreds of thousands of Italian workers to whom it has been denied as a result of their official removal from the lists.

Secondly, we feel that the election of the European Parliament by direct universal suffrage is an extremely important event which, without exaggeration, can be called historic. This event is about to take place for the first time in the history of the peoples of this part of Europe, and we feel that a determined effort has to be made so that as many migrant workers as possible can cast their vote and participate fully in the work of building Europe. If we are going to achieve this, all the Member States will have to work out bilateral agreements, or some other suitable method, so that there are clear safeguards for freedom of speech, election campaigns, the organization of the voting and the secrecy of the ballot. All these are factors which are closely linked to the right to vote itself, since if they are not safeguarded, the election will be meaningless. If, for any reason, the Member States prove unable or unwilling to guarantee these elements unequivocally there will be only one solution open own countries.

In this case, just as much as in the other, migrant workers will have to be given a definite undertaking that their jobs will be kept open for them. They will also have to be helped with the cost of the journey home. All this can be achieved within the framework of the initiatives mentioned earlier, and there will be no need to put off the elections which we all hope will be held as scheduled. Bilateral and multilateral agreements could make it much easier in every sense for a large number of European voters to travel home.

Let me just sum up, Mr President, ladies and gentlemen. We should like to see a standard election procedure for all the Member States of the Community and proper safeguards for all political parties. I stress this because we feel that it is very important for everyone to be able to express his own political ideas and carry out his election campaign, without having to suffer the prejudice and discrimination which are still rampant in various Member States and which thwart full exercise of the right to vote.

President. — I call Mrs Dunwoody.

Mrs Dunwoody. — Mr President, I should like to begin by paying a tribute to my honourable friend, the Under-Secretary of State for Foreign Affairs, because at this, the end of his stint as representative of the Council of Ministers in this chamber, I think it only right to say that many of us have felt that this assiduous attendance and the effort he has put in have been exceedingly worthy, and I would like to pay tribute to his ability and to the work he has done.

(Applause from certain quarters)

Dunwoody

Mr President, this is a very interesting report and I think it is rather like the kind gentleman who has written it. It is the epitome of tolerance, of care, it is written with considerable attention to detail, it is exceedingly diplomatic and I hope he will forgive me if I say I detect just a slight element of unreality about it. But I would not want him to feel that in the debate on direct elections the British were lagging behind.

Indeed, the more I think of this report, the more I welcome it. Of course, it will create one or two minor difficulties. For example, if one is to remove the residence qualification from the voting and go simply on the question of nationality, in my own State that will somewhat widen the franchise. It will, of course, have to take in British residents in South Africa, Canada, Australia, India and Pakistan, because, of course, I am sure that inside the EEC we would not wish to create two categories of British citizens living temporarily outside the EEC. So I think, on balance, I can quite wholeheartedly say that I regard the suggestion by Mr Patijn that we should write in an insistence that every citizen should have the right to vote as a very welcome one indeed, and I only hope that he succeeds in convincing the various ministers. After all, it seems to me perfectly right that every British citizen should have the right to vote in direct elections. We have heard a great deal during the discussion about the problems of those nationals of other EEC States resident elsewhere who will not be able to vote. I leave aside, of course, the very real problem of what will happen in the restaurants of London if you allow the Italian population to go back to its place of origin to take part in the elections. The cost to British balance of Payments of the closure of all of our restaurants and a large part of our hotels would, it seems to me, be a very great burden to bear, but I think we must try and rise above these purely nationalist problems and look at this question in the broader aspect. Because, after all, there is no reason at all why nationals of Member States resident in another country should not have the right to vote through the embassies of their national State. Of course, it would take some time to prepare an electoral register, but I am sure that the Council of Ministers would be quite prepared to undertake that task. It is perfectly true that the political parties might have a certain difficulty in distributing their literature to those who wanted to know what the various political platforms were, but these are problems that can be overcome.

One of the difficulties we face in this Parliament is that we very frequently carry on our discussions at a level of unreality which I think is one of the greatest barriers to our being accepted as a down-to-earth Parliament. If we are to have direct elections, if we are to seek to find some means of democratic representation in this House, then let us at least begin to talk about it in terms which are acceptable to ordinary people! It is all very well to say that in politics today, the Commission and the Community as a whole are used

as a scapegoat by national politicians: perhaps we should consider why that is so. It is because in assemblies like this we increasingly keep our discussions at a level which ordinary people do not in any way identify with. They do not feel that we are talking about the problems that concern them in Europe today. And indeed, were we doing so, we would not need to be spending hundreds of thousands of units of account to try and persuade them to take an interest in an election. People vote in elections, people concern themselves with the result of elections, when they see some purpose to the use of their votes; and this Assembly has not given evidence of that kind to the peoples of Europe. Indeed, it is becoming a rather esoteric game that politicians play, when we are prepared to talk about the tremendous political advantages that will accrue from direct elections without having been able to persuade the peoples of Europe ourselves of the worth of what we do, both in our committees and in this chamber, and until we manage to achieve that one simple task, so many of the discussions of the kind that take place here will be of less value than the paper on which they are recorded.

It has been maintained that the sort of *caveat* that has been entered by the French Government against the whole question of direct powers for this Assembly will lead to an extension of democracy. In fact I believe that will do the very contrary. All I will say to Mr Patijn is that I have never been against the extension of best endeavours. The whole of my life has been filled with my best endeavours to achieve many things, and when the British Government says it will use its best endeavours to bring about direct elections, I can only say to Mr Patijn, with the very greatest respect, that I hope his views will be taken into account, I hope they will be considered, and I hope he won't be too disappointed if I don't actively give him my wholehearted support.

President. — I call Mr Granelli.

Mr Granelli. — (I) Mr President, ladies and gentlemen, I shall give a brief explanation of the amendment which we have tabled with the Socialist Group. This amendment to Mr Patijn's resolution is in accord with the spirit and the letter of his report. It also falls into the legal and institutional context which we are discussing here, namely, the Convention concerning the direct election of a European Parliament.

As you know, this Convention is underpinned by two main elements. The first is the elimination of double voting in order to avoid any undemocratic bias in the results, and the other is the application of national electoral legislation until there is a uniform law for the whole Community, which it is hoped will be some time after 1980. No-one wishes to upset these two legal pillars, but between them there is ample scope for political and practical action which we must not underestimate.

Graneli

I should like to congratulate Mr Tomlinson on his work during the British presidency. However, I was sorry to hear him urge us not to add to the problems connected with next year's date for the election. We are not trying to multiply the difficulties with this amendment of ours, or provide excuses for those who want to postpone the election. Our purpose with this amendment is merely to state more explicitly what is already in the Patijn report, i.e. we have to seek agreements among the Community governments, in collaboration with the institutions of the Community itself, so that all citizens of the Member States can vote, no matter where they may be at the time of the election.

This is naturally a question of some importance and it would be advisable for us to avoid making suggestions of a technical, legal or legislative nature, since these are the responsibility of the individual parliaments. We must also avoid making suggestions concerning the practical organization, since this has to be worked out bilaterally by the governments. But the political significance of all this cannot be ignored. In a European Community based on the principle of fundamental rights and on the freedom of expression, thought and political action, it would be absolutely absurd if a citizen of a Member State of the Community had to travel from one country to another in order to vote for the European Parliament.

We have to find some kind of practical answer, the political meaning of which will be clear to everyone. If we oblige a citizen of a Member State — and I make no distinction between migrant workers and non-migrant workers, since migrant workers are also full citizens of Europe — to pack his bags and leave home in order to vote, we are undermining an undeniable right. But more than that, we are undermining the concept of Europe. There will be no faith in the Europe of the future if, in this area at least, all Europeans are not seen to be equal.

The basic aim of our amendment is to get the governments to arrive at an agreement whereby all the citizens of the Community will have the right to record their vote for the election of the European Parliament. This must be done with due regard to the Convention and current legislation. We are not trying to create precedents for general or local elections in any Member State but to ensure a feature of political importance for the European Parliament.

Consequently, Mr President, I hope that this Parliament will play its part in overcoming the many barriers which still remain. If this House asserts that all the citizens of the Member States, must be allowed to vote for the European Parliament in the country in which they live we are not only defending an undeniable right but laying the foundation stone of a new Europe.

Many of our citizens, especially the migrant workers, have made great sacrifices in leading the way towards

this new Europe. It would be a serious matter if we disappointed them. It would be a serious matter if we restricted their rights and ignored their needs. It is my hope that by recognizing the rights of all Europeans this House is doing something which may be the first real steps towards a new Europe based on the equality, freedom, rights and participation of all its citizens.

IN THE CHAIR : MR BERKHOUWER*Vice-President*

President. — I call Mr Fletcher-Cooke.

Mr Fletcher-Cooke. — Mr President, Mr Patijn has called attention to two important problems, the problem of the European with no vote, and the problem of the European with two votes. There are more in the first category than there are in the second, but they are both problems, and different countries are solving these problems in different ways. According to the addendum to the explanatory statement in Mr Patijn's report, the French and the German Governments are proposing to solve it by what I might call the national solution ; that is to say, they will provide for their nationals to be able to vote, whether by post or by proxy or whatever it may be, for candidates in Germany and France respectively. That is the national solution as opposed to the solution which the Irish and, I think, the Belgians are proposing, which I might call the territorial solution, which is that all Europeans in Ireland or in Belgium at the crucial dates shall be able to vote for Irish or Belgian candidates whether or not they themselves are Irish or Belgian nationals. That is the territorial solution, a solution which is my personal preference. I regard it as the solution of the future, because there are objections to postal votes, proxy votes, registration at the embassies and the consulates which are obvious : you get a much lower poll, they are liable to abuse, and so on. It is far better that people should vote in person if they can. But never mind whichever of these solutions is chosen ; it is at least an effort to solve the problems. I am not sure it will succeed in the case of double voting, as Mr Patijn has pointed out, but at any rate an effort is being made.

I was interested today to know which of these two solutions Her Majesty's Government was going to adopt, whether they would adopt the German-French national solution or the Irish-Belgian territorial solution, and to my horror I hear the Minister in charge give the answer that they are adopting neither the territorial nor the national solution, and this in spite of a strong recommendation by the Select Committee of the House of Commons that they should adopt the national solution.

Fletcher-Cooke

Now, of course, the national solution itself has many variants. Mrs Dunwoody thinks that it involves the registration of all British nationals all over the world. I do not accept that that is necessarily, so; these are European elections, and I think that residence in Europe is a sufficient distinction and a justifiable one; but never mind whichever is right, some effort should have been made before now to comply with one or other of these solutions. Of course, now that no effort has been made as the months, almost the years, have gone on, the Minister and Her Majesty's Government may well say: Well, it's now so late that any attempt to make these alterations or registrations would hold the whole thing up, and about that I think they would probably be right. But it's a very sorry day for the United Kingdom that when we find that virtually every other country is trying to find a solution to this problem, by one means or another, we are not even making the attempt.

I hope nevertheless — and here I do agree with the Minister — that all the difficulties and anomalies which will still exist on these first elections, however much effort is made, are not going to be taken as excuses for further deferring the date on the grounds that you must have perfection. You are not going to get perfection if you are going to meet the 1978 target date. The whole thing will be very rough at the edges, but never mind: no ship would ever be launched if it had to be perfect before it was launched; every ship that is launched is launched with a great number of imperfections in it, and the best way of curing those imperfections is to get the ship to sea, where it shakes down far better than it does when it is in dock.

For those reasons I would congratulate Mr Patijn on his very sage advice to the governments upon whom the responsibility lies to do their best to solve these two problems. I would congratulate almost all the governments of the Nine for the efforts they are making to provide solutions to these problems. Even though they are making different efforts in their different ways, at least they recognize the problem and are doing their best to find a solution.

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, let me first of all thank Mr Patijn for presenting this subject with such clarity, so that anyone studying this question knows exactly what it is all about. Some people who have read this report found it unexciting. I have to admit, however, that the subject which Mr Patijn tackled — which was legal rather than political in nature — is hardly suited to the eloquence of high-flown language. In any case, such language serves no purpose and can even become counterproductive.

What we are aiming at as regards the election of the European Parliament — and quite apart from any

personal crusades like that of Mr Debré and others — is that every citizen of the Community, no matter where he happens to be, should be able to elect a single European Parliament by voting for whatever party he chooses. This is what we should be aiming at.

In this respect I am grateful to Mr Patijn for calling for a uniform voting system, a common electoral law, so as to produce a parliament which will not be simply the sum of national electoral patterns but the reflection of the votes of all our citizens.

This is the purpose of our struggle, our ultimate objective.

I should like to add something else. I shall refer to Italy in particular, since it is natural that everyone should tackle the problem from his own point of view. No one denies Italy the votes of its citizens who come back from Australia, New York, London or Luxembourg, in order to elect Italy's 81 representatives in the European Parliament. There is nothing wrong with this since it is not going to change the number of 81 Members. We must not forget this. It does not matter whether the turnout is big or small on polling day, there are still going to be 81 Italian Members of the European Parliament, just as there will be 81 British Members and so on.

From the viewpoint of countries like Italy, where the nationality of a person is determined by that of the parents, even if they have emigrated to another land, all these citizens of the mother country are very important when it comes to elections. However, while it may be a great pity if an emigrant cannot return from Australia to vote in Italy, it is absolutely absurd — and I agree with Mr Granelli on this — that a vote is denied to those who, whatever the country of their birth and the system they have lived under, have shown by word and deed and example — great or small as the case may be — that they are already building a new 'European' people beyond the obstacles and rifts which have tragically divided our nations.

If we look at the problem in this light, it is clear that we Italians may be the most affected. But in my opinion the people in all the other Member States are equally affected, because full participation in the election of the European Parliament is of major significance for everyone in this Community — which is on the way to becoming, and indeed must become, a European Union.

Although no definite conclusion is reached in Mr Patijn's report, the idea put forward is that Community citizens who live in a Member State other than their own should be allowed to vote if at all possible.

Naturally, if you were to tell me at this point that insisting on this would only jeopardize or delay these direct elections, I should sit down at once, since I feel

Cifarelli

they must be held according to schedule. We have this date, this target, and we cannot say that if everything goes as planned, fair enough; but if it does not, it makes no difference. If these elections are not held, the Community will not just be marking time but moving backwards. There are already enough signs of collapse in the world, and we in Europe must fight tooth and nail to protect this chance of progress, without which our very freedom and national independence are in peril. People are deluding themselves if they think they can fish out old clothes from the family chest and don them as though the world had never changed.

Having said this, however, I should like to add that there is also the problem of convincing people, quite apart from the legal difficulties. When I say that postal votes should be allowed, my fellow Members could well object that we should be a long time in getting these elections finished, given the manner in which the Italian postal services work. I am not sure about that. In any case, we could arrange for postal votes to be sent to a country's embassy in each Member State. The embassy could act as polling station and check votes against the electoral roll, so as to avoid double voting.

But why can those on the electoral roll not vote where they actually live? Let me put this question to my Luxembourg colleagues: what harm would there be in providing polling stations supervised by the embassy or consulate so that emigrants could vote on polling day? A proper check would eliminate the risk of double voting. All this could be done if we wanted to.

Let me say finally that the problem of double voting referred to in the Patijn report should not be exaggerated. The risk of double voting is a national problem, not a Community one. What this means is that for the Liberal and Democratic Group, and for the Republican Party to which I belong, I shall strive to ensure that my party obtains no more and no fewer votes than it should get, and I shall do my best to make it impossible for a citizen to vote in Luxembourg and Milan. But the Community is not affected here, since there are still going to be 81 Italians elected, just as there are going to be 81 French, 81 British and 81 German Members.

I therefore feel that Mr Patijn was right to stress this point so that any bias in the results can be avoided. As far as the Community is concerned, however, the important thing is for European citizens, wherever they were born and wherever they work, to be able to take part in these elections for the European Parliament. In a strictly legal sense these elections may not lead to immediate changes, but they are bound to have immense political, historical and moral significance for the future of our countries.

President. — I call Lord Reay.

Lord Reay. — Mr Patijn made it plain — or at least he was the first to make it plain — that the question of who is to have a right to vote in the elections for the first directly elected European Parliament is a matter within the competence of Member States and will be determined by the legislation of those Member States. That is the legal position. The consequence is that some Member States could enfranchise their own nationals who are resident in other Member States, and some Member States could enfranchise the nationals of other Member States resident in their own Member States, and there are other Member States who could do neither. This raises the two questions which have been dealt with. First of all: is it a matter of Community interest that all the citizens of the Communities should have a vote in these elections? The other is the problem of double voting, which has been dealt with by my colleague Mr Fletcher-Cooke, amongst others.

I agree very much that it is a matter of Community interest that all those citizens of the Community should have a vote in the direct election. I think that these first elections are a Community exercise of very great importance, and I think it could be an impressive and a valuable display of European political cooperation if progress could be made within this field of voting across national frontiers. I think also that it would be a most sad and ironic farce if all those nationals of Member States who are resident in other Member States of the Community, many of whom are involved in the business of building up the Community, and who have taken advantage of the freedom of movement which has been opened up to us as a consequence of being members, were to be deprived, by the very fact of their residence, of any developing political rights within Europe. Mrs Dunwoody may imply that these are not matters of very great concern to ordinary people, but I can assure her that this is a matter that is felt very deeply by those considerable numbers of people who are affected.

As my colleague Mr Fletcher-Cooke has pointed out, there are two possible basic ways of solving this problem. Either the votes of nationals of one Member State are recorded in the Member State in which they are resident, or they are recorded in the State of which they are a national. It is preferable, from the point of view of avoiding double voting, that whichever system is to be adopted should be coordinated at Council level and coordinated, therefore, throughout the Community. Now, Mr Fletcher-Cooke may be right in the long term, when he expresses a preference for a system whereby citizens should have their vote in the Member State where they are resident. But my feeling is, for the first election at any rate, that it would be better if their votes were added to the constituencies or the lists, depending on the system within the State of which they are a national. I think that the reasons for this are partly that you would avoid distorting local patterns of voting where you get a fortuitous concen-

Lord Reay

tration in one place or another of nationals from another Member State. I think also that this runs the risk of producing a measure of local resentment in such cases. You would avoid that if their votes were added back in the Member States of which they are a national. I think also, probably, that most nationals would be more interested in voting, at this stage at any rate in the Community's development, for candidates and parties in their country of origin, rather than in the Member States where they are now resident.

If you do do that, then there are several means whereby the vote can be recorded and added to the votes in the original Member States. Mr Fletcher-Cook listed them: the postal vote, voting by proxy, the possibility of voting in a consulate or an embassy, the possibility also, of voting booths being established in host countries, who then offer a facility to collect the votes and send them back to the constituencies in the Member States. One method which I think would not be desirable, but which I think Mr Pistillo was referring to the possibility of, would be to have a mass movement back to their own Member State of those who were resident in other Member States. Even if any Member States were to adopt such a proposal for themselves, I would hope that Community funds would not be made available to enable such mass movements to take place.

I must say that I fail to see why there are problems of a political or bureaucratic kind so great that this has been impossible to implement. It's plain, from what the Minister was saying this afternoon, that the United Kingdom government does not consider that this matter can be implemented in advance of direct elections. If you have voting in consultates or embassies, there is no need for there to be a great number where this can take place. What is important is to establish the principle that it is possible for nationals to vote wherever they are resident in the Community. Obviously you could enable them to vote in Luxembourg and Brussels in the capitals of the smaller Member States, perhaps in a few towns in the larger Member States, not necessarily much more than that.

The Minister pointed out what the government have said on an earlier occasion with respect to the United Kingdom — that this matter has to go first to a speaker's conference. I don't see why this should be necessary. If it's a question of matters of great constitutional innovation, well then, these have been forced on the government in any case. The whole question of the voting system in the United Kingdom is being raised. Also, as had been pointed out, I think, in France arrangements are being made for French nationals abroad to vote in the next presidential elections. I don't see why, if the French bureaucracy can do it, the British can't too, or why other Member States can't as well. I regret that the Minister is no longer with us, but I hope that the opinion — held

strongly in certain quarters of this House — that many were dissatisfied with the answers he gave, will be transmitted to him and that there may be a final chance that the rather inglorious presidency of the Council which has been displayed by the British government in the last month will be redeemed to some extent by their making progress in the final period on this, perhaps minor, but nevertheless, in our opinion, important matter.

President. — I call Mr Hamilton.

Mr Hamilton. — Mr President, I would like to congratulate Mr Patijn on his report, if only because it provides a convenient peg on which to hang a debate on this very important issue.

I think that is about all that one can say for the report. The objectives of it are simple and unexceptional: we want to make sure that everybody who is entitled to vote votes, but that he votes only once. There is nothing exceptional or complicated about those two principles. But I am bound to say that in the course of the last several months I have found it increasingly interesting why direct elections have now suddenly reared their head. They have been a long time coming. After all, it was in 1960, as Mr Patijn points out in his explanatory statement, that the European Parliament adopted a draft convention, that is 17 years ago. When he was going around as a rapporteur in 1974 he found, after 14 years, that agreement on uniform qualifications *re* eligibility to vote was very hard, if not impossible to obtain. Therefore, as a result of that, this Parliament, in Article 7 of the draft convention which it adopted in January 1975, agreed in effect that every Member State should go its own way, and I think we would be well-advised to accept that proposition and leave every national state to handle these matters — at any rate for the first election — in its own way, however unjust or unfair a particular national system might be. There is no good purpose served by pretending that any instrument in the Community can interfere with that in the short term. If you do, then inevitably you will retard the target date and I for one would not like to do that, but I will have something more — and I think pointed — to say about that in the context of the United Kingdom in a short while.

I find it difficult to foresee at all the time when all voting systems in all Member States will be similar in all important respects. Indeed I would go further, and say I doubt whether it is desirable: I doubt whether it would ever be acceptable in any Member State and certainly I find it difficult to find any government in the United Kingdom accepting a harmonization of voting procedures throughout Europe. We are, I hope, shortly to have an extension of membership of the Community: Portugal, Spain and Greece. Can anyone imagine a United Kingdom government agreeing to

Hamilton

harmonization of voting systems with those of Portugal, Spain and Greece? I find that an extremely difficult concept to accept.

Mr Patijn has made reference — as have other Members — to the all-party select committee that was set up in the United Kingdom to deal with all these problems. That committee came forward with very commendable proposals. I do not know whether the present British Government will accept those proposals, but I hope they will.

But it will depend very much — it will depend entirely — on the legislation that I hope is going to be introduced in the UK Parliament in the next month or two, if not in the next few weeks. We will have to wait until tomorrow to see what the exact position is. But I hope that the British residents in Brussels, for instance, will be allowed to vote. I see no reason why we should wait for a speakers' conference to give those people the right to vote. It is a very exceptional, revolutionary situation in which we find ourselves. British Governments are entirely sovereign to introduce whatever legislation they like, on this and other matters, and I see no reason whatever why the present, or any other British Government, should allow itself to be inhibited from changing the voting system by reference to a speakers' conference. If they have got the chance to introduce legislation, altering, remedying, alleviating a manifest injustice now, I see no reason why they should not take the opportunity to do so.

I want to refer, just for a minute or two, to the difficulties in the United Kingdom and I hope Members will not accuse me of being too parochial on this matter. I am a committed European. My honourable friend in front of me, Mrs Dunwoody, is a committed anti-European. She does not want direct elections, because she has all along been against the Common Market as a concept, and she is perfectly entitled to that view.

And Members in this House ought to understand that she does not speak alone. There are a considerable number of Members of the British House of Commons on the Labour side, and indeed on the Conservative side, who are against the whole concept of the EEC and will use the direct elections legislation to achieve their target. And therefore I believe that it will be impossible to get the legislation on direct elections through the United Kingdom Parliament before the end of 1980. Now you might hold up your hands in horror and say what the hell is he talking about? I think I am a realistic politician. I think I know the House of Commons as well as anybody here. I think I know my colleagues who oppose the EEC as well as anybody here, and they know me. If I were in their shoes, I would be filibustering, I would be trying to

prevent this legislation with every means at my disposal, and there are some very eloquent Members among them. And, of course, we will not get this legislation through unless and until we introduce a guillotine motion, cutting off the debate, preventing people saying exactly what they like about it.

I think it is as well to add this — and my other European colleagues will accept this — there is no great enthusiasm among the British public for direct elections. We can give as much cash from the EEC as we like, but you cannot buy enthusiasm. As long as we have so many irrelevant debates in this place not touching the lives of ordinary citizens except at the remote fringes, you are not going to whip up that enthusiasm, even if you spent tens of millions of units of account in the effort.

We are going to have a general election in the United Kingdom, I guess within 12 months. This legislation will not be on the statute-book within 12 months whatever the next government might be, whatever political colour it might be. Direct elections legislation is not going to be that new government's first priority in its first session of Parliament. That is why I say to Members here: Do be patient and do understand that you are not being realistic if you expect to meet the target date. I was interested to hear Mr Tomlinson — I hate to say this in his absence — pretending that if we are left alone we can meet the target date. I say to him, and I say to the British Prime Minister, Mr Callaghan: You haven't a hope in hell of getting this legislation through the British Parliament within 12 to 24 months. And I say that as a dedicated European. So to other dedicated Europeans I say: Please be patient, but please be realistic too.

President. — I call Mrs Ewing.

Mrs Ewing. — Mr President, I was a bit disturbed by the remarks made by Mr Tomlinson today — may I say on my behalf, because I am member of the UK delegation — when he said that the Government did not have the intention of giving votes to Britons abroad and did not seem to be particularly upset by the plight of people in the UK without votes. I really think we are making something very simple awfully complicated here, and you will understand that, as a nationalist backbench MP with no group, I have no particular axe to grind in this matter. But here is a rather simple proposition. If there is a Community, why on earth should we be seeking other than to encourage people to have a vote, wherever they live? If people say there are problems of maladministration, that maybe there will be double-voting, that maybe in Britain we will not be clever enough to prevent somebody from voting twice, then I would just say that I am sure we can arrange all that. It is a matter of no importance compared with the principle.

Ewing

I think this debate has gone very wide of what this report is all about — the question of whether, given direct elections, people have the right to vote where they happen to be. I would like to congratulate Mr Patijn, as I have done before, for what he stands for, and also on the practical points he has made. I think every Member State with a will could solve the problems of administration, and make sure that if a Scot living in Luxembourg voted there, his name would be scored off the Lossiemouth list! I am perfectly certain this is not really the problem. It has been highlighted in some of the speeches today that we are back to the question of whether we want to have direct elections or not. I am personally concerned about Mr Tomlinson's remarks today and I wonder if he consulted the other ministers. He certainly did not speak for me today, and I wonder for whom he did speak.

So far as the British Government is concerned, on direct elections Mr Hamilton has given, I think, a very realistic sort of forecast as to what will probably happen in the next twelve months. On the other hand, he has given his blessing, in a way, to his opponents, who are against direct elections. I would put it quite simply and say that there is nothing whatever to stop the British Government from getting a bill on direct elections through the House of Commons if they want to do it! They have the Liberals with them, they have their majority, and if they are going to start finding difficulties and if those who say they are in favour are going to find a way to praise those who are against, we will not get any nearer.

But let me put it this way: I believe it is basically a very simple proposition. We have come into the Community. My party narrowly supported direct elections at our recent conference. My party says that if we get independence, we stay or we will not stay, according to what we think. I'll be quite honest with you. But I cannot understand how anybody can be against direct elections, because it makes this Parliament more democratic. If you are going to have a Parliament, do you want to have circus animals jumping through hoops? What do you want of us? Do you want us to control those men who sit on the Commission benches and the men who are no longer there, but who used to sit on the Council benches, or do you want us just to play a game with you all? If we are a Parliament that matters, we must be given democratic entitlement to be here. I am not a committed European; I have an open mind on the matter. But I am totally committed to direct elections, because I cannot see the point of being a member of a parliament that is under the control of its civil service on the one hand and its Council of Ministers on the other hand. I would rather have it more powerful. I am a nominee of the Prime Minister of Great Britain, believe it or not. Some of you might be quite surprised to think that I am Jim Callaghan's nominee. I am here as a nominee. I would rather be here having

been elected, if I choose to stand for direct elections, which I have not decided on yet. I would rather be here as having been elected directly. I am sure many people across the board of political motivation feel like me; to be a nominee is one thing, to be elected is another thing. If this Parliament is going to lick into shape the men who sit on that bench over there, we must be elected directly from our countries. I make this point as strongly as I can.

If you want something important to work, you really cannot look at all the difficulties. You must look at the simplicities. The idea is very simple. I do not mind Mr Hamilton's idea that we should all be tolerant for a year or two, and accept whatever system everybody wants. I think that makes a lot of sense. I think any attempt to try and impose a uniform system on us all is perhaps unreasonable — impolite almost. I think that if the ideal is important, let us be a little tolerant about the mechanics. I do not mind particularly if it is the regionalist system, or the geographical system, although I prefer the idea of the geographical system. My party is confident that of the eight seats you are going to give to Scotland, we are going to win them all anyway, whatever system you have, so it doesn't worry me particularly. But I would say, let us not be doctrinaire about it. Take Mr Patijn's idea. Let people vote where they live. Do not make difficulties. Difficulties can be overcome if there is goodwill.

President. — I call Mr Sieglerschmidt.

Mr Sieglerschmidt. — (D) Mr President, ladies and gentlemen, before I come to the main point I intend to deal with, i.e. the amendment tabled by the Christian-Democratic and Socialist Groups, I should like to say a few words to Mr Hamilton in connection with an observation he made. He asked us to be patient, and I should like to say, Mr President, that the patience which I am prepared to exercise for the sake of the future of Europe practically amounts to self-denial. However, Mr Hamilton, let me say amicably and frankly — and I am sure you will not misunderstand me — that there are limits to patience, and I am sure that the marketeers in the United Kingdom will continue to make it clear to the anti-marketeers that patience has its limits. I say this also in connection with what Mr Tomlinson said.

But now to the amendment. I am pleased to be able to speak on this amendment not only on behalf of the Socialist Group, but also as a representative of my country, since, Mr President, I come from a country in which a large number of people from other Member States live, far more than vice versa, and for this reason I think I can make the point with a particularly clear conscience that the question dealt with in the proposed amendment is that of the solidarity of all the Member States with foreign workers.

The right to vote in these first elections, contained in the legal Act and in the national electoral legislation in the various countries is a temporary right, and I

Sieglerschmidt

hope a European electoral law will soon be introduced. There is, of course, nothing to stop the Member States already making their national electoral legislation more European in character than has sometimes been the case, and I agree to this extent with Mr Fletcher-Cooke that the solution of the future is for citizens from other countries of the Community to exercise their voting rights in the elections to the European Parliament in the same way as the nationals of the country in which they reside, particularly if they have been there for a considerable time, e.g. five years — we will probably have to make it subject to this condition. We know, however, that this arrangement has only been made in a few of the countries. This means that we must take other measures to enable the citizens from other Member States to exercise their voting rights in the country in which they are currently resident. The three main possibilities have already been mentioned here today. Perhaps someone will think of something else, but at the moment I can only see these three. Firstly, people could go back to vote in their own countries.

This has already been discussed at considerable length here, so I do not need to mention the problems which could arise — i.e. privilege rates or considerable expense for everyone. Those who tabled the amendment did not have this arrangement in mind. They were thinking particularly of the other two arrangements, namely voting via the consulate or something similar or postal voting. This would require cooperation between the country of origin and the host country. The country of origin would have to make the necessary provisions in the national legislation to permit persons to exercise their right to vote in the host country, and the host country would have to provide various facilities. For example, the idea of using a school has been mentioned for Luxembourg — of course it would not have to be a school — but that is not everything. For example, it must be possible to send postal votes post-free and there are a great many other things which would require cooperation between the host country and the country of origin.

This is why we have jointly proposed this amendment, and we will be extremely pleased if it is adopted with a large majority by Parliament. Mr President, I think I am speaking for most of us in this House in urging the governments and parliaments of the countries involved to do all they can both with regard to more technical aids which the host countries must provide with a view to enabling all the citizens of the Community to exercise their right to vote on the day of the elections.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, from the beginning of this absorbing and thoughtful debate, it was clear that many Members

wished to range well beyond the specific topics of the Patijn report. I must say I sympathized with this as I listened carefully, because there can be very few subjects which are closer to the heart of parliamentarians than elections, and the direct election of the European Parliament would be one of those most important elections. It was wholly natural therefore that Members should seize the opportunity of today's debate to reflect on the wider aspects of this crucial matter. Naturally it wouldn't be right for a member of the Commission to comment on certain controversial topics raised by parliamentarians this evening — topics which are still sensitive and controversial in more than one Member State.

I listened with interest to what Mr Hamilton had to say and the dates he mentioned. I would permit myself just to make one observation: that the United Kingdom has had a referendum in which the majority was almost as overwhelming as it was in my country, Ireland, and I hope he will forgive an Irishman's intrusion into the domestic affairs of his country to say that was an overwhelming majority for staying in the Community, and that that entails certain obligations under the Treaty in regard to direct elections.

I should like, as Commissioner with special responsibility for relations with parliament, to reiterate the concern and the commitment which we in the Commission feel on the subject. Certainly I — and I am sure I speak for Commission colleagues — believe that this election will be the most important event in our experience of the Community during the term of this Commission.

It's clear that the future well-being of the Community is intimately bound up with the success of the elections, a success which I would venture to suggest can be measured in terms of the enthusiasm that voters will show at the polls, and also perhaps more importantly, in terms of our adherence to the schedule we have set ourselves in the Community. We shall look to this transformed Parliament for a renewal of purpose and energy in our institutions, for guidance and for criticism, and for a deepening of popular involvement in Community affairs. Above all, we shall look for a strengthening of the democratic character of the Community. It was clear in the debate that the same anxiety and the same high expectations informed the contributions of Members we have heard today.

The specific content of Mr Patijn's report raises problems which are the responsibility of Member States, but the Commission cannot remain silent in a debate of such importance; it is compelled to state its views both by reason of general political responsibility to do everything possible to secure the success of the first direct election, and also by reason of its particular responsibility to the migrant workers of the Community. That leads me to remind the House that in the Social Action Programme of 1973 the Commission asserted its support for all efforts to increase the

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rights, and particularly the political rights, of migrant workers, who now number over 2 million in the Community. Mr President, it is also clear that the Commission's support is assured for any measures designed to give Community citizens the right to vote in direct elections, irrespective of their temporary or permanent place of residence. The Commission is therefore pleased to note that in a number of countries there is a growing acceptance of the idea of allowing nationals of other Member States to take part in direct elections.

I might further recall to the House that the Commission in 1975 made a proposal in which it described the special rights, civil rights, political rights, of migrant workers, the acceptance of which could be secured by a principle parallel to that which underlies the Community treaties in the economic field. That is, the Commission proposed to study the possibility of applying these special rights in a local context including the right to vote. I recall to the House that this is being studied in Parliament in the Political Affairs Committee, which has charged Mr Scelba to report on the subject. I won't go any further this evening because to do so would be to anticipate the debate which Parliament will hold in the autumn.

It should be said that voting rights in the first direct elections present different problems which, as I have mentioned already, only Member States can resolve. But at least it can be inferred from Article 8 of the 1976 act concerning direct elections, that the authors of the act provided for the possibility of voting in a country other than the country of origin. Now, on the amendment I would say that the Commission supports the claim of migrant workers to vote in the direct elections, and since we also acknowledge that the voting procedures are entirely the responsibility of Member States, we naturally would endorse whatever initiative the countries would feel would be necessary to secure the voting rights of migrant workers and others who, for whatever reason, are living away from their country or origin. Accordingly the Commission is glad to accept this amendment.

In conclusion Mr President I would like to congratulate Mr Patijn on the work he has done on this report and to express the Commission's support for the recommendations he has presented for study.

President. — I call Mr Patijn.

Mr Patijn, rapporteur. — (NL) Mr President, I must make a few final remarks dealing more with political than with technical aspects. Firstly, I should like to thank all those who have taken part in this debate for the support they have given to this report. I will not name them individually, but judging from the contributions made by the various Members, the large majority support the report. Thank you.

Mr President, may I begin by quoting something you yourself said in your capacity as spokesman for the

Liberal and Democratic Group. 'The most important thing is that the elections should take place.' I fully agree with you. The most important thing is that the elections should take place. No one, any more than I who worked on it for four years, will claim that what we are offering the people of Europe by way of electoral law is a paragon of beauty. Various people have said that harmonization is the most important thing. Standardization is important. Others, however, said, 'Let us not start on that. If we do we'll never see the end of it.' I stick by what Mr Berkhouwer said on behalf of the Liberal and Democratic Group. 'The most important thing is that the elections should take place'. Elections do not have to win beauty contests, they simply have to take place. That is the most important thing. I also thank Mr Rippon for his support. I am glad that his maiden speech in this House dealt with such an important issue and that he filled in the background once again of the time when he negotiated on behalf of the British Government. I think he is absolutely right, and I see this as support for the work which we were always able to do under his greatly respected predecessor, the late Sir Peter Kirk.

I should now like to make a few comments concerning the points made by the President of Council, Mr Tomlinson, who is not in the Chamber. I was surprised at his remarks. Mr Tomlinson said in his very non-committal speech on this report that it would be fatal to make coordination compulsory. I wonder, however, whether Mr Tomlinson or the Council representatives have read my report properly. For what is the point at issue? It draws attention to a problem, namely that Article 7 of the Convention, which deals with national electoral law, may come into conflict with Article 8 which deals with double voting rights. In other words, there may be problems in the absence of coordination. That is not to say that coordination must be made compulsory, but merely that we as Parliament cordially invite the Council to bear in mind that things may go wrong if there is no coordination. I hope that the next President of the Council who will come into office in a few weeks will think about this and realize that we have no wish to present the Council with a further problem. All we want to do is to ask the Council to give some thought to the fact that it is coming into conflict with its own Convention, which it signed on 20 September 1976. We are merely asking the Council to bear this in mind. And if one wishes to solve this problem one must do so in whatever way one chooses. This is all we are saying, and it has nothing to do with compulsory coordination.

Now, as she has no doubt been expecting, I should like to make a few remarks regarding what Mrs Dunwoody had to say. At any rate, I think the interpreters managed to convey the irony in her speech, because irony is what it was. She supported my report in the hope that it would form a further obstacle on

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the road towards European elections. That was the tenor of her speech. Well, Mrs Dunwoody, let me reassure you, or rather let me not reassure you. My report is not an additional obstacle. On the contrary, the British Government can do exactly what it likes with this report, it can make what arrangements it wishes with regard to voting rights for foreigners or British subjects. If Mrs Dunwoody claims that a lot of irrelevant rubbish is being talked in the European Parliament, I can go along with her completely when I hear her somewhat discriminating remarks about Italian workers in London. I agree, remarks of this kind are indeed irrelevant rubbish which would have been better left unsaid, even if only out of courtesy to her Italian fellow-citizens.

But now a few serious remarks. Mr Hamilton said 1980. I should like to repeat what Mr Burke so rightly said. A referendum was held in Britain and the outcome was two to one in favour of Europe. In voting in favour of Europe Britain accepted Article 138, and it cannot go back on this. Of course, Britain is in difficulties, but, Mr Hamilton, all eight Member States have experienced the same difficulties and if we can overcome them why shouldn't the British Government be able to do so too? You British are not so special that we should have to make a special arrangement for you. We have not heard of any requests from the British Government at the Council in Brussels to postpone the elections. No one has asked that they should be held at a later date. We shall see what happens next week when the bill is introduced. The British Government has not requested that we change the target date from 1978 to 1980. Until it does so we will rely on the good faith of all the nine Member States and assume that we intend to stick to 1978. Unless we hear anything to the contrary the date is 1978 and will remain so.

Would a uniform electoral law be a good thing? Let us not discuss this now. I still find the decision of January 1975, namely to leave aside the question of a uniform electoral law, the most sensible decision we have ever made.

I repeat, and I should like to finish on this point, that the most important thing is that the European elections should take place, and let us choose some other subject than elections for the beauty contest. Elections must be held at European level for the European Parliament, as democracy in the European Community is lagging far behind the developments in other areas.

President. — We shall now consider the motion for a resolution. I put the preamble and paragraph 1 to the vote. The preamble and paragraph 7 are adopted.

After paragraph 1 I have the following two amendments :

— Amendment No 2 tabled by Mr Pistillo on behalf of the Communist and Allies Group :

Add the following new paragraph after paragraph 1 :

'1(a) Urges that those countries that so desire should be granted facilities whereby citizens who fulfil the conditions laid down in paragraph 1 can exercise a vote in the direct elections to the European Parliament in their normal place of residence for the lists of candidates in their country of origin with a view to safeguarding constitutional guarantees and the principles governing all aspects of the electoral system of that country in order to ensure the effective exercise of the right to vote on a basis of freedom, equality and secrecy ;'

— Amendment No 1/rev. tabled by Mr Granelli, Mr Ajello, Mr Fellermaier, Mr Klepsch, Mr Siegler-Schmidt and Mr Schuijt on behalf of the Christian-Democratic and Socialist Groups :

Add the following new paragraph after paragraph 1 :

'1a. Urges, therefore, that the countries concerned should take the necessary steps and offer each other mutual assistance to ensure that the citizens of a Member State who fulfil the conditions laid down in paragraph 1 can exercise a vote in the country which they are in on the date of the election for the lists of candidates in their country of origin, save where different systems apply in individual Member States ;'

Although the two amendments are mutually exclusive, they can be dealt with together.

What is the rapporteur's position ?

Mr Patijn, rapporteur. — (NL) Mr President, indeed, I agree that these two amendments are, unfortunately, mutually exclusive. I think the sequence of voting is correct, namely that we should first of all vote on Amendment No 2 by Mr Pistillo and then on Amendment No 1/rev. I do not have much to say about either amendment. Neither of them is unacceptable. I will be glad to leave the decision up to the Assembly.

Nevertheless I should like to make one observation regarding Amendment No 1/rev. which contains the words, '... urges, therefore, that the countries concerned should take the necessary steps and offer each other mutual assistance to assure that the citizens of a Member State who fulfil the conditions laid down in paragraph 1 can exercise a vote in the country which they are in on the date of the election for the list of candidates in the country of origin'. This is followed by a further clause and I should like to point out that this additional clause, 'save where different systems apply in individual Member States', refers particularly to the situation in Ireland, since the Irish Government has stated, much to our satisfaction, that votes should not be cast in the country of origin, but in the country in which the voter is resident and that foreigners resident in Ireland can vote in that country. Thus this clause is not meant as a condemnation of the first system. It is the most obvious solution and the Irish system is mentioned as a possible alternative. I do not think it has been particularly well expressed, but I have no objections and I shall be glad to leave it up to the Assembly to do what it thinks fit with these amendments.

President. — I call Mr Covelli.

Mr Covelli. — (I) Mr President, I would have liked some more clarification regarding the part of the amendment to which Mr Patijn drew attention: '*... save where different systems apply in individual Member States*'.

In my opinion, the amendment which would be likely to receive Parliament's unanimous support is the original amendment tabled by Mr Granelli and Mr Klepsch, in which this final clause does not appear. In any case, since the meaning of the phrase '*... save where different systems apply in individual Member States*' is not very clear, it would be extremely useful if the Member or Members who tabled this amendment would explain exactly what they mean by it. It would be very strange, Mr President, to have to accept the literal meaning of the amendment — which is that the subjects of a Member State, who had to vote for the list of candidates in their country of origin would vote according to a system different from that applied in their country of origin — unless its meaning is what I understood Mr Patijn to say, namely that if some countries have decided that foreign citizens cannot vote in those countries, such persons would vote in their countries of origin. Since this is a very serious and delicate matter, I should like to ask those who tabled the amendment to explain more closely what they mean by this crucial phrase.

In order to avoid misunderstandings and to ensure that we are not held responsible for the confusion which this could cause, I would like to ask you, Mr President, to put the two parts of the amendment to the vote separately, the first part, ending with '*their country of origin*', and then the second which begins with the words '*... save where ...*'.

However, this point calls for some clarification, and I would be grateful if Mr Sieglerschmidt would provide it since, tending as he does to speak frequently and in several languages, he should have shed more light on this point. He did not do so, and I therefore insist on the need for clarification and for a separate vote on the two parts of the amendment as I have suggested.

President. — I call Mr Pistillo.

Mr Pistillo. — (I) Mr President, I think that some of what I said in my previous speech explains the letter and spirit of the amendment which I have tabled. Mr Granelli drew attention to the question of safeguarding constitutional guarantees and principles governing the organization of the elections. This has not been made explicit in the text of the motion for resolution but has been left for the various governments to decide in bilateral agreements.

We have taken due note of this statement, but, nevertheless, we maintain our amendment since, in our view, clarity is essential on the key point of the

defence and safeguarding of constitutional guarantees and the regulations governing all aspects of the organization of the elections, from publicity, through other forms of participation to the vote itself. This is a question of general interest but one which particularly concerns Italy, which has a large number of voters living outside its territory, having emigrated to other Member States. This is why we tabled this amendment, which we invite the President to put to the vote.

President. — I call Mr Rippon.

Mr Rippon. — Mr President, the additional phrase '*save where different systems apply in individual Member States*' is a phrase which meets a difficulty which would arise in the United Kingdom if the original amendment had been put forward. It refers to lists of candidates. We have by no means decided, in the United Kingdom, that we shall change our existing electoral system in order to have lists of candidates. We may do so, but we may not.

President. — I call Mr Granelli.

Mr Granelli. — (I) Mr President, first of all I must explain to Mr Covelli that I am now prepared to withdraw the original amendment, having come to a reasonable agreement with the Socialist Group in view of the fact that the two amendments are substantially the same.

I am just concerned about one thing. The amendment tabled by the Socialist Group invites all the countries involved to take measures to enable persons to vote for the lists of candidates in their country of origin in the country they are living in at the time of the elections, but we may not make this invitation so automatic as to destroy the diversity of electoral systems current in the various countries. If I may quote a specific example, by virtue of their constitution, German citizens may vote by post. Now this agreement between two governments, the Italian and German governments, does not mean that Germans in Italy are compelled to vote by post and not at the place in which they happen to be at the time of the elections. The same applies to the United Kingdom where the list system is not used, and it would be absurd to expect something of this kind to apply automatically.

Thus the phrase '*save where different systems apply in individual Member States*' does not defeat the object of the amendment, which was to make it possible to vote for the lists of candidates in the country of origin in whatever country the voter happens to be, while at the same time respecting the various electoral systems applied in the different Member States.

In this way we avoid trying to make this system automatic — which we would not succeed in doing anyway if we tried to do so by force.

Granelli

I should like to make one final observation regarding the amendment tabled by Mr Pistillo. In my speech I explained quite unambiguously that, as far as we are concerned, the fundamental rights underlying the Community are valid for the direct elections of 1978. But here too, the bilateral agreements between governments will not be the same for all the countries of the Community. We will therefore merely reaffirm the principle that there should be agreement on this point too, and we cannot accept Mr Pistillo's amendment, which is too specific.

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Having heard Mr Granelli's explanation, I would like to invite him to omit the words '... save where different systems apply in individual Member States...' from the amendment, since this phrase is not in keeping with the first part of the amendment which urges 'that the countries concerned should take the necessary steps.' It is a bit like saying, 'I want my son to be baptized according to the Catholic rite but I don't want him to become a Catholic'.

Clearly, there will have to be coordination between the various countries and the necessary agreements will have to be reached. For the rest, I understood that Mr Rippon also found it a little baffling. I should therefore like to repeat my request that the final phrase be omitted.

Having said this, Mr President, I support the request to have a separate vote on the two parts of the text so that everyone can vote in favour of the part he regards as useful.

President. — I call Mr Ajello.

Mr Ajello. — *(I)* Mr President, as one of the authors of this controversial amendment, I think I should give a few words of explanation. As Granelli has just said, we introduced this phrase in order to ensure that various requirements expressed by British and German colleagues, particularly regarding postal votes, would be met.

Having said this, therefore, I do not see why this phrase should be interpreted in a different way from that intended by those who tabled the amendment. Indeed, I think the phrase is sufficiently clear. At any rate, since it was added in order to meet the wishes expressed by certain persons, if they now feel it to be superfluous and therefore withdraw their request that it be included, we would be quite prepared to omit it.

President. — I put Amendment No 2 to the vote. Amendment No 2 is rejected.

This brings us to Amendment No 1/rev. Mr Covelli has requested separate votes on the first part of Amendment No 1/rev. (up to and including the words

'country of origin') and on the second part of the amendment ('save where different systems apply in individual Member States;').

I call Mr Patijn.

Mr Patijn, rapporteur. — *(NL)* Mr President, if Mr Covelli wants a vote on the separate parts, this is of course possible.

But we really need this sentence in the amendment in order to meet the difficulty mentioned by Mr Rippon. Since Mr Rippon has just said that the United Kingdom may not have lists of candidates, the last paragraph is definitely necessary to cover the situation in the United Kingdom.

If we vote on the separate parts, as requested by Mr Covelli, I would recommend Parliament adopt the amendment as a whole.

President. — I call Mr Klepsch.

Mr Klepsch. — *(D)* Mr President, as one of the authors of the amendment, I would like to support what Mr Patijn has said. For us the amendment must be taken as a whole, and if we start taking parts out of it, we shall be voting on an amendment which is no longer in its original form. The authors feel that it is impossible to have separate votes on the individual parts.

President. — Mr Klepsch, a Member is entitled to request separate votes. I put the first part of Amendment 1/rev. to the vote.

The first part of Amendment No 1/rev. is adopted. I put the last part of Amendment No 1/rev. to the vote.

The second part of Amendment No 1/rev. is adopted.

I put paragraphs 2 and 3 to the vote.

Paragraphs 2 and 3 are adopted.

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

The resolution is adopted.¹

9. Inter-institutional dialogue on certain budgetary questions

President. — The next item is the report (Doc. 119/77) drawn up by Mr Cointat on behalf of the Committee on Budgets on certain budgetary questions.

I call Mr Cointat.

Mr Cointat, rapporteur. — *(F)* Mr President, I am sorry that the President-in-Office of the Council has had to leave and hence miss this inter-institutional dialogue. Far be it from me to imply that every time we get around to talking about a dialogue, the Council

¹ OJ C 163 of 11. 7. 77.

Cointat

disappears. I am of course aware that the President-in-Office has other pressing engagements; nevertheless, I am still sorry that he cannot be here. My sense of regret is all the stronger as I had come post-haste from Paris where things are happening directly affecting Europe and since then have listened to my colleagues speaking hour after hour and in highly enthusiastic tones about direct elections to the European Parliament. I think that Parliament should be proud at having been the first to formulate the detailed aspects of budgetary policy so as to avoid any future misunderstanding or conflict, and I agreed, Mr President, with what you said and quoted not so long ago concerning unnecessary or pointless quarrels. All the same, precise definition of all the rules on budgetary questions will give our institution a greater degree of authority in a calm atmosphere. This is why, with effect from atmosphere. This is why, with effect from last year, it was decided to institute and maintain a quasi-permanent dialogue between the institutions on budgetary problems. The Committee on Budgets designated an ad hoc working party which it is my honour to chair. This working party put in a great deal of work last year, and the consultation between the Commission, Parliament and Council led to the solution of a number of problems which had a substantial bearing on the drafting of the 1977 budget. Of course, not everything has been sorted out. The Committee on Budgets has therefore asked the working party to continue its work, the result being that the report before you today in fact describes only the work that was done last year. The sole object of this report is thus to study the problems in greater depth; you will find on page 9 of this report a summary of the main conclusions reached by the Committee on Budgets. Now that the Committee on Budgets has presented its conclusions, Members are asked to approve them so that they can be forwarded to the Council and the Commission to enable the other two institutions to let us have their reply under the dialogue. Provided that you approve this report, I should like it to serve as the basis for discussions on the 1978 budget, as was the procedure last year.

Let me very quickly outline the conclusions we arrived at in the seven chapters of the report.

The first chapter deals with the budgetization of loans. Last year, Parliament budgetized Community loans, specifying that it was up to the budgetary authority both to authorize the Commission to raise and grant loans and to fix the maximum amount of these operations. At a time when there is increasing talk of the need for the Community to finance a larger proportion of its activities by borrowing, the question of budgetization assumes considerable importance, and I think that Parliament was well advised to deal with this question at a very early stage. We have therefore subjected this problem to a reappraisal and this year, having congratulated the new Commission on over-

coming its predecessor's scruples on this question, the Commission on Budgets recommends the following general guidelines.

Firstly, the budgetary authority should be provided with more information on the Commission's annual financial programme.

Secondly, as soon as the European Export Bank is set up, its borrowing and lending activities must be budgetized.

Thirdly, the investment budget of the ECSC should be merged with its operational budget and considered in conjunction with the Communities' general budget.

Fourthly, the annual financial programme of the European Investment Bank should be communicated to the budgetary authority, by way of information, in the preliminary draft budget.

Fifthly, Parliament should be kept informed of progress in the implementation of the financial programme (borrowing and loans) laid down in the budget.

Finally, the volume of lending and borrowing operations must be laid down in the budget, taking account where necessary of instructions contained in the basic regulations setting up the machinery for Community loans.

Second chapter: the budgetization of financial cooperation appropriations and the EDF.

Last year, Parliament budgetized loans relating to the financial cooperation of the Community with certain third countries. By budgetizing these loans, Parliament not only replaced an intergovernmental cooperation procedure with a genuine Community programme, but also gave Parliament — in its capacity as a budgetary authority — the right to inspect these loans. It did this at a particularly opportune moment, this also being the time when the long series of cooperation agreements was being negotiated with the Mediterranean countries. As to the EDF, Parliament had reserved the right to study its budgetization during the period covered by the present Convention.

The Committee on Budgets suggests that the emphasis now be placed on the following points: first of all, the Council and the Commission should formally undertake to budgetize the appropriations for the next EDF when the next Convention comes into force.

The 1978 budget must contain a detailed breakdown of the total amounts of cooperation appropriations classified as budgetary appropriations.

This cooperation being of a multi-annual nature, commitment appropriations must be created to ensure their financing.

Moreover, the guarantees given by the Community to loans granted by the European Investment Bank must also be budgetized.

Cointat

Finally, Parliament must — as stated in its opinions on the cooperation agreements — be consulted in good time on the financial implications of these actions.

Moving on to the third chapter, commitment appropriations, I must say that this is a particularly complex and tricky problem. Last year, several headings of commitment appropriations were created, and Parliament was faced with the question of whether the budgetary procedural rules laid down in the treaties and specifying in particular the budgetary powers of Parliament applied in the same way to commitment appropriations as to payment appropriations. During the vote on the 1977 budget, this problem was resolved provisionally and pragmatically, a solution which, to my mind, did not constitute a precedent.

This year, the Committee on Budgets recommends the adoption of clear stance on this issue and has two specific proposals to put forward. Firstly, the decision to create new headings of commitment appropriations must lie not with the legislative authority, but with the budgetary authority, in other words with the Council and Parliament.

Secondly, the budgetary mechanisms laid down in Article 203 (8), determining the system for computing the rate of increase and the margin for manoeuvre, are not regarded as applying to commitment appropriations. In the view of the Committee on Budgets, these mechanisms apply only to payment appropriations. Commitment appropriations, on the other hand, can only be fixed by agreement between the Council and Parliament. The Committee on Budgets is aware that this situation requires some consideration, and that the inter-institutional dialogue may develop in this very field; this is where our hopes lie.

Chapter four: supplementary budgets. Mr President, I have just been handed your note telling me that I have one minute left. I am quite willing to stop speaking in accordance with your instructions. I have waited six hours for the chance to speak, and I shall either speak for as long as I want to, or sit down immediately — I wasn't exactly overjoyed at having to drop everything and leave Paris to come back here. Whenever an important matter comes up for discussion in this House, speaking time is limited, and yet no such restriction applies on much less important questions. You may therefore have your note back, Mr President...

President. — Mr Cointat, it is not for you to decide the agenda. Parliament decided to limit the time available to rapporteurs to 15 minutes. And apart from that, even if we are running a little behind time — which, by the way, you can't blame on us — you cannot possibly have been waiting for six hours!

Mr Cointat. — (F) My report was supposed to come up for discussion this morning. But that is just a minor point!

President. — It is up to you whether or not to stop at this point. My job is to see that Parliament's decisions are respected.

Mr Cointat. — (F) How much time do I have left, Mr President?

President. — Two minutes.

Mr Cointat. — (F) At least that's one more than before.

(Laughter)

Mr President, I must insist on making this point, in a very friendly but nonetheless forceful way: at present, this Parliament has one power — and one only — budgetary power. And here we are allowing no more than a few minutes for this topic. I must protest against this, particularly in view of the fact that the House spends hours talking about everything and nothing. I find this totally exasperating, and I hope that this Parliament will stick to its areas of competence, otherwise I shall be forced to agree with my political opponents despite my stand on the question of direct elections.

President. — Mr Cointat, I myself share your views, but please try to be brief.

Mr Cointat. — (F) Thank you, Mr President. You know that whenever I speak, it is to try to say — sometimes at length — some home truths.

I shall deal only briefly with the question of supplementary budgets, in view of the fact that a conclusion, reiterating earlier decisions, has already been reached by the Committee on Budgets. It amounts essentially to distinguishing between what are known as supplementary budgets, incorporating unforeseen expenditure, and rectifying budgets, which are concerned only with transfers of appropriations and which do not involve any additional expenditure. Finally, on chapters 5 and 6, I would just say that, as far as nomenclature is concerned, the Committee on Budgets has continued its work of the previous year in an attempt to ensure the participation of the budgetary authority. On the question of budgetary transparency, the Committee on Budgets recommends that Parliament oppose the creation of any new kind of para-Community body of an inter-governmental nature, and that a strict limit be placed on the number of satellite bodies enjoying considerable freedom of action although financed through the budget.

Just one more word which will really be the last, Mr President, in accordance with your wishes and despite my vehement but friendly protest. I would simply say, on the question of the budgetary timetable, that our general rapporteur, Mr Shaw, has also drawn up a number of extremely interesting proposals to facilitate the preparation of our budget.

Cointat

I know I have spoken at great length and not particularly entertainingly, because budgetary problems are highly abstract and intractable, but may I thank my fellow rapporteurs, the former general rapporteurs on the budget and the present incumbent for all the hard work they have put in on this problem. If — and I have no doubts on this score — you approve this report, you will not only be making a major contribution to the improvement of cooperation between our institutions but probably also forestalling a number of likely conflicts in the directly elected assembly.

President. — Thank you, Mr Cointat. I can assure you that our relationship will remain vehemently friendly.

I call Mr Klepsch to speak on behalf of the Christian-Democratic Group.

Mr Klepsch. — (D) We are in complete agreement with the report, Mr President.

President. — I call Mr Shaw to speak in his capacity as general rapporteur on the 1978 budget and as spokesman for the European Conservative Group. I trust that he will be as brief as Mr Klepsch.

Mr Shaw. — Mr President, alas in spite of your most persuasive blandishments I regret that I cannot be quite as brief as before. I will not explain why I cannot, except to say that my reasons are very similar to those expressed already by Mr Cointat. He has put in a tremendous amount of work on behalf of the Committee on Budgets and, indeed, on behalf of this Assembly. The work that he is doing is work that is of the greatest possible assistance to all of us, and I feel that it is right that we should, even with a few words, support him wholeheartedly in the work that he has done. Because of the way that he has presented this report, there are many facets of it that I will not refer to because he has covered them so completely. If I may say so, it is the sign of a good and well thought-out report that points made come over clearly to all of us and need no further explanation.

I think perhaps I ought to say, Mr President, that the document should be read in conjunction with the earlier report on amendments proposed to the Financial Regulations. It was just mentioned in passing by Mr Cointat, but taking that with the report now before us does enable all of us to take a comprehensive view of the improvements in the financial procedure that we would like to see effected. Members will appreciate, as I have already mentioned, that the work on many of these points will be advanced because of the work that has been done, and more particularly now, in view of these reports, because we do hope to take up many of these key questions directly with the Council, both in the context of the Financial Regulation conciliation procedure, and also in the context and framework of the discussions on the 1978 budget.

However, I would like to draw attention to that part of this document that concerns me specifically, that is to say that part contained in pages 52 to 64. These pages set out the timetable for considering the 1978 budget, for which I have the honour to be the general rapporteur. For us in this House considering this budget, the next key date is that referred to in point 9 of the table which sets out the formal presentation of the preliminary draft budget to us in the July part-session at Luxembourg.

As many of you will be aware, the Commissioner primarily responsible for the budget, Mr Tugendhat, did come before the Committee on Budgets and did explain to us the broad lines of the preliminary draft budget before giving it to the press. I would like to thank him for making what I believe to be a major step forward in our procedures. It may be regarded as symbolic, but nonetheless I believe it to be very important indeed, because it is a great improvement on what has gone on in past years. Of course the ideal would be that he made the first presentation to us here in the Assembly, but nonetheless the first step has been taken. I hope that in the end the very practical difficulties that do exist in fulfilling our final ambition are there, but nonetheless I hope perhaps in the future we shall be able to make the presentation to this Parliament a part of established procedure.

The other point is that, having presented the preliminary draft budget, I would hope that the Council would be able to use the period in July and August after our July meeting to the absolute maximum to see if they are in a position then to transmit the draft budget to us here in the European Parliament at the beginning of September. I know there again there are difficulties, but nonetheless if this were done, then all the colleagues here would have just a few extra days in which to study the draft budget and consider what amendments and modifications might appear necessary and reasonable before we moved off into the general debate.

The whole ambition behind the changes in the timetable that have been made is, Mr President, to try and give greater opportunities, not so much for the Committee on Budgets itself to consider the budget and any amendments, but for the other committees themselves to consider the matters connected with the budget in which they have a direct interest, and make their recommendations to us in the Committee on Budgets. Because primarily we are there to take in all these suggestions from these committees and to study them and to make a complete picture and to view it in the context of our resources and what we deem necessary by way of revenue and expenditure. Primarily, we need that information from the committees themselves, and to that end I hope that in this period I shall be able to speak to as many of the rapporteurs from the various committees as possible,

Shaw

to get directly the views of those committees. I can then present them, with them, to the Committee on Budgets so that we can complete the picture in a proper and informed manner.

Finally, I think we all owe a great debt to Mr Cointat who presides over this sub-committee to look, as we do, each year at the problems that have come up during the course of the budget procedure, to see if we can improve on the procedures for the next year, this year in particular. We ought also to support the tribute that Mr Cointat made to Lord Bruce whose hard work and experience that he gained during the processing of the 1977 budget have been very valuable indeed to the work of our committee. May I say in conclusion, Mr President, that my group fully supports this report.

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington. — Mr President, I would like to make it clear before the few remarks I have to make, that I speak on behalf of myself alone. I do not speak and have no authority to speak on behalf of the Committee on Budgets, and I have no authority at all on this particular question to speak on behalf of the Socialist Group. That is not to say that there may not be many in all parts of the House who may agree with what I have to say. But I cannot commit anyone, and, indeed, would not wish to do so. I prefer, if I may Mr President, to address this Assembly as an assembly of colleagues of all nationalities, belonging to all kinds of political groups and members of all kinds of committees, and to treat it broadly on that basis.

I would like to say at the outset that I fully endorse the very complimentary remarks that have been passed concerning the activities of Mr Cointat in drawing up this excellent report. Nothing that I have to say hereafter, Mr President, detracts in any way from the excellent work he has done and which I am quite sure will be followed by my good colleague, Mr Michael Shaw, who is the rapporteur for the 1978 budget and whose excellent work on the Financial Regulation has already attracted favourable comments in this House.

Mr President, what I am anxious to do is to confront as many of my colleagues as possible, regardless of their nation or their politics or their committee, with the realities of the situation in so far as budgetary powers are concerned. There have been considerable arguments in Member States and also in the press, on the question of direct elections. One of the relevant arguments that has been adduced, and which I have not even endeavoured to evaluate, is the undoubted fact that the European Parliament possesses considerable budgetary powers. Indeed, many people have elaborated on this theme. I regret, therefore, to inform the House, Mr President, that the budgetary powers that Parliament imagines that it has, which it publicises to the world that it has, are in practice severely circumscribed. I would like to give the House just three examples.

The first example concerns the passing of an adoption of the 1977 budget, in respect of which I had the honour to be the rapporteur and upon which, the House will recall, — rather unusually for rapporteurs — I had to abstain in connection with a vote on my own budget of which I was in charge. This was because of the quite irregular and illegal procedure that was adopted in this House on 14 December because of a wholly unjustified and irregularly constituted conciliation or concertation procedure. I will not weary the House with the details, but I can refer the House to the report which I myself submitted to the Committee on Budgets (PE 47.498, 14 January 1977) in which I proved, and proved conclusively, that the procedure of this House was deliberately subverted — and I say subverted quite deliberately — to produce a change in the express will of Parliament in respect of a decision that might be arrived at in the French National Assembly on 17 December.

I have made these facts clear, I have argued about them and nobody has so far contraverted them, because they cannot be contraverted. So the first thing I have to say, the first douche of cold water that I have to pour upon the procedures that we adopt, is that if there is going to be a safeguard for democracy — and democracy has been very much in the air when one has discussed direct elections — the essence of democracy is that procedures democratically established are in fact democratically kept to. And I have accused already those responsible on 14 December 1977 of having broken those procedures, I have documented this matter in detail, there has been adequate time for refutation and it has not been refuted.

Mr President the reason why I raise it now is this. We are now passing on to the consideration of the 1978 budget under the able direction of my colleague Mr Michael Shaw, and in due course the budget procedure will be gone through. What I want to seek to ensure on this particular occasion is that once Parliament has come to its own democratic decision upon the budget, there is no meeting with Council with the object of changing and circumventing the decisions which have been democratically arrived at by Parliament itself. I would not have raised the point except that in Mr Cointat's report — and this is the only matter on which there is even the vaguest notion of mild disagreement — there is on page 63 a paragraph which says:

In view of the experience of 14 December last, and of the outcome of the meeting between Council and Parliament's delegation which took place on 15 December last, several members of the Committee on Budgets considered that a meeting with Council should not take place...

This is a masterpiece of understatement, which indeed one can understand, because in certain Member States, Mr President, at the present time the endeavours to obtain approval through national Parliaments for the

Lord Bruce of Donington

principle of direct elections depends, in at least one instance, notably the case of France, on proving that the European Parliament has no powers anyway, and that direct elections can therefore safely take place. So I sincerely hope, Mr President, that in the course of the procedure that is adopted this year, when there is a conciliation procedure, it will be properly organized conciliation, that the members of the parliamentary delegation will be notified in advance and in good time that there is in fact a meeting with Council, that there will be people who are properly briefed on the negotiations that do take place with Council, and that, instead of Parliament genuflecting towards Council, there can at least be a constructive conversation and negotiation between them.

That is one warning only. There are others. There are endeavours at the present time by the Commission, to interpret Article 203 of the Treaty in a manner that is not envisaged in the Treaty itself. My colleague, Mr Cointat, has already referred to this. The endeavour to include commitment appropriations together with appropriations. This is something I would warn Commissioner Tugendhat and also members of the Council that Parliament intends to resist to the utmost of its ability.

Finally, Mr President, there is also the question of Article 205 of the Treaty. Parliament may not be aware, colleagues may not be aware, because the budget may not interest them, because it is a matter of finance, that, regardless of what decisions are reached by Parliament on the expenditure of money under certain heads, after debate about the priorities, after debate about the merits of expenditure on the Regional Fund and indeed, other funds, when they think at the end of the day they have done a first class job upon it and have made a decision and the Commission can spend the money, they will find that, owing to the Council's exertions on management committees to run the expenditure which has been approved by Parliament, the money is not spent at all, and the wishes of Parliament are frustrated.

These, Mr President, are dangers. I do not want to over-rate them. But I certainly do not want to under-rate the vital necessity for continuing and constructive conversations to take place between Parliament and Council and between Parliament and Commission. The working of all democratic institutions depends essentially upon the free interplay of views, upon the willingness to compromise, and I willingly concede the great advantages that have accrued to Parliament, the Commission and Council, by reason of the institution of the procedures that enable such consultation to take place. These things I willingly concede. But as a representative of a country that has had some 700 years — not thirty — of experience of parliamentary democracy, may I warn Parliament that if there is going to be democracy maintained in Europe and in the European Parliament, particularly after direct elections, the democratically determined procedures ensh-

ined in Parliament's procedures have got to be kept to, and not subverted whenever it suits a particular national, political or personal interest so to do.

With that Mr President, and with apologies for having been a little abrasive on this matter, I would like to commend the report of Mr Cointat to the House. But I do hope that Parliament will not take amiss the endeavour of one backbencher to preserve what he considers to be the historic liberties of Members of Parliament wherever in the world they may be.

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President, ladies and gentlemen, permit me to make a few remarks. First of all, let me express my appreciation of the work of the *ad hoc* working party under Mr Cointat. The Committee on Budgets gave its unanimous approval and there were no differences of opinion, leaving aside for the moment Lord Bruce's impassioned appeal to us all — albeit in a different context — to help uphold the rights of the Parliament at all costs.

I think this appeal was fully justified and — as Mr Cointat has already said in his capacity as rapporteur — we shall undoubtedly take care in the course of the necessary conciliation procedures for the 1978 budget to avoid a repetition of the mistakes made at the end of the budgetary process. We have nothing to gain from seeing the freedom of movement — in other words the rights — of this Parliament and its subordinate bodies restricted.

On the timetable referred to by Mr Shaw, I might say that this represents an attempt on our part to make use once again of the opportunity which last year was used by the Council and accepted by the President of the Parliament. We shall therefore have to have some very frank discussions with the next Presidency — Belgium — on this procedure, so that — and I would stress this point again — there will be no repetition in 1978 of the shortcomings which were evident in the 1977 budgetary procedure.

The appreciation which has been expressed here of the work of Mr Cointat and his working party of course applies also to the individual members of the working party. The results achieved here were not the work of any individual, but rather of the concerted efforts of six or seven people regardless of political group. The point at issue here was and remains the basic right of budgetary control. Ladies and gentlemen, I would remind the House forcefully that, not so long ago, we decided on guidelines for the Commission's 1978 budget — at the rapporteur's suggestion — and I would urge all Members to bear in mind what we decided when they come to deal with the 1978 budget in the various committees and political groups. One more point: this Parliament forms part of the budgetary authority and must under no circumstances allow itself in whole or in part —

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the part being the committees — to degenerate into mere executors of the Commission or of members of the Commission. The Parliament must work out its own political standpoint on the 1978 budget. Our considerations should be based on the guidelines and on the decisions taken last year at the suggestion of the working party and then of the Committee on Budgets: namely, budgetary truth and clarity as overriding considerations and also the work we are continuing here today, because the document which has been submitted here to us today is basically an overall survey of our former demands and a reflection of what we have achieved hitherto in conjunction with the Council and the Commission. A number of questions remain open for discussion, and if you help in putting these ideas into practice, I am convinced that the 1978 budget can be dealt with under much more favourable conditions than was the case with the 1977 budget.

One final remark: the Treaty of 22 July 1975 comes into force with effect from 1 June, in other words from the first of this month, and I would ask you, ladies and gentlemen, to read through this Treaty once again to get a clear idea of the rights of this Parliament; personally, I am satisfied that these rights are very real. Our behaviour as an institution should not be as cautious as it was last year under different conditions. If we follow this advice, our powers will no longer be illusory — as Lord Bruce thought fit to warn us — on the contrary, the Council will then really have to treat us with respect. For very good reasons which must be clearly set out, we have the power to reject the Council's proposal as a whole, and it would then be up to the Council to submit a fresh proposal. I would ask you then to bear all this in mind.

Mr President, I thought it right to stress this point again, as the warning from Lord Bruce — essential as it was — seemed to me to dwell on only one point and to be rather too one-sided as a result. I wanted therefore quickly to run through the whole range of our legal and practical powers as derived from the Treaty of 22 July 1975. Apart from that, I can only recommend the adoption of Mr Cointat's report.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I would like to begin also by thanking Mr Cointat for his report and to proffer him something in the nature of an apology. I had prepared a very extensive speech dealing with a very large number of the issues that he raised, but in view of the lateness of the hour, the difficulties over time and the fact that we have other debates to come, I thought it best to shorten my speech, and also I felt it might be of interest to Members if I said something about the statement which was made by my colleague, Mr Ortoli, in Brussels today about the question of loans. It is difficult when things happen simultaneously

during a parliament week, but if Parliament is actually sitting it does seem to me important to try and convey information to Members as soon as possible, even if that means that one has to exclude material that one might otherwise have wished to deal with. If I therefore seem to treat rather cursorily some of the points which are raised, I do hope it will be understood that those are the reasons why, and I think we will have other opportunities during the coming months.

In any case, the first subject which I had wished to deal with was the question of the Community's use of borrowing and lending and its budgetization. The resolution calls for a rationalization and development of the policy of borrowing and lending, and I can assure the Parliament that the Commission very much wishes to achieve this objective. Indeed the Community already has a series of actions financed in this way. Each of these actions has a specific and limited, usually important, but nonetheless specific and limited purpose. The Commission feels that there is now scope for it to increase its borrowing operations in order to re-lend for purposes not covered by the existing methods. Today Mr Ortoli put forward some suggestions as to how that might be done.

One point I would like to make clear before dealing with his remarks is that we believe it is very important not — and I emphasize the word not — to propose a massive new action that would be effective overnight. We feel that when dealing with the financial markets a gradual approach is better, and this will enable the Community to gather experience about the most efficient way of developing this activity as it goes along. We are clear in our own minds that this is an important area for development and rationalization, but I certainly would not wish to give Members the impression that we feel that we have all the answers, that we know exactly what needs to be done, or that this can be launched in a massive way at the outset. I think great care and circumspection are needed, and probably the best advice that one can give is to make haste slowly, and that is the basis on which we are proceeding.

In his statement today, Mr Ortoli insisted that the overriding economic need in present circumstances was for more investment. The Commission's aim is not to provide a substitute for action by governments, or indeed by the private sector, but to establish and additional instrument to reinforce, to act as an auxiliary to those which already exist. The resources made available by this additional instrument would be used, it is intended, in three main areas: energy, industrial innovation and infrastructure projects, especially those in the regions. He also explained that the loan would be raised by the Commission, that the credit would be given by the EIB under the political direction of the Commission. This again I think draws attention to the point that I made a few moments ago — that the Commission certainly makes no claim to have a monopoly of knowledge on this matter.

Tugendhat

We recognize of course, that there is some scepticism in Member States about this proposal, but we are convinced that the arguments in the dossiers — the arguments for this initiative — are overwhelming and we feel confident that once Member States have had an opportunity to study what we intend, both the specific purposes and the modest beginnings, they too will realize that we are attempting to respond constructively to a major problem that faces all our Member States and to developing new Community initiatives — on the part of the Commission in this case — which could have a useful and constructive role to play in the future.

Now having dealt with this particular point — and it is fortunate that I am speaking last in the debate, because had I spoken first the information I just provided would not have been available — I come to the problems of budgetization dealt with particularly in the report before us. I welcome on behalf of the Commission the recommendation to accept, at least for the time being, the form of budgetization already adopted for the Community balance of payments operations and the EURATOM loan. This already gives Parliament — a point which I regard as essential — the right to intervene in the decision on the annual amounts of activities to be financed by lending. The Commission will certainly work in the future to ensure that this formula is applied and respected in the annual budgetary procedure. If in fact, in the two cases I mentioned, this right is more formal than real because the amount of the lending is fixed in the basic regulations, I would remind the Parliament that the Commission last year proposed that the borrowing of the European Export Bank be fully determined in the budgetary procedure, and that I have recently written, in reply to a letter from the chairman of the Committee on Budgets, to confirm the Commission's agreement that proposed regulations should, as a rule, not include the amount of expenditure for the action in question.

The report insists on the need for a full and coherent presentation by the Commission each year of the borrowing and lending activities which are the complement to the normal budget. I accept this request, although for the current year, in practice our effort is limited to EURATOM and Community balance of payments loans. I will do my best to ensure that next year as complete as possible a picture is contained in the general introduction — that is volume 7 — of the preliminary draft budget.

I turn to one final point on this particular subject, and that concerns the classification of the budget lines involved as compulsory or non compulsory. In our view it is essential to classify as compulsory any line that implies the Community's guarantee of the borrowing and lending concerns. Financiers, particularly those outside the Community, cannot be expected to understand the subtleties of our system,

and matters have to be clear. If we think when one considers the markets on which the loans are raised — and particularly, perhaps, the North American markets — this is an important point. To classify a guarantee as non-compulsory can only, I think, seem to call in doubt its quality, but I must emphasize that this classification does not deprive Parliament of the right to intervene in the determination of the maximum amounts of borrowing and lending concerned, which must be fully fixed, as I have already said, in the budgetary procedure.

I turn next Mr President to the question of the budgetization of appropriations for financial cooperation and the EDF. Here I can be shorter, for there is a very large measure of agreement between at least the Commission and the Parliament. In particular, the preliminary draft budget will contain actual amounts for the individual actions concerned and there will be suitable detail about each. We have proposed the adoption of commitment appropriations as well as payment appropriations to take account of the character of the action. In the budgetization of Community guarantees, the EIB lending has been agreed. We for our part are happy to seek appropriate forms for consultation of the Parliament, and we wish to see the budgetization of the new EDF.

A point on which we are perhaps not wholly in agreement concerns classification. We accept that many actions in this area can be classified as non-compulsory, but it seems to us difficult to so classify the expenditure which results from agreements formally concluded by the Community with third countries or international organizations, and in which amounts of expenditure are specified. The fulfilment of the Community's obligations must not seem to be in doubt, as a non-compulsory classification might imply. Nor do the circumstances in which the report envisages that Parliament might be moved to vary the amount give us very much comfort. In this area I think we would be better advised to try to find adequate formulae for consultation with Parliament about the possible scope of such agreements.

The third chapter in the report before us deals with the role of commitment appropriations. Here too, there is a large measure of practical agreement between the Commission and the Parliament, as shown in the draft Financial Regulation, in which the Commission adopted almost all the amendments proposed by the Parliament. We also agree about the need to decide on the introduction of the distinction between commitment and payment appropriations during the budgetary procedure. The main issue between us is in the interpretation of Article 203 for the purpose of calculating Parliament's margin of manoeuvre and the maximum rate of increase. On this point, the report is very clear in its statement of the history of the position taken by the three parties, but I must confess to being less able to follow its arguments against the interpretation put forward by the

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Commission earlier this year, by which the margin of manoeuvre would be calculated on the basis of commitment appropriations. Commitment appropriations can, of course, be either compulsory or non-compulsory, but the margin of manoeuvre would be calculated on the basis of non-compulsory appropriations. Although commitment appropriations are not the same as payments in the year in question, they determine the payments in that year, and afterwards, and are thus in our view a significant amount for political control. Such appropriations are not decided for several years at once, but for the year in question. The Commission position was not put forward without careful thought.

It is not part of our intention to suggest something which could damage the interests of Parliament, but it is clear that the system of Article 203, in the margin of manoeuvre it provides, is intended to establish a limit on the growth of the budget. If commitment appropriations in a particular year are allowed go outside this system, it is clear that it will not be possible to make payment appropriations to respect the system in later years, for these must move in line with commitment appropriations after some delay. In effect, payment appropriations have lost most of their political significance, and remain only the basis for the immediate financial impact of the budget. It is of course important, but no longer the level at which Community action through the budget is decided. I recognize, Mr President, that this is a vexed question, and I hope very much that Parliament will reflect again on the problem. Certainly we would be happy to pursue discussion of it in the Committee on Budgets.

Another vexed question is the status of supplementary budgets, and I would like to say a word or two about that. I find very interesting the ideas in this part of the report — the possibility of rectifying budgets, the need to group such supplementary requests as are unavoidable in a single supplementary budget to be presented at a more or less fixed date in the middle of the financial year, and the development of the size of provisional appropriations in the budget, to avoid the need to have supplementary budgets, particularly when this will involve a change in the VAT rate. As the report shows, these problems are directly related to the question of agricultural prices. I am interested to see the reference to the view in an earlier report that the consequences of the agricultural price settlement should be linked to a rectifying budget, and to the problem posed by the timetable for fixing prices, which makes it impossible to know what the cost of the package for the year in question will be at the time the budget has to be adopted. I should also be glad if the Parliament would develop its thinking about the possibility of consultations with the Council on the financial aspects of the prices decision noted in the report. As the Committee on Budgets is, I am sure aware, there are hidden dangers in this area. We don't want to inflate the budget unnecessarily, nor

provide any excuse for laxity of financial decisions. But there is clearly scope for systemization of the present situation.

I must apologize, Mr President, if my remarks have gone on for some time, in view of the length of the debate, but as I said at the outset we have been dealing with a long, complex and very important report, and indeed, although I apologize for having gone on as long as I have, I apologize perhaps even more for not covering as much of the report as I would like. In conclusion, what I would like to say is that the Commission will take a position on all the points in the Cointat report in writing. Here again, I am following the precedent laid down by my distinguished predecessor, Mr Cheysson, and although I have not been able to cover everything in the course of this speech, I hope that I will be able to maintain the high standard set by him in the written communication.

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) My apologies to the House, but the Member of the Commission has made a number of statements here which cannot be allowed to go unrefuted. It is not my intention to instigate a debate on obligatory or non-obligatory expenditure, nor do I want a debate on this question of international commitments; I merely want to make one point — and that is that the Member of the Commission must realize that these are old points of dissension between ourselves, the Council and the Commission, and the Commission's proposal — or rather, your proposal, Mr Tugendhat — is no solution as far as Parliament is concerned. I get the impression that even the Commission is now trying to impinge on Parliament's rights by devious means. Rather than continue this debate at this point, we should take up Mr Tugendhat's offer to discuss these questions again in the Committee on Budgets, but these talks must take place in conjunction with the Council — in other words, these must be trilateral discussions and distinct from the consultation or conciliation procedures. The aim would then be to decide on our future course of action — dogmatic or pragmatic.

So far in the last three years we have always tried to proceed along pragmatic lines and ignore questions of dogma. So I should be very grateful to you, Mr Tugendhat, if — in addition to your promised written communication and before the trilateral discussions take place — all this could be discussed between the Commission and Parliament, in other words, between you and the Committee on Budgets.

Mr President, I felt it was my duty to reply to the statement made by the Member of the Commission responsible for the budget.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — The consultation procedure is indeed to start later this month, and it is our hope, certainly, that the matter will be resolved in the time scale that Mr Lange stated. As he pointed out these are outstanding differences, but the consultation — the triangular procedure — will begin very shortly.

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

The resolution is adopted.¹

10. *Second Financial Protocol between the EEC and Greece*

President. — The next item is the report (Doc. 130/77) drawn up by Mr De Clercq, on behalf on the Committee on External Economic Relations, on the second Financial Protocol between the European Economic Community and Greece.

I call Mr De Clercq.

Mr De Clercq, rapporteur. — (NL) Mr President, ladies and gentlemen, I should like to take the opportunity of this debate on the second Financial Protocol between the EEC and Greece to record some of the impressions and thoughts I brought back from my recent visit to Greece, where I took part in the thirteenth meeting of the Joint Parliamentary Committee of the EEC-Greece Association in Mitylene on 17 and 18 May 1977.

This meeting held detailed discussions on the present state of negotiations on the accession of Greece to the EEC and on advances made in the 1962 association linking Greece and the Community.

As far as the negotiations on accession are concerned, we were forced to conclude that the progress anticipated by all of us had not in fact been made. Concrete results had been achieved only in areas of secondary importance, whereas no progress at all had been made in areas of primary importance such as agriculture. In fact, a year has now passed since negotiations on accession got underway, and talks are still only at a preliminary stage.

On the question of association, it was found that no progress had been made on the extremely important question of the harmonization of agricultural policy, and that the Community at present imposes compensatory levies on some agricultural products imported from Greece. The only positive aspect as far as association is concerned is the fact that the second Financial Protocol was signed in Brussels on 28 February 1977.

In view of this situation, some dissatisfaction — or rather, disappointment — is being voiced by the Greek Government and the Greek members of the Joint Parliamentary Committee. Greece was after all — and this has been stated again and again — the first country in Europe to enter into a special association with the Community, and it has never ceased to demonstrate its European allegiances and its belief in the principles of democracy and peace. The Greek people stuck to these tenets during the years of dictatorship and bore these severe trials with dignity, determination and courage. Now that we are dealing with my report on the second Financial Protocol, I want to stress — although I am delighted at the very fact that the protocol has been signed — that some way must be found of enabling loans provided for in this protocol to be utilized before the final ratification by the Member States. Utilization of the funds provided by the second Financial Protocol prior to ratification is politically expedient, economically imperative and legally justifiable. To my mind, it is also imperative from the political point of view on the grounds that it will help to improve relations between the Community and Greece now that negotiations on accession and on the development of the association have not produced the results we had all anticipated. It will thus serve to demonstrate the determination of the Community to work together with Greece to enable it to restructure its economy and become integrated into the European framework as soon as possible.

This is a political goal whose importance for the strengthening of democracy in Greece is acknowledged by all of us. From the economic point of view, the rapid utilization of the loans provided for in the second Financial Protocol will enable Greece to adapt its agricultural and industrial structure so as to reach the target set by the Greek Government itself. This Community aid will therefore supplement the many efforts being made by the Greek Government to modernize and strengthen the country's economy and to bring it into line with the economies of the Member States. The immediate implementation of the second Financial Protocol is also essential in order to make up the financial shortfall which has arisen since the resources from the first Financial Protocol were exhausted at the end of 1975. It is therefore now absolutely essential that we bridge this financial gap if we do not want irrevocably to jeopardize what was achieved under the financial Protocol. The interruption in the flow of the financial aid which the Community has promised Greece is greatly endangering the economic results which the Greeks want to achieve.

As to the legal side of the question, I should like to point out that the Financial Protocol will be subject to an extremely lengthy legal process before it comes into force. This process consists of the following stages: discussions conducted by the Commission, initialling of the agreement, signing of the agreement,

¹ OJ C 163 af 11. 7. 1977.

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the opinion of the European Parliament, approval of a Community regulation on the conclusion of the agreement, and ratification by the Member States. This process — and in particular the final stage — is so time-consuming that, normally speaking, about a year elapses between the opening of discussions and the actual implementation of the agreement. Of course, this protracted process may be put down principally to the necessary ratification by the Member States. To my mind, this ratification is no longer legally justifiable, insofar as the protocol is based on Article 238 of the Treaty of Rome, as is the case with the second Financial Protocol between the EEC and Greece. This Article of the Treaty of Rome states: 'These agreements shall be concluded by the Council, acting unanimously after consulting the Assembly.' Ratification by the Member States is therefore not required. In practice, however, ratification has long been required by certain Member States under the pretext that these are not genuine Community agreements so much as hybrid agreements containing provisions which are not exclusively the responsibility of the Community. This argument certainly does not hold water as far as the second Financial Protocol is concerned, in view of the fact that the funds provided for in the protocol are included in the Community budget and are therefore outside the jurisdiction and competence of the Member States. They are being granted under the 1962 Association Agreement linking Greece and the EEC.

It is against this background that I ask the Council and Commission to adopt a clear position on my request, and the competent Community institutions to take the necessary steps for the allocation of the funds from the second Financial Protocol without waiting for ratification by the Member States. I would point out that this course of action not only has the political and economic advantages which I referred to previously but will also give the European Community as a whole an opportunity to demonstrate its vitality and underline its autonomy vis-à-vis the Member States. The same goes for the European Parliament. The Community has the right and the duty to have its autonomy and its areas of competence respected. To the esteemed member of the Commission I should like to say that I would be sorry to see an examination of this point of view give rise to any delay, a point of view which I have advocated in my dual capacity as rapporteur and spokesman for the Liberal and Democratic Group.

11. Limit on speaking time

President. — Ladies and gentlemen, we now come to the debate on the report, for which the draftsman of the opinion of the Committee on Budgets, Mr Ripamonti, and half a dozen other Members are down to speak.

That will be followed by the report by Mr Cousté and the oral question with debate by Mr Granelli. We are

then expected elsewhere at 8.30 p.m. and have already imposed great demands on our staff.

I propose that each speaker should have five minutes' speaking time instead of 10 minutes.

Are there any objections?

That is agreed.

12. Second Financial Protocol between the EEC and Greece (resumption)

President. — We shall now continue the debate on the Second Financial Protocol between the EEC and Greece. I call Mr Ripamonti to present the opinion of the Committee on Budgets.

Mr Ripamonti, draftsman of an opinion. — (1) Mr President, ladies and gentlemen, the Committee on Budgets was consulted for its opinion on the Second Financial Protocol which was signed between Greece and the European Community on 28 February 1977. As the *rapporteur* has stated, the purpose of this agreement is to promote — with Community help — the implementation of schemes for the accelerated development of the Greek economy and the integration of Greek agriculture into that of the Community. These are the objectives of the Association Agreement, and the opinion of the Political Affairs Committee is that Greece's accession to the Community would be best assured through their realization.

The Committee on Budgets was unanimous in adopting the draft opinion on both the principle of the Protocol and the figures indicated. Mr De Clercq stated in his report that the proposed aid would total 280 million u.a., consisting of 225 million u.a. in the form of EIB loans (of which 150 million u.a. will receive an interest rate subsidy of 3 %, costing the Community 30 million u.a. in all), 10 million u.a. to modernize the agricultural sector, in the form of special loans for a period of 30 years at an interest rate of 2.5 % with an eight-year deferment of amortization, and 45 million u.a. in the form of non-repayable grants. This last sum includes the 30 million u.a. interest subsidy which I mentioned a moment ago, and 15 million u.a. to finance technical cooperation activities, study projects and direct measures to modernize the agricultural sector.

The Committee on Budgets also decided to take a look at this aid in the context of the total financial aid which the Community has granted to the countries around the Mediterranean. The overall picture of the Community's financial commitments approved by the Council shows that a total of 1 785 million u.a. is earmarked until 31 October 1981. This sum consists of 1 113 million u.a. in the form of EIB loans, and 662 million u.a. in the form of other loans and outright grants. The total also includes the special aid of 180 million u.a. granted to Portugal in October 1975.

Ripamonti

The agreements on which the Committee on Budgets has expressed an opinion account for EIB loans of 983 million u.a. (84 % of total loans) and EEC loans and non-repayable grants of 422 million u.a. (63 % of the total amount made available). In other cases, although not in this one, we also have to add the tariff concessions which have been granted and which consequently reduce the income of the Community budget, since the customs duties of the common external tariff are a source of revenue for the budget.

On the whole, the Committee on Budgets can only express satisfaction at the fact that the Community has managed to raise the financial resources which are needed for the Mediterranean policy it intends to — and indeed must — pursue. We must, however, repeat what we said on earlier occasions when considering other agreements. I have three comments to make, two of which are reflected in amendments.

In the case of the agreements with Malta and with the Maghreb and Mashreq countries, the Committee on Budgets urged that the proposed financial aid for these countries be written into the Community Budget. When Parliament came to vote on the 1977 budget, it managed to get a token entry included for cooperation aid.

The Committee on Budgets seeks an assurance that aid of this kind will be effectively budgetized for the coming financial year. This request was also in the resolution which was adopted a few minutes ago.

When voting on the opinion on the agreement with Malta, the European Parliament felt that the question of budgetization should be settled before the agreement came into force. The House also hoped that this matter might be the subject of consultation.

Our view on this has not altered, as can be seen if you look at Point (b) of the amendment which I have tabled on behalf of the Committee on Budgets. We have also underlined the belatedness of the consultation of Parliament, since this occurred not only after the agreement had been signed, but no less than a year after the Council decision which unilaterally laid down the amount of aid to be granted to Greece. Since April 1976, in fact, the Council alone has decided on the total amount of financial aid for the Mediterranean countries, and this amount has been accepted during negotiations.

If consultation with Parliament on the amount of aid is to be meaningful, it has to occur before the figure is decided by the Council, i.e. before talks get under way. In this sector, as in a number of others, Parliament's subsequent attitude when it comes to voting on the budget appropriations will depend very largely on the extent to which it has been consulted beforehand.

This is the thinking behind Point (b) of the Committee's amendment.

As far as our third comment is concerned, we agree with Mr De Clercq's view that the Protocol should be implemented immediately, on the grounds that ratification by the Member States is not necessary, especially once the aid has been budgetized and can be guaranteed either by the EIB or by the budget entries. Apart from the reference to Article 238 of the Treaty, there is the question of whether ratification is necessary or not. The Committee on Budgets felt that this problem should be referred to the Legal Affairs Committee, but I personally agree with Mr De Clercq, and I therefore urge the House to vote in favour of the proposed amendments, particularly as the first two, concerning points (a) and (b), have already been passed at a recent sitting of Parliament.

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

Mr Giraud. — (*F*) Mr President, I just want to say before I start that I am rather surprised that the House should spend such a long time at the beginning of this afternoon's sitting discussing the first report, and then rush through the rest.

However, I shall now turn to the most recent meeting of the EEC-Greece Joint Parliamentary Committee. There was an excellent spirit to this meeting at Mitylene, and I hope this is going to produce some positive results there today. If I may offer a personal comment, I took part a few days ago in a debate in the French Senate on the problems involved in the accession of the Mediterranean countries to the Community. The outcome was that the French Government was able to express its willingness for Greece to join as soon as possible.

Secondly, speaking this time on behalf of the Socialist Group, I should like to express our agreement with the De Clercq report. Echoing what Mr Ripamonti said on behalf of the Committee on Budgets just now, we should like to urge the speedy implementation of these measures without waiting for the second Financial Protocol to be ratified by the national governments — which we do not feel is absolutely necessary. We penalized Greece when we froze the agreement during the colonels' reign. Now that democracy has been re-established in Greece, the Community must do its utmost to aid Greek development. The economic situation in Greece is undoubtedly difficult, and Community aid is vital if that country is to develop.

The Socialist Group has therefore asked me to say on its behalf that it is fully behind Mr De Clercq. We sincerely hope that the Community will implement as quickly as possible the measures for financial aid provided for in the Protocol. One of the basic problems of the integration of Greece into the Community is agriculture, and it is our assistance in helping this sector to develop which will, in due

Giraud

course, enable Greece to adapt properly to conditions within the Community.

That is all I wanted to say, Mr President. Let me just emphasize once more however, that it would be better to give these problems the consideration they deserve.

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

Mr Pisoni. — (*I*) I want to state first of all that the Christian-Democratic Group supports the report by Mr De Clercq, and point out that Greece's desire to join the Community is increasing daily.

Greece is hoping to become the tenth Member State of the Community very soon. We all know that, politically, we have agreed in principle to Greek membership, and that we have given the go-ahead for the negotiations on the accession of Greece.

The Financial Protocol is a major step towards achieving conditions in which accession will be as smooth as possible. We have already heard a number of times that the Protocol provides for aid totalling 280 million u.a.; this is not very much if we think of the current value of the unit of account and of the size of Greece. We also have to remember that this money cannot be spent in one year alone. It has to finance a five-year plan and will therefore be spread over a period of time.

The amount is inherently too small to enable Greece to make much progress. In our opinion, it will not be enough to bring closer together the two economic sectors of agriculture and the general economy.

Nevertheless, we want the Financial Protocol to become operative as soon as possible. It is in everyone's interest for Greece to spend this money. We have already said 'yes' to Greek membership, and so we must make sure that this membership does not bring disappointment to them or to us. If this is to be avoided, the structures of Greek agriculture and industry have to be changed — in other words, we have to provide the Greeks with the means of making these necessary changes. If this is not done, they will still be growing the same crops, we shall find ourselves competing with the Greeks in agriculture and in other sectors, and the disparities between Greece and the present Nine would also remain.

In view of this, I feel that one can only agree with the request that the Protocol be passed by the Council without the need for ratification. There should be no legal problems, since the amounts are written into the budget. We give our unconditional support to such a procedure. Should it prove impossible, however, we should still like Greece to be able to use some of the money at least, possibly by splitting up the Financial Protocol. This is the least we can do.

Let me end by congratulating Mr De Clercq on his work and by expressing once again our total agreement with this report.

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

Mr Bouquerel. — (*F*) Mr President, ladies gentlemen, I want to add my voice to those who have pointed out that nothing has been done since the end of 1975 as regards the financial aid which the EEC was supposed to give Greece under the Association Agreement. After lengthy negotiations, however, 18 February this year saw the signing of the second Financial Protocol which rectified this situation. We hoped, as a result, that there would be a speedy end to this temporary break which had been so damaging for the Greek economy. But our hopes were misplaced, since the 280 million u.a. provided for in the Protocol cannot be used until the Member States have ratified it. We all know how slow and cumbersome this procedure is. It is not uncommon for two years to elapse between the opening of talks and the final implementation of agreements. To get round this, it is customary to anticipate the implementation of trade measures, but this is not possible in the case of financial protocols. The only solution the Commission could find was to begin work on the examination of projects as soon as the Protocol was signed. In this way it would be ready to act as soon as the Protocol came into force, i.e. as soon as it was ratified. All due praise to the Commission for this, but it is hardly the correct way to go about things.

Is there any justification now for applying different criteria to financial and commercial provisions? I very much doubt it, since a new factor is now involved — ratification should no longer be required for financial protocols since they are now budgetized, i.e. they are authorized by the Community's budget authority.

With the legal difficulty overcome, we cannot emphasize enough the political and economic benefits of allowing Greece to make immediate use of the money made available by the second Financial Protocol. Politically, a gesture of this nature would compensate the Greek Government to some extent for its disappointment at the lack of any positive results from the membership negotiations. Furthermore, a positive move on our part would be proof of Parliament's drive and enthusiasm. From the economic point of view, the implementation of the Second Financial Protocol is necessary because the financing under the First Protocol failed to come up to expectations. Because of the interruption in aid, the Greek economy was unable to develop and catch up far enough with the economies of the Community. This financial vacuum could well jeopardize the few results which the First Protocol did achieve. Aid has to be made available as quickly as possible, so that the task of restructuring the Greek economy can be made easier and the procedure for eventual membership speeded up.

Bouquerel

Special priority has to be given to the harmonization of agricultural policy, and in particular to the restructuring of the agricultural sector, since this is an area where little progress has so far been made. What is needed is more rapid modernization and reform, not only in agriculture but also in the industrial and service sectors.

The Group of European Progressive Democrats gives its unreserved support to the De Clercq report.

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

Mr Galluzzi. — (*I*) Mr President, I am not going to speak for long because I agree with what the De Clercq report says. In my opinion, the problem facing us does not concern the content of the Financial Protocol. There are no problems here, as I see it, since we are all agreed that the Protocol is essential, both for general political reasons — in order to strengthen democracy in Greece and thus bolster security and democracy in Europe — and for reasons closely connected with Greek membership of the European Economic Community.

Naturally, the funds which have been earmarked will not be enough for the measures which the Greek Government is strenuously pursuing in order to modernize the agricultural sector and restructure the economy. These funds are nonetheless proof positive of our desire to create the conditions under which Greek membership of the Community can quickly become a reality.

And so the real problem is not so much what the Protocol states as the schedule for its implementation. It must be implemented soon, given the political significance which the Protocol has now assumed at this delicate stage in relations between Greece and the Community, and in view of the time required to finalize the procedure for Greece's accession to the Community. We feel, as a result, that it would be politically expedient to dispense with ratification of the Protocol by the national parliaments, as this would only delay the implementation of the Protocol and raise a tricky political problem. By this, I mean that it would seem as though the Community were more or less openly trying to delay the restructuring of the Greek economy — and, hence, trying to slow down negotiations on Greece's entry to the Community.

The ratification procedure seems quite superfluous, since the money involved is part of the Community budget. It is simply the financial expression of a political decision — on Greek membership of the Community — which has already been taken by all the Member States.

Furthermore, as the *rapporteur* pointed out, the EEC-Greece financial protocol was drawn up under Article 238 of the Treaty. This article makes it quite clear that

the decision must be taken by the Council after consultation with Parliament. If anything has to be changed, something should be done to ensure that the Council listens to Parliament more often, especially on matters covered by Article 238.

But this has nothing to do with ratification. This is necessary in the case of agreements — as is clear from Article 236 of the Treaty — which in some way alter the letter or spirit of the Treaty of Rome and necessitate amendments to it. However, this is not the problem we are dealing with at the moment.

The amendment we have tabled, Mr President, has gained the almost unanimous support of those Members who have spoken. I hope that the House will adopt it.

President. — I call Mr Amadei.

Mr Amadei. — (*I*) Mr President, everyone has commented on how difficult it is to say something of note in only five minutes, but since my fellow-countrymen — Mr Ripamonti, Mr Pisoni and Mr Galluzzi — have managed it, I shall attempt to do the same and be as brief as possible.

Firstly, may I thank Mr De Clercq for this detailed and lucid speech.

The basic argument of Mr De Clercq's report — and the only point which has given rise to discussion — is that the money provided for in the Second Financial Protocol should be made available without waiting for the Protocol to be ratified. There is no problem with the rest of the Protocol, on which we all agree. The rest is there for the sake of information and fine words. The only point at issue is the schedule for the adoption and ratification of this agreement, and the latter is regarded as unnecessary.

There is nothing new in not waiting for this Protocol to be ratified, as a similar procedure has been considered by Parliament on other occasions. This matter has, in fact, been looked at by both the Committee on Budgets and the Committee on External Economic Relations.

At a meeting of the latter Committee in Brussels on 24-25 May, when the De Clercq report was being studied, most of those present came out in favour of not waiting for ratification of the Protocol. It has already been pointed out that Community documents of this type come under the jurisdiction of the European Community. This is thus a Community problem alone, and not one for the national parliaments. I therefore feel that it is the duty and the right of this House to take proper action so that the relevant Community institutions — the Council and the Commission — state their position on the proposal to go ahead with this financial aid without waiting for the Protocol to be ratified.

Amadei

In my opinion, this stand can be justified from every point of view — political, economic and legal.

As far as the political aspect is concerned, we have to bear in mind that progress in the negotiations on Greece's membership and in the Association Agreement has not been brilliant — particularly recently. Since the only positive feature in EEC-Greece relations is the signing of the Second Financial Protocol, this action could well improve these relations decisively and demonstrate the Community's goodwill.

I also feel that this action will be further justification of our institution and will enable it to assert — as it must — its independence of action. In this way, the Member States will be made to recognize our competence in certain areas.

Turning to the economic aspect, I want to point out that the financial vacuum created when the First Protocol expired towards the end of 1975 could jeopardize the Greek Government's efforts to restructure the economy.

As for the legal aspect, the proposal is fully justified by the only correct interpretation which can be made of Article 238 of the Treaty of Rome.

Mr President, I agree entirely with Mr De Clercq who stated that implementation was economically essential, legally justified and — in particular — politically expedient. The Community must show willingness and make a gesture which will once again emphasize our desire to work steadily towards Greece's accession. The whole Community realizes that this must be our basic and primary aim.

President. — I call Mr Price.

Mr Price. — Mr President, I will try to be even briefer than my predecessors, but I don't think this occasion should be allowed to pass without allowing some of those who were in Lesbos at the recent meeting of the EEC-Greece Association Committee to convey the very deep feelings which were made evident by our Greek colleagues about this particular issue. I do not think it's possible for many of us, certainly not for me, to realize how deep the feelings are of those who have come through a decade of dictatorship, about the relations which they are going to have with those people who they have decided are to be their hope in the world and their direction for the future. For this reason more than any other, it is important that we press on with this protocol and do not allow it to be delayed in any way by any suggestion that it cannot come into force before it has been ratified by all the member governments. It is not only a political matter; it is more a matter of keeping faith with those people, many of whom have spent many years in jail and have kept faith with us over a very long and very difficult period.

Many people have alluded to the fact that the amount of money is not going to be enough for the purpose for which it is designed — that is, to restructure the Greek agricultural and industrial economy to meet the needs of the European Community. I am sure it is true, and I am sure that this debate today is just an indication to us all about the effort and the financial resources that we in the Nine simply have got to make available to the three applicant countries in the Mediterranean area, to Greece, Spain and Portugal if we are to take seriously the new accessions to the Community. In this sense the Association Agreement and the new accessions are inextricably linked, because it is not possible to take the new accessions seriously unless we are prepared, as a Community, to make real resources available to these countries which genuinely want to join and make their societies and economies compatible with the EEC, even if this takes quite a long period of time. So I think it is a good opportunity for this Parliament to realize that although we now all support, as we should support, this Second Financial Protocol with Greece, and although we realize that the amount of resources made available may not be enough and may have to be increased, certainly the same problem is going to increase in the future with the advent of other Mediterranean countries. If we are serious about the enlargement of the Community, which certainly I am, we have got to face the fact that these resources have got to be provided.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, this debate has been marked by two characteristics, the first of which is that everybody has welcomed the report and has welcomed the agreement and has wished to see it speedily implemented, while the second, of course, has been the brevity of the speeches. But on those two particular points I hope that my remarks will be along the same lines as those of everyone else. Unfortunately, there is a third point on which I might not be able to agree with the majority of other speakers.

I would like to begin by thanking Mr De Clercq for his analysis of the implications and significance of the Second Financial Protocol between the Community and Greece which was signed on 28 February. As he says in that report, this protocol is of major importance for relations between Greece and the Community, because it will help to achieve the two main objectives of the Association Agreement, that is, it will promote the accelerated development of the Greek economy, leading to greater integration with the economy of the Community, and at the same time it will assist in securing the complementarity of Greek and Community agriculture.

Tugendhat

In the context of the political significance of the protocol, I would also point out that the work and discussions leading to its signature, were the first concrete expressions of the Community's willingness to renew its association with Greece which, after a long period of interruption, has once again taken her place amongst the democratic nations. In those circumstances I can well understand the anxieties that have been expressed from all quarters of the House about the speedy implementation of the protocol. Speaking on behalf of the Commission, I share the desire that the protocol should be implemented as soon as possible and the Commission, I can assure the House, will do all that it can to be ready to make funds available as quickly as possible after the ratification has taken place.

And that brings me to the point where I fear that I may not be entirely in agreement with what a number of Members have said. So far as my information goes, it really would raise very considerable difficulties to attempt to implement the protocol before ratification. We would run into legal problems, particularly as regards making available budgetary funds or guarantees, and it is my impression, standing here tonight, that that ratification must come before implementation. In the light of today's strong recommendations that have been made by a number of speakers from different political groups, I will certainly have the matter looked into again, I will see whether it is possible to proceed in the direction that a number of honourable Members have pressed upon us, but, if it does prove impossible, for legal reasons to do as many Members would wish, then I hope that we can at least all agree that it is absolutely essential to get ratification as quickly as possible, that all of us should use our best endeavours to secure that. Once ratification has been achieved, then I can assure honourable Members that we certainly will move as quickly as we can.

President. — I call Mr De Clercq.

Mr De Clercq, rapporteur. — (NL) Mr President, I should like to thank the Commissioner for his reply, which is encouraging insofar as he said that although there may be legal obstacles, he would have the matter looked into again. If there are no legal obstacles, then — if I understood him correctly — we should try to make the necessary arrangements for the implementation of the Financial Protocol. Should there prove to be really insuperable legal obstacles, these steps will be taken immediately the Protocol has been ratified. I thank the Commissioner for this answer.

I should, however, like to make one more point. As you have heard, Mr Tugendhat, this Parliament is unanimous in pressing for funds to be made available to Greece as quickly as possible. Why? We Europeans

are constantly urging the Greeks to take measures to restructure their industry, their agriculture etc.

But urging is all very well. The responsibility becomes ours however, if we insist on withholding the means to this end. We are calling for the advice we give to the Greeks to be backed up by hard cash, so as to give the Greeks the opportunity of making rapid progress in restructuring their industry and agriculture. With the unanimous backing of this House, I would once again urge the Commission to find out whether or not the alleged legal obstacles are in fact insuperable. We hope that they will not prove to be so, and that the funds provided for in this Financial Protocol will be made available to Greece as soon as possible.

President. — We shall now consider the motion for a resolution.

I put the preamble and paragraph 1 to the vote.

The preamble and paragraph 1 are adopted.

On paragraph 2, I have Amendment No 2 tabled by Mr Galluzzi on behalf of the Communist and Allies Group:

This paragraph to read as follows:

'2. Emphasizes the supreme importance of the second Financial Protocol for the restructuring of the Greek economy, and considering that in this case, in the light of Article 238 of the Treaty of Rome, ratification by the Member States is not necessary, urges that the Protocol should be implemented immediately';

I call Mr Galluzzi.

Mr Galluzzi. — (I) Mr President, I just wish to point out that the adoption of this amendment seems to me necessary not only because it contains the opinions which the House expressed, I think, unanimously, but also because it makes it abundantly clear to the Commission that we must move in this direction.

I should simply like to say that I do not think that there can be any legal problems. This would only be the case if it were a question of measures not in keeping with the letter and spirit of the Treaty. Both the rapporteur and the Members who spoke have demonstrated that the request for non-ratification is in keeping with the provisions of the Treaty. I therefore ask Parliament to adopt this amendment, not only because I think it meets the requirements, but because it seems to me to strengthen our position with a view to achieving the immediate implementation of the Financial Protocol.

President. — What is the rapporteur's position?

Mr De Clercq, rapporteur. — (NL) I have no objections to the amendment, Mr President.

President. — I put Amendment No 2 to the vote. Amendment No 2 is adopted.

President

I put paragraphs 3 to 5 to the vote.

Paragraphs 3 to 5 are adopted.

After paragraph 5 I have Amendment No 5 tabled by Mr Ripamonti on behalf of the Committee on Budgets :

After paragraph 5 inset the following new paragraph :
'5a. Considers that an assessment of the financial implications of these agreements should be based on the following principles :

- (a) the effective budgetization of the cooperation appropriations must commence with the 1978 budget ;
- (b) Parliament must be consulted on the financial aid provided for in this protocol when the Council actually decides on the amount of aid — in other words, as a general rule, before the negotiations commence'.

What is the rapporteur's position ?

Mr De Clercq, rapporteur. — (NL) I have no objection to the amendment, Mr President.

Mr President. — I put the amendment to the vote. Amendment No 1 is adopted.

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

The resolution is adopted.¹

13. Export aid systems

President. — The next item on the agenda is the report on the harmonization of export aid systems (Doc. 129/77) presented by Mr Cousté on behalf of the Committee on External Economic Relations.

I call Mr Nyborg.

Mr Nyborg, deputy rapporteur. — (DK) Mr President, ladies and gentlemen, Mr Cousté is unable to be here because of commitments in his own country, and I have the honour today of presenting the report on the harmonization of export aid systems on his behalf. It gives me particular pleasure to do so, not merely because he deals with a similar question raised by my Danish colleague Mr Kofoed, but also because I took part in the detailed discussions in the Committee on External Economic Relations on this subject and, furthermore, in connection with my report on the creation of a European Export Bank, I gained an insight into the issues dealt with in this report.

What do we mean by export aid systems ?

This apparently innocent term covers a number of measures which at first sight are purely technical but which, in the final analysis are political in nature and highly explosive in content. Export aid systems include :

- interest subsidies
- special credits

— bonuses

— provision of guarantees

— tax relief,

to mention only a few examples. The marked political nature of these measures is quite evident from the conflicting views expressed in the discussions of the working party on customs duties during the current GATT negotiations.

Apart from the fact that the lack of necessary harmonization in this field means that the Community is unable to assert itself internationally in a way consistent with its commercial importance, the conflicting national measures adopted by the Member States in this field are damaging to its competitiveness. Although the Court of Justice of the European Communities, in its opinion of 11 November 1975, unanimously confirmed the Commission's competence in the field of export aids, the individual Member Countries constantly fail to take sufficient account of this fact.

In its report, the Committee on External Economic Relations also regrets what it considers to be the inadequate steps taken by the Commission to make progress in the harmonization of export aid systems. In fact, work on this matter has been at a standstill since 1973 and was resumed only this year. For example, the Council Decision of 14 March 1977 — which transferred into the Community framework the gentlemen's agreement concluded between some of the Member States and the USA and Japan — was presented as a great success. We protested at the time against the lack of information. However, since then we have received some information orally from the Commission.

The Council Decision referred to deals principally with the establishment of minimum interest rates and the maximum duration of export credits, the aim being to reduce the fierce world-wide competition in export credits — a competition which also exists inside the Community. This is undoubtedly a first political step, but on closer examination and in the light of the information available there are many shortcomings, some of them serious, in the Council Decision in question.

These include the many exceptions, especially with regard to exports in the shipbuilding, steel and power supply sectors etc. These exceptions must be further reduced. The provisions regarding minimum interest rate and the duration of credit must be tightened up and derogations should be authorized only by a majority decision.

However, the strongest criticism of this Council Decision is that it does not contain any generally accepted definitions. Thus, each member country is entirely free to interpret its own national provisions on interest and guarantees as it sees fit. Until something

¹ OJ C 163 of 11. 7. 1977.

Nyborg

is done to correct this situation the Council Decision will be a piece of paper; impressive to look at, but merely a piece of paper which will not bring about the harmonization which we need.

At a later stage in our report we asked that consideration be given now to the proposal for a system of Community guarantees for private investments in third countries. This question is a particularly important part of the overall problem, especially in view of the discussions which are taking place throughout the world on the establishment of a new world economic order.

The Committee also asked that the Commission should draw up a list of the various national export aid systems in the member countries. When all the member countries have been informed of the export aid measures existing under these systems amendments to them should be possible initially only after joint consultation in accordance with the procedure applicable since 1964 and which has since been made compulsory.

Until the Community has a common economic and monetary policy, it will undoubtedly be difficult to achieve any substantial progress in the harmonization of export aids.

However, as has been stressed many times, the powers of the Community institutions are clearly defined in the Treaties of Rome and the Court of Justice of the European Communities has confirmed the role of the Commission in this connection.

The Commission and the European Parliament must continue to maintain pressure on the Council and on the governments of Member Countries in relation to this technically complicated and politically delicate area to convince them once and for all that it is possible in practice to reconcile Community interests and national interests and thus finally put an end to a competitive struggle in world markets which is contrary to the terms of the Treaty and damaging to the Community.

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

Mr Schmidt. — (*D*) Mr President, I should like to start by expressing my thanks to Mr Nyborg for enabling this report to be dealt with today.

The report deals with a rather depressing subjects since — as has already been said — the Community already possesses the necessary powers in this sector. Despite this, the annexes to this report read as if the Community had no responsibilities in this area and as if a series of abortive attempts had been made in the past to acquire such responsibilities. What we have before us here should give us more than a little cause for concern. Many export transactions come under the heading 'business', although if we take the trouble to

look a little closer, we will see that there are certain sectors in exporting which really no longer merit the epithet 'business'. It frequently happens that so much is invested in the hope of getting a particular contract or taking it away from somebody else that it begins very much to resemble 'aid'. Objective accounting will then show that, as far as the contractor and supplier are concerned, it is a worse deal than many which are done in other markets. The client, on the other hand, may well get more out of the deal than he would have got as development aid.

The members of the Committee were of the opinion — an opinion shared by my Group — that an urgent attempt must be made to break out of this hopeless muddle. A study of the methods by the various Member States shows an utterly grotesque state of affairs and it is practically impossible to make any comparison in view of the fact that every State has had recourse to different measures in a variety of sectors to safeguard its export markets; this applies particularly to the larger Member States.

Seen overall, this kind of export aid is very short-sighted, and it would be considerably better for all concerned if we had common and binding rules to bring some order into this question. It is not a very good reflection on the Community that the only progress we have been able to make recently is a gentleman's agreement — not between the Member States but only between a number of Member States and non-member countries. — which was adopted for the purely cosmetic reason of being able to show at least some progress in this field. It is my personal opinion — and it applies equally to this report — that we in the European Parliament frequently criticize the Commission unjustly. Anyone who reads the annex will be able to see that the Commission has actually done a great deal and certainly cannot be accused of inactivity.

I should also like to point out that paragraph 5 of the motion for a resolution is expressed in a way which undoubtedly does not accord with the decision taken in the Committee. We said in the Committee that it was our intention to dilute our criticism of the Commission, and this we did. When I read the present formulation of paragraph 5 and compare it with the earlier text, I see that the former 'low level of activity' has now become 'apparent inactivity'. This intensified criticism is incompatible with the view taken in the Committee.

I think the criticism to the effect that nothing has been done for a long time should be addressed not to the Commission but — as in so many other cases — to the Council — which has failed to deal with a whole series of proposals.

It is certainly a fact that the Commission has tried — and no one can blame it for this — to make some progress in other sectors because it was impossible to

Schmidt

make progress in this field. To my mind, the creation of the Export Bank should be seen as an attempt to make some progress via a new route in an area in which progress is extremely difficult. However, if no progress is made in harmonizing regulations in the meantime, we may end up with yet another aid system and achieve precisely the opposite of harmonization, i.e. greater differentiation, a result which is bound to be extremely damaging in this field. This is why we as a Group have always had strong reservations on the question of this bank.

We warmly welcome the Commission's initiative. Here, as in so many other things, the reaction may be: too little and too late. Nevertheless, I should like to say on behalf of our Group that we welcome this as a step in the right direction. I think the Commission should be spared any criticism. We thank the Commission for at least tackling the enormous task of demolishing a confusing mess of export aid systems which can only damage all the Member States.

14. Agenda

President. — I call Mr Klepsch on a point of order.

Mr Klepsch. — (*D*) Mr President, I should like to propose that the item 'oral question with debate on Ethiopia' be removed from the agenda of this part-session and carried forward to the July part-session in Luxembourg. We feel that it would not be doing justice to the subject if we were to deal with it so late in the evening, since it is of considerable and lasting topical importance.

President. — Are there any objections to the proposal which Mr Klepsch has just made?

That is agreed.

15. Export aid systems (resumption)

President. — We shall now continue the debate on export aid systems. I call Mr Vandewiele to speak on behalf of the Christian-Democratic Group.

Mr Vandewiele. — (*NL*) Mr President, the Christian-Democratic Group congratulates Mr Cousté on his report. We would have preferred it to be a bit tougher in one or two places. In view of the current economic difficulties, we feel it is right that we should today consider the delicate question of the harmonization of our export aid regulations. Under the pressure of the world recession, all the Member States are literally forced to do everything in their power to maintain their exports, and our rapporteur does not mince his words when, in evaluating this situation, he says that the Member States are continuing to act in the field of export aid in a way which is contrary to the spirit of the Treaty of Rome.

No matter how difficult it is, we must vigorously oppose every form of unilateral national export policy

at the expense of the other Member States. If we are and want to remain a European Economic Community, the Community institutions must use their powers to the full. The Court of Justice — and this point is intended for Mr Schmidt — stated only recently that export aid systems clearly fall within the Commission's competency.

It is in no way our intention at this late hour to put forward a list of complaints, but we hope that today's debate nevertheless proves to be a spur to the Commission and the Council. In its Decision of 14 March, the Council adopted the 'gentlemen's agreement' as an element of Community policy. We are pleased about this. It concerns measures affecting the export credits which were agreed on in June 1976 in Puerto Rico, where the 'Big Four' of the European Community concluded important agreements with the United States, Japan and Canada. According to the Commission's statement, the most important elements of the agreement were extended to the Community as a whole. Like the Committee on External Economic Relations, we regret that Parliament has never actually been informed officially of the full contents of this important decision. Our Group will lend every support to the Commission in its efforts in areas in which distortion of competition threatens or actually occurs. Any harmonization of the existing national export aid systems should therefore be directed at all the sectors involved: export guarantees, interest subsidies, exchange guarantees, cost increase guarantees and above all the guarantees, which still have to be laid down, for investment in non-member countries.

We are still waiting for the list which was promised to Parliament outlining the various national aid systems, and on this point I should like to address myself directly to the representative of the Commission with the assurance that my Group will give its unreserved support to the motion for a resolution.

President. — I call Mr Kofoed to speak on behalf of the Liberal and Democratic Group.

Mr Kofoed. — (*DK*) Mr President, I am glad that we now have an opportunity to discuss the motion for a resolution on this question. I should like to thank Mr Cousté for the report which has been presented to Parliament. I remember that the question was first raised here by myself on 14 October last. I should therefore like to preface my remarks by saying that we should not be too quick to criticise the Council and the Commission for not reaching decisions promptly. In fact, we decided on 14 October that a motion for a resolution should be drafted by the Committee for External Economic Relations but the first meeting was not held until 20 April of this year. We are not therefore in such a strong position to criticise the Commission and the Council since Parliament's committee has not shown any great urgency in dealing with this matter.

Kofoed

Having said that, I should like to agree with the previous speakers that the chaotic situation which exists at present in relation to export schemes is undesirable. When the economic situation deteriorates, there is a tendency for the various export credit systems to expand dramatically and the different countries display incredible ingenuity in devising discriminatory measures of that kind. It is indeed remarkable that people still believe that there is something to be gained by having recourse to such measures; what in fact do they produce? They produce import restrictions and the cost is simply transferred to one's counterparts in other countries; in other words no one in the Community benefits from such a situation. I would therefore hope that the Commission will be more successful in its attempts to harmonize these various export credit systems. I hope that this debate will also encourage the Council to make an effort and adopt the necessary resolutions. I know of course that, in view of the political situation in the different Member States and the current rate of unemployment, it is tempting for individual governments to provide extra aid for exports and to plead that they are thus unobtrusively reducing unemployment. However, it must be clearly understood that such export aid measures are not compatible with the spirit of the Treaty of Rome.

What can be done to tackle this problem? On behalf of the Liberal Group I would propose that, if the Council does not make an effort to deal with this situation — and it must be dealt with otherwise we shall be in a state of complete chaos — then Parliament or other bodies must consider trying the passive decision-making process, i.e. ask the Court of Justice to examine the export aid systems applied by the different countries and to consider whether they are compatible with the Treaty of Rome. I think that determined action of this sort must be taken if we are to keep control of this situation. In the meantime the European Investment Bank might be asked gradually to assume this role so that in that way we might succeed in harmonizing these export credit systems.

As I have already said I thank Mr Cousté for his report and on behalf of the Liberal Group I can associate myself with the remarks contained in it.

President. — I call Mr Martinelli.

Mr Martinelli. — (I) Mr President, I first wish to thank Mr Cousté for his penetrating report, which has enabled us to grasp the essential facts of a tricky problem in the tremendously important sector of export aid systems. I might add that all the Member States carefully avoid using the word 'aid' when referring to these systems in their legislation, although that is really the most appropriate word to use.

We hear instead of guarantees and benefits to safeguard exporters against rising costs and fluctuating

exchange rates, of reduced interest rates to allow them to compete with foreign exporters, and so on.

What this means is that all these measures are justified on the grounds that exporters have to be protected against those countries whose exports enjoy certain benefits which should not be recognized or allowed by the Treaty. Two conclusions are inevitable: firstly, that this is extremely awkward ground for the Commission, since it has to look into the specific measures taken by the Member States, and these measures are influenced by local conditions, sectoral and regional difficulties; and secondly, there are those who want to see a harmonized aid policy before a Community export policy is drawn up, i.e. before the Community intervenes in a direct manner. We are in exactly the same situation as those who, before the Rome Treaty was signed, said that it could not be implemented unless there was some sort of alignment of development trends.

While we spend our time talking and waiting for harmonization, there is a steady increase in government measures to aid exports. Mr Kofoed said that we could find ourselves in complete chaos. If you ask me, the situation is already chaotic and it is not doing the Community any good. There are no common regulations and the Member States are competing with one another, and all this benefits the state-trading countries and ultimately leaves many sectors practically defenceless against the two economic giants, Japan and the United States. Another result is that negotiations with developing countries became more complicated, since these countries play off one Member State against the other in the hope of better treatment. There is absolutely no economic or political benefit to the Community from all this.

As the direct result of this situation a 'gentlemen's agreement' was concluded between a number of States, and this agreement is now operating on a Community basis, thanks to the praiseworthy efforts of the Commission. However, there are several important sectors — ship-building is one example — which are not covered. Now, following what was decided in Puerto Rico, this agreement may possibly be extended outside the Community. In my opinion, we have taken a first step in the right direction, but there is scope for further action. Some months ago, when Parliament was discussing the setting up of a European Export Bank, two major arguments emerged in the course of debate. The first was that the bank could operate only if there were substantial harmonization of export aid systems, while the contrary theory suggested that the European Export Bank would permit the Member States to export on a vast scale by means of multinational Community projects and would thus gradually lead to a harmonized export policy.

Martinelli

Parliament has accepted in principle the idea of a European Export Bank and we are now waiting to hear from the Commission, which should have something new to say by the end of the year. In the meantime, Parliament must support the Commission in its aim of implementing the consultation procedure which is required when there is any new national measure to aid exports. This is the only way, I feel, in which progress can be made in a sector which is of supreme importance for the economy of the Community.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President once again, I am able to express a very considerable degree of agreement with what has been said by honourable Members during the course of this debate. The Commission itself welcomes the fact that the House should see fit to debate this subject tonight, because we ourselves, very anxious to make progress in this field, were very worried by the lack of progress that there has been so far, lack of progress which a number of speakers have pointed to. I can assure the House that this is not because of any lack of will on the part of the Commission. It is because the problems we are dealing with are extremely technical. They are extremely difficult, and it is often not easy to translate a political will into practical action in the Member States, and especially when one has nine Member States whose existing practices or pre-existing practices are so different, one from the other.

I think, perhaps, the easiest way to proceed, Mr President, would be for me to go through some of the points which were raised on behalf of Mr Cousté by Mr Nyborg, pointing out what we feel about each of them. On the first two paragraphs of the motion for the resolution I can provide an absolutely unreserved welcome, and indeed on the third, which underlines that export credits are an essential part of our common commercial policy, I can provide a similarly warm welcome. As has been noted in paragraph 4 of the motion, this principle had its first recognition in the Council's decision on the so-called consensus and the Commission is determined to carry this consensus forward as much as it can, as urged in paragraph 6 of the motion for a resolution.

The next point is the question of harmonization of export aids. The Commission believes that this is the main priority of the Community and therefore we share the opinion of most of those people who have spoken. Our attitude has not changed in recent years, although the motion seems to suggest that we may perhaps have been inactive. I would therefore like to take advantage of this opportunity to explain what we have been doing. The Commission's first approach was to seek agreement on some measure of detailed harmonization. After many years of effort, these efforts were rewarded in 1970 and 1971 by the adoption of

three directives, notably harmonizing the policy texts for certain categories of business. But these did not even come into force because they were made conditional on the harmonization of rates of insurance premiums. This precondition has from the outset evidently been unrealizable. In 1973, enlargement increased the already considerable diversity of practice in the export credit field, and made it even more unrealistic to pursue the previous approach. The Commission therefore has sought since to build on the work done before, while getting round the problem of premiums for the time being by seeking agreement on common principles without having to agree on every detail. Since 1973 we have done a great deal of work with national credit insurers, industrial interests and bankers. Because of the technical detail and the desire to find a fruitful basis for future work, this has taken a good deal of time. However, the Commission has now sent forward a proposal based on this approach. In addition, during the last few years the Commission has been pursuing the problem of cost escalation on which a proposal was made in 1976, and the creation of the European Export Bank, which was widely welcomed in the debate here during the last part-session at which I also had the pleasure of speaking on behalf of the Commission.

I now turn to the next paragraph of the motion about the investment guarantee system. We are, of course, aware of the widespread interest in this system expressed by a great many industrial organizations from different countries within the Community. There are many aspects to be borne in mind. The nature of the political risks, and indeed the technological risks, associated with increasingly large and sophisticated projects is evolving. So, too, are industrial discussions on related matters such as transfers of technology. Nonetheless, the Commission is at present examining what can appropriately be done in this area in the present circumstances.

Finally, the resolution suggests that the Commission prepare an inventory of the export aid measures in operation in the Member States. Here again, of course, we face enormous technical problems. The danger of misleading is enormous. We, of course, also have a great deal of information and we will see whether it is possible to avoid these dangers and prepare a comprehensive survey.

Mr President, these brief remarks are meant to underline the importance the Commission attaches to progress in the field of harmonization of export credits. We already appreciate Parliament's support and if I do not accept the criticism of the Commission as being inactive, we hope to continue to have this support to make progress with the Council, with which it will be somewhat difficult to achieve for the reason which I mentioned at the very beginning of my speech. Mr President, in the spirit of the debate my remarks have been brief, but I hope I have been able to cover the main points.

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

The resolution is adopted.¹

16. Agenda for next sitting

President. — The next sitting will be held tomorrow, Thursday, 16 June 1977, at 10 a.m. and 3 p.m. with the following agenda :

- Oral question debate to the Commission on national aids and economic integration

¹ OJ C 163 of 11. 7. 1977.

- Nyborg interim report on the free movement of goods
- At 3 p.m. : Joint debate on two Cointat reports on the estimates of Parliament for 1978 and the rectifying estimates of Parliament for 1977 respectively
- Cointat report on the carry-over of appropriations from the 1976 to the 1977 financial year
- Notenboom report on the Communities' own resources
- Martinelli report without debate on the processing of agricultural products originating in the ACP States of the OCT
- Noè report on Community policy on the use of solar energy
- Walz report on a Community consultation procedure in respect of power stations.

The sitting is closed.

(The sitting was closed at 8.35 p.m.)

ANNEX

Questions to the Commission which could not be answered during Question Time, with written answers

Question by Mr Normanton

Subject: Security of Uranium and allied Materials

Following the reported loss of 200 tonnes of uranium oxide in transit from Antwerp to Genoa in 1968, and Commissioner Brunner's statement that the lessons learned had been applied, will the Commission confirm that no further losses of uranium oxide and other fissile material have occurred in the European Community since that date?

Answer

There was one further minor incident connected with the ASMARA chemical company. The amount involved was 212 kg. of natural uranium. The uranium purchases by ASMARA could not be traced on the company's premises. When the Euratom inspectors and the German authorities pointed out that ASMARA was responsible for the uranium, the material in question was returned to the supplying firm a few days later.

No other cases of this nature or of a similar nature have come to our notice.

Question by Mr Dondelinger

Subject: Removal of the Information Office of the Communities from Santiago, Chile. After the general ban on all democratic parties announced by the Chilean neo-Nazi junta, and the stepping up of the repression denounced by Amnesty International, is the Commission at last prepared to move its Information Office from Santiago, Chile, to the capital of a democratic South American country and to send home the junta's ambassador to the European Communities?

Answer

The Commission has decided to make arrangements to transfer the delegation's South American headquarters to Caracas. At the same time a subsidiary office will be retained in Santiago.

No Member State has hitherto broken off diplomatic relations with Chile. In the Commission's view, it would be an abnormal measure to declare the Chilean Ambassador *persona non grata*.

Question by Mr Brown

Subject: Control of nuclear waste

What machinery exists within the Community for monitoring the amount of nuclear waste produced throughout Member States and for controlling its disposal and will the Commission, on behalf of Euratom, undertake to hold regular meetings with the Committee on Energy and Research to discuss the balance sheet of nuclear waste produced and disposed of and the reasons for any imbalance?

Answer

The amount of radioactive waste resulting from the use of nuclear energy for civilian purposes depends on the installed nuclear power capacity in the individual countries.

The nature of the nuclear waste determines what must be done with it. Waste with a low degree of radioactivity is rendered harmless after a number of years by the natural process of radioactive decay. On the other hand, disposal by definitive storage in geological structures, inaccessible to the general public, is necessary in the case of highly active waste with a long life-cycle; such waste occurs particularly in reprocessing plants and ancillary installations.

Because reprocessing plants are currently operating below capacity, there is no short-term danger of an imbalance between the production and disposal of waste. At all events, current techniques of intermediate storage are safe and proven. This holds good for the whole cycle from irradiated fuel elements to their reprocessing as well as for the various types of waste.

The Commission believes that efforts to develop disposal methods and processes must be continued and even intensified so that, in the long term, the problem to which the honourable Member refers will not arise.

Storage and disposal of all these types of waste are still the responsibility of the individual states and it is at this level that control is exercised. However, the Commission believes that the whole problem must be dealt with at Community level. Its programme for the management and storage of radioactive waste in the context of indirect notions is a first step in this direction.

The Commission is prepared to inform the Committee on Energy and Research at any time of the development of the situation.

Question by Mr Evans

Subject: Beet sugar harvest

What is the current estimate of this year's beet sugar harvest throughout the Community and how does it compare with the actual beet sugar harvest for the previous five years?

Answer

It is not possible at present to make any confident estimate of the next beet crop. But information so far available suggests that the total beet area in 1977 is of the order of 1.8 million hectares compared with 1.88 million last year. If the crop is a normal one then the present area could produce about 77 million tonnes of beets. If the sugar content were average then such a crop could produce about 10.6 million tonnes of sugar.

Question by Mr Pintat

Subject: The future of breeder reactors

Does the Commission consider that the Member States should continue to develop the technology of breeder reactors and, if so, does it also consider it necessary for Europe to continue building nuclear waste reprocessing plants?

Answer

The Commission holds the view that, in view of the problems and outlook in the energy supply sector, the Member States cannot afford to do without any promising source of energy for the future. This certainly applies to nuclear energy, which is at present responsible for 10 % of electricity generated. By 1985 this figure could be 30 %, which would then present 10 % of our total energy supplies.

The main advantage of fast breeder reactors over those which are already widely in use is that they make very much greater use of the energy potential of uranium, namely 50 times greater.

Since uranium resources within the Community come nowhere near to satisfying requirements, the development of fast breeder reactors is especially important. In fact, fast breeder reactors will be capable of producing not only electrical energy but also fuel for nuclear reactors.

Furthermore the Community has already had considerable success in the technological development of fast breeder reactors.

Thus the Commission can only give an affirmative answer to the honourable Member's question.

This also applies to the second part of the question concerning the reprocessing of spent fuel elements.

In view of the limited uranium reserves and the problems of waste storage, the Community cannot do without reprocessing. Reprocessing will enable us by the end of the 1980's to reduce our uranium requirements by 20-25 % and our requirements for enrichment capacities by 10-15 %.

Question by Mr Zywiets

Subject: Community statistics

How does the Commission explain the fact that in some cases Community statistics greatly exceed the scope of national surveys?

Answer

The Commission would point out to the honourable Member that for several years the scope of Community statistics has been decided by the Statistics programme of the European Communities, drawn up by the Statistical Office of the European Communities in close collaboration with the Member States and the Commission's user service.

It is a work programme covering several years and characterized, according to the explanatory statement in the preamble to the 1977-1979 Programme, by the fusion in a single coordinated programme of the Community's statistical and quasi-statistical activities. This implies that the parties concerned must be consulted, i.e. especially the national statistical institutes on the one hand and the main information users, including the European Parliament, on the other hand. The Statistical Office of the European Communities must, in so doing, meet users' short-term requirements and at the same time accomplish the tasks of harmonization and integration which have been entrusted to it.

In view of this, it is easy to understand that the scope of Community statistics cannot coincide with that of existing national surveys. This does not mean that Community statistics 'exceed' the scope of national surveys.

The Commission takes this opportunity of assuring the honourable Member that it is determined to continue its efforts to help the various national statistical systems to integrate into a unified European system.

Question by Mr Bangemann

Subject: International tourist traffic.

In view of the impending summer travel build-up, what early steps does the Commission intend to take to facilitate international tourist traffic within the European Communities?

Answer

The Commission is aware of the practical and legal difficulties that still arise on crossing frontiers, even within the Community.

It is also aware that these problems cannot be resolved by initiatives taken in haste. The obstacles still existing may be based on long traditions or the desire to protect some vital national interests (e.g. public health, public security, important aspects of a monetary nature).

The Commission is therefore of the opinion that its approach is best, i.e. the pursuit of solutions on a step basis in the context of general policies on issues such as the freedom to provide services, freedom of movement for workers, and monetary policy.

The Commission has taken a series of initiatives in these fields, some of which have been approved by the Council and others which are still under discussion.

In the first category one could mention the removal of controls on the green card at frontiers and the free importation of certain goods by private persons.

In this category also is the regulation on a Community basis of the question of social security for workers. This regulation also applies to workers who require medical attention during a temporary stay in another Member State.

Also in this category is the regulation adopted by the Council on 28 July 1966 which introduced common rules for the liberalization of the methods of authorizing most of the services offered by road transport operators and the regulation adopted by the Council on 28 February 1972 which concerned — among other things — the granting of just one authorization in the country of origin, to users of regular transport services, for the whole of a journey that crosses frontiers.

Indeed one could also include in this category financial assistance given by the EIB to infrastructural works and possibly aid from the Regional Fund to promote the development of certain regions.

In the second category are included:

- the mandate given by the heads of government at Paris in December 1976 to introduce a uniform passport and gradually to remove controls on the frontiers. In response to this mandate the Commission has made a study which will provide a basis for the workings of the Council and the Parliament on this subject;
- the Commission draws the attention of the Parliament to the fact the problems in the tourist sector are difficult and must be taken in their economic and social context. It will be some time yet before all obstacles are removed.

Question by Mr Shaw

Subject : Qualified accountants

When does the Commission intend to publish its draft directive establishing transitional measures for freedom of establishment and freedom to provide services for all activities in the financial, economic and accounting sector (except statutory audits), to give qualified accountants the freedom to practice throughout the Community ?

Answers

The Honourable Member appears to be referring to the proposal for a directive establishing transitional measures for certain activities in the financial, economic and accounting sectors, which was submitted by the Commission to the Council on 16 July 1970. This has already been published in Official Journal No C 11 of 11 September 1976.

The Commission shares the honourable Member's view that it is regrettable that although this proposal has been on the table for some time it has not yet been possible to take further steps with it. The Commission is conscious of its importance and is anxious to see it advanced as soon as possible.

Question by Mr Lagorce

Subject : Conservation of water resources.

According to certain press reports, the considerable increase in consumption and wastage of water, especially drinking water, has led the Commission to decide to draw up a 'European Water Plan' to conserve the Community's water resources. Could the Commission give details at this stage and say how far the project has progressed.

Answer

The Commission approved at the end of April an internal programme of work on water supplies and the protection of water resources. This programme has four main features. First, the Commission will vigorously pursue the studies already begun, with the aim of widening and deepening its knowledge and increasing the efforts being made to reduce and eliminate pollution of surface and underground water.

Second, the Commission has given instructions for a study to be made on the feasibility of a 'European Water Plan' involving direct participation in certain water management projects of common interest to several Member States, and has arranged for a working party of national experts on water resources to be set up in order that it may learn more exactly what resources are available, and what demand can be expected, and hence plan for the most appropriate means of satisfying that demand.

Third, the Commission intends to look into the possibility of new research and Development projects at Community level and the possibility of using some JRC projects to contribute to the solution of water resource questions. Finally, the Commission intends to increase the financial help given by the FEOGA and the ERDF to water development projects and re-forestation, and intends to encourage measures designed to reduce water consumption by industry, agriculture and the general public.

Question by Mr Scott-Hopkins

Subject : MCAs on processed products

Following the adoption of Regulation No 800/77 amended by Regulation No 1501/77 expanding the scope of MCAs on processed products, can the Commission please state whether it will make provision, where necessary, to exclude from the scope of MCAs any product being sold under contract in existence before 20 April 1977; or make some provision to help those manufacturers who have long-term contracts for the constituent product which make the processed product and where they could now buy these products under processed inwards relief ?

Answer

1. No.
2. Regulation (EEC) No 800/77, under which the Commission extended the list of processed products derived from agricultural products, was published in the Official Journal of the European Communities on 21 April 1977.

However, the Regulation lays down that it is to apply with effect from 23 May 1977. The Commission's purpose in providing for this delay in entry into force is to allow sufficient time for operators to take the measures necessary to adjust to the new situation. A further point to be borne in mind is that it was known before 25 April 1977 that MCAs might be fixed. The Irish Government had submitted a request to the Commission in this connection as early as December 1976.

However, the Commission is specifically asked about current contracts. It considered within the Management Committees the possibility of introducing a supplementary measure to exempt such contracts from the application of MCAs. However, the difficulties of applying a solution of this kind were quite obvious for, apart from the uncertainty involved in evaluating a current contract, in intra-Community trade a single operation may give rise to the imposition of a levy in the exporting Member State and to the granting of a subsidy in the importing Member States, and it is impossible to allow exemption from the levy, while granting the subsidy.

For these reasons, the Commission felt that the only possible solution was to defer the date of application of the regulation in question. Thus, by Regulation No 1051/77, it decided to defer this date to 4 July 1977.

The Commission considers that the transitional period during which the MCAs are not applied will now enable operators to adjust to the new situation. No other measure is contemplated.

It should also be noted that the measures in question relate to processed products only. Basic products used in the composition of processed products were already subject to monetary compensatory amounts before the adoption of Regulation (EEC) No 800/77.

3. Regulation (EEC) No 800/77 does not affect the system under which basic products may benefit from the inward processing arrangements. This system allows for the suspension of the monetary compensatory amounts applicable in cases where a basic product has been imported, processed and then re-exported in the form of a processed product. It applies only in trade with third countries. In such trade, therefore, purchasers will be able to continue to buy the products in question on whichever markets they consider most favourable, while benefiting from the inward processing arrangements.

Question by Mrs Walz

Subject: Freezing of appropriations for the Joint Research Centre (JRC)

Is it true that despite the Council's adoption, on 29 March 1977, of the multi-annual research programme for 1977-1980, the JRC's budgetary appropriations for 1977 remain frozen, and if so, why?

Answer

It is correct that the Community budget passed at the end of last year provides for 32.9 million u.a. as a provisional — and therefore frozen — appropriation for the Joint Research Centre.

The Council has not yet approved the release of the frozen appropriation which was proposed in the Rectifying Budget No 1. The reason for this is that at the Council meeting of 29 March 1977 the British Delegation only approved the new multi-annual programme of the Joint Research Centre *ad referendum*. This approval *ad referendum* is considered by the British Delegation as a reservation which has not yet ceased to apply. The multiannual research programme is thus not yet formally adopted.

This situation means that the 'essential expenditure' of the Joint Research Centre, i.e. particularly expenditure on salaries, can be met. However, until the four-year programme has been formally adopted by the Council, no new research projects can be started, since this cannot be done without a decision being taken on the whole programme.

We must further state that the funds allocated are no longer sufficient even to cover the continuation of the programme. In order to ensure this at least, the Commission last week forwarded to the Council a request for the transfer of 12.7 million u.a. The Commission hopes that Parliament will support this transfer of funds.

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IN THE CHAIR: MR BERKHOUWER

Vice-President

(The sitting was opened at 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. *Agenda*

President. — As agreed during Monday's sitting, the enlarged Bureau yesterday evening considered the request to amend the agenda for today and tomorrow. In agreement with the Bureau I propose that the agenda be amended as follows: the report by Mr Brégègère, which is on tomorrow's agenda, is to be postponed at the rapporteur's request to the July part-session, as well as the oral question with debate by Mr Kaspereit and Miss Flesch on the North-South dialogue, and the report by Mrs Walz on power stations, which was originally to have been dealt with this afternoon.

Are there any objections?

That is agreed.

The Committee on Agriculture and the Council have requested that the report by Mr Früh on hops (Doc. 164/77) be placed on tomorrow's agenda for consideration by urgent procedure. Tomorrow morning I shall consult the House on the urgency of this report.

I call Mr Broeks.

Mr Broeks. — *(NL)* When will the Früh report be distributed?

President. — I call Mr Laban.

Mr Laban. — *(NL)* Has the Committee on Budgets already given its opinion?

President. — I am informed that this report will be distributed this afternoon. Be that as it may, we shall

not be deciding on the adoption of urgent procedure until tomorrow morning. We therefore still have time to check whether the opinion of the Committee on Budgets is available, and we shall do our utmost to satisfy everybody.

Owing to a technical hitch, the proceedings will be suspended for a few moments.

The House will rise.

(The sitting was suspended at 10.10 a.m. and resumed at 10.40 a.m.)

3. *National aids and economic integration*

President. — The sitting is resumed.

The next item is the oral question with debate (Doc. 138/77) by Mr Normanton, on behalf of the European Conservative Group, and Mr van der Mei, on behalf of the Christian-Democratic group, to the Commission of the European Communities on national aids and economic integration:

Both Member States and the Community provide support for sectors and for enterprises through public expenditure on, for example, regional development, subsidies to public undertakings, research and development, selective assistance to individual firms and industries, and export promotion.

1. Does the Commission have a complete inventory of the methods by which Member States and the Community give all such support, together with their cost?
2. Will the Commission forward this inventory to the European Parliament or, if necessary, take steps to see that such an inventory is drawn up and made available to the European Parliament?
3. Does the information currently available to the Commission confirm our view that there has been a complete lack of coordination of such supports measures, resulting in wasteful expenditures of taxpayers' money through duplication of expenditures and competitive outbidding, and more generally in a negative effect on economic integration in the Community?
4. Is the Commission prepared to take action to counter this, and to what extent could action be taken in conjunction with third countries?

Mr van der Mei. — (NL) Mr President, the series of questions drawn up by Mr Normanton and myself relates to a problem which is not new, but nevertheless of considerable topical interest. The problem is not new since national aid existed in various Member States, for example, as part of regional policy, even before the European Community had come into being.

Naturally, the problem of national aids could not be disregarded in drawing up the Treaty. The EEC Treaty therefore contains a number of articles dealing with these questions. Articles 92, 93 and 94 deal with the compatibility or otherwise of such aids with the Common Market. They also deal, however — and this is a significant point — with the competency of the Commission to examine such measures with a view to deciding whether they are compatible with the Common Market.

The problem is not new but it is of particular topical interest. When there is a deterioration in the economic situation, and undoubtedly during the current crisis in the world economy, countries are naturally inclined to protect their own economies. This is a natural tendency, which is fundamentally dangerous since, in principle, it can hardly be reconciled with the objective of establishing free international trade, as one of the major means of spreading prosperity throughout the world. Nowadays this protectionist attitude does use the traditional methods of the Thirties, preference being given to direct aid to industry.

The problem is complicated, in that on the one hand governments cannot be expected simply to sit back and watch the employment situation in their countries seriously deteriorating; consequently, they are easily persuaded to provide aid. On the other hand, however, these same governments must be prepared to recognize the dangers of such aid for international trade since, generally speaking, protectionism can be regarded as the arch-enemy of healthy international economic development, and thus of the spreading of prosperity throughout the world.

What is the current situation in the Community?

As we all know, aid is increasingly being granted to industry and that in itself causes problems. Even after reading the very recent report on worker's cooperation, I am left with a number of unanswered questions, and I should like to raise these explicitly now, Mr President, in addition to the questions put in writing by Mr Normanton and myself.

Thus, does the Commission have adequate information regarding these aids in their various forms? Is the Commission aware of the extent of the differences between the aids granted in the various Member States? And thirdly, is the Commission fully acquainted with the extent to which these are temporary?

Furthermore, the great importance of consultation by sector at Community level is clear from the structural difficulties facing various sectors of industry both within our Community and elsewhere in the world. I should like to ask the Commission what chances it sees of introducing sectoral consultation in practice? I fully realize that this is not a simple matter. For example, it is possible that the sectoral policy and the regional policy may come into conflict. Thus the regional policy may indicate that a certain industry should be established somewhere, whereas under the sectoral policy, the expansion of that particular capacity may be found to be a bad idea. Can the Commission say something regarding the establishment of sectoral consultation and possible conflicts between this consultation and regional consultation?

My next question on the subject is the extent to which the Commission is familiar with the structure of public undertakings and possible hidden aids? I have heard that a study has been conducted in one Member State into the competitiveness of public undertakings vis-à-vis private undertakings.

Apparently, it emerged from this study that the national budget and capital account of the State itself and those of the public undertakings interlock at many points. This can adversely affect the competitive position of private undertakings in particular. It would be particularly interesting to hear from the Commission whether it is aware of a study of this kind regarding the relative competitiveness of public and private undertakings, and if so, if it is able to take action on this matter, and if so, what action?

Article 93 (3) of the EEC Treaty stipulates that the Member States must inform the Commission of any plans to grant or alter aid. The Member States are under this obligation. On the other hand, I read Article 93 (1) as meaning that the Commission is obliged to publish all the information available to it because this is essential for the smooth operation of the Common Market. One of the things needed for the Common Market to function efficiently is that the undertakings in the various Member States should, as far as possible, be aware of each other's position as regards receipt of State aids. It thus follows, in my view, that the Commission should make known every case in which it has approved the granting of State aid. I should therefore like to ask whether the Commission is prepared to do this?

Mr President, in view of the position of the Community in the overall framework of aid, I should like to say quite generally that the absence of coordination of State aids favours economic disintegration. This strikes me as one of the best reasons for discussing this question and I am looking forward with great interest to the report on sectoral structural policy which Mr Schwörer is currently preparing.

Van der Mei

Finally, Mr President, the Community is not an end in itself, but forms an integral part of the world economy and has a great deal of responsibility in this respect, too.

As I said at the beginning, no matter how understandable the granting of aid to the internal economy of the Community may be, it is difficult to reconcile it with the aim of establishing freer international trade, which is currently occupying us in the multilateral GATT negotiations. We should therefore like to put one final question to the Commission, namely, what possibilities does it see of tackling this problem jointly with Third countries?

Large-scale international consultation dealing with, *inter alia*, the question of the granting of aid, is necessary if the structure of the world economy is to develop in a reasonable manner. There has always been a need for consultation on this point, but it is all the more urgent now, and I feel that there too the Community carries a heavy responsibility.

President. — I call Mr Vouel.

Mr Vouel, Member of the Commission. — (F) Mr President, the questions put by the honourable Members deal explicitly with national aids, but also relate to Community aids. As regards the latter, I think Parliament is sufficiently familiar with their character, the methods used for their application and the extent of the funds involved. If, however, Parliament is unclear on any points regarding these aids, the Commission can easily provide the information required. In addition, it should be stressed that the new Commission has shown the importance it attaches to close coordination of all the Community financial instruments in this field by making Mr Giolitti specially responsible for this. This coordination will enable these instruments to be made more efficient.

With respect to national aids, the honourable Members have drawn attention to two problems, namely the extent of the awareness of these aids on the part of the Commission and Parliament and the effectiveness of any action taken by the Commission with regard to such aids.

On the first point, it is self-evident that the Commission is fully aware of the various systems of aid applied in the Member States.

When the Community came into being, and again on the accession of the new Member States, an inventory of existing aid systems was drawn up. The Member States are also under an obligation to inform the Commission in advance of any plans to alter these aid systems or to introduce new ones. The Commission sees to it that this obligation is strictly adhered to. It should like to add, in reply to the specific question put by Mr van der Mei, that it is possible that the Commission is not aware of certain aids. If, in such a

case, the Commission detects an infringement, it will certainly not fail to take the matter up. In view of the fluid situation during the last few years, the information on aids is kept constantly up to date by means of the necessary amendments and additions.

As regards submitting a complete inventory of national aids to the Assembly, my predecessors — most recently Mr Thomson, in June 1976 — have stressed the difficulties involved in drawing up a document of this kind which would be of any real use to the persons for whom it was intended. Nevertheless, I must draw your attention to the fact that a special report is submitted to Parliament every year containing details of the developments in competition policy and the chapter entitled 'State aids' deals as exhaustively as possible with new measures introduced by the Member States and the positions adopted by the Commission. It also describes the methods envisaged for the application of these aids and gives a general picture of the appropriations involved in each case.

In addition, on the question of regional aids, the Commission informed the Council in its recent communication on regional policy that it was preparing a publication in which the existing aids within this category in the various Member States would be described according to a standard scheme and which would be brought up to date from time to time. The first edition of this publication is scheduled to appear during the first half of 1978.

The Commission also has estimates of the funds devoted by the Member States to regional development. The departments of the Commission have sent to your Committee on Regional Policy a summary of the information provided by the Member States in 1976 on the development of their regional policy.

This summary includes estimates, particularly on page 19.

In addition, the Commission is currently assessing the costs of regional aid proper in the nine Member States in close collaboration with the national administrations. The Commission will inform Parliament of the results as soon as they are available.

Mr President, I cannot accept the criticism to the effect that there has been a complete lack of coordination of such support measures, which is presumably addressed to the Commission, which has powers and obligations in this area by virtue of the Treaties.

I repeat, the report on competition policy submitted each year to Parliament, which has praised its quality on various occasions, demonstrates that this is not the case.

Admittedly, as Mr Van der Mei has stressed, national aids have tended to proliferate since the beginning of the crisis in 1974, in terms both of increased application of existing machinery or of the introduction of

Vouel

new systems to cope with problems which are in themselves new, to give new impetus to investment, to avoid deterioration in the employment situation, to solve structural problems in certain sectors in which the situation has become more acute, to economize on energy and protect the environment more efficiently.

However, during a period of economic depression on the scale of that experienced by the Community and in view of the acuteness of the structural and social problems and the interplay of political and professional pressures, it could not have been otherwise.

However, in this context the Commission first of all took steps to ensure that the Member States would not try to shuffle off their difficulties on to other Member States by means of indirect protectionism in the form of export aids or aid designed to cover part of the running costs of the undertakings. The wish to get investment going again by granting aid more or less across the board must not be allowed to lead to sterile attempts to outbid one another with a view to attracting investors. The Commission also took steps to ensure that in view of the uncertainty regarding the causes, consequences and duration of the crisis, the Member States would not adopt a wait-and-see policy and put off inevitable structural changes to a later date in favour of aid tending rather to reinforce the status quo.

Finally, with a view to solving the sectoral problems facing all the Member States, albeit to varying degrees, it saw to it that national solutions which were mutually compatible at Community level were introduced.

I therefore feel that, all things considered, what the Community has done in this respect can be regarded as positive, since there have been fewer protectionist measures to which the Commission has had to react than might have been feared in such an economic climate. Aids designed to preserve the status quo have only been tolerated in cases in which they were justified by strong social arguments and for a limited period. Aids with a view to converting certain sectors or developing new activities were in many cases only approved after the Commission had required and obtained the necessary adjustments and when their positive effect at national level was not offset by unacceptable negative effects at Community level.

The ceilings fixed as part of the solution decided upon in 1975, namely to coordinate regional aids, have been respected. Under the conditions obtaining at the time, this solution was mainly intended to ensure the necessary priority treatment for the hardest hit regions.

However, nothing can ever be taken for granted and the Commission will have to continue making every

effort to ensure that national policies avoid the risks I have already mentioned. In difficult economic situations in the past, the wish to protect employment has frequently led us to approve aids which we would have refused if our only criterion had been industrial efficiency but I must say that if the need were to arise again, we would act in the same way.

However, social considerations should not be an excuse for taking the line of least resistance. Certain industrial structures within the Community are no longer viable in various sectors and regions. Keeping them alive artificially by means of one aid after another would, in the long run, do nothing to help the problem of employment, whereas the financial effort involved would reduce the competitiveness of sectors which are otherwise prosperous and capable of development.

The necessary changes should therefore be accepted resolutely. Aid may be indispensable if market conditions by themselves do not permit these changes to be made within periods and in circumstances which are socially acceptable. But more than ever, if one wishes priority to be given to difficult situations within the Community, and if the action taken with a view to solving these problems is to have any serious chance of success, aid granted by the Member States must satisfy certain conditions.

First of all, they must correspond to real needs, not only in the light of national criteria but also in the context of the Community. The amount of aid granted should also be proportional to the relative gravity of the problems facing each Member State so that a similar level of aid is granted in similar cases. This applies to all types of aid regardless of whether they are sectoral, regional or of a more or less general character aimed at restoring a high level of investment or employment.

These aids must contribute effectively to the solution of the problems by facilitating the necessary changes, and also ensure the conversions or developments which can improve long-term competitiveness.

Thus, Mr President, the Commission has not been and will not be remiss in coordinating national aids.

It is true, however, that this coordination, as Mr van der Mei has just said, should be accompanied in some cases by cooperation going beyond the Community context, both with a view to remedying structural problems at world level arising from the actions of certain third countries, and with a view to putting an end to expensive and unnecessary competition among the industrialized countries.

Vouel

In such cases the Commission has always actively sought this cooperation. I shall give only two examples; on the one hand, in the shipbuilding sector the Community clearly demonstrated in the OECD that it envisaged making greater use of the aid instrument only if satisfactory solutions to the problems raised were not found with its main competitor, Japan. On the other hand, broad guidelines were laid down by the Council Decision of March 1977 with regard to export credits which enjoy official support. They define in particular the minimum interest rates and the maximum credit periods. This Decision enabled all the Member States to implement the common position adopted for the first time by the main exporting countries with regard to the basic rules governing these credits. This common position is an important step towards achieving discipline in the competition involving these credits on the world market.

Of course the Commission will pay particular attention to seeking every possible means by which this discipline can be further improved.

However, in other cases the solution to our problems can only be sought at Community level, since it is there that the responsibilities lie. Thus a certain number of sectors which have not managed to adapt their structures in time will only be able to face the new conditions of international competition if they make a strenuous effort to adapt. Thus we must not expect some questionable show of goodwill by the non-member countries to spare us the tasks of structural reorganization or conversion which at some stage we shall be forced to undertake anyway.

With regard to the question raised by Mr van der Mei on government aid to public undertakings, I would add that the Commission pointed out in its Sixth Report that it wishes to see greater transparency in the operation of public undertakings, since there can be no doubt about the principle that public undertakings are also subject to the Articles of the Treaty.

This, Mr President, is the Commission's reply to the question asked. However, I must point out once again that the report on competition policy in 1976 is already — and will continue to be — the subject of exhaustive and fruitful discussions both in your Assembly's various committees and in plenary sittings, and that we shall continue the dialogue which we have begun on this subject today.

President. — I call Mr van der Hek to speak on behalf of the Socialist Group.

Mr van der Hek. — (NL) Mr President, I shall first of all say something on the points raised by Mr van der Mei. I think it is totally unrealistic to assert that we must proceed on the basis of a completely liberalized economy and completely liberalized trade. It is an indisputable fact that in all the countries of the

world, governments intervene both in economic life and in trade. This can happen in various ways. But it is accepted. We have also accepted that the conditions and circumstances of State intervention in economic life cannot have the same form and content in every country in the world. Similarly we have accepted, as Mr van der Mei is aware, that, say, developing countries should have an advantage over other countries in international trade, for instance by means of preferential trade arrangements. But that is by the way.

We can proceed on the assumption that all States actually have the right to take certain measures to help weak regions, weak groups and weak branches of industry. The point is, however, that these measures should not seriously disadvantage others. This is the basis of the EEC Treaty, Article 92 (3) (c) of which refers specifically to this sort of aid and there is in fact only one criterion for the European Commission.

Is industrial aid by the Member States in keeping with the Community interest? That is the sole touchstone, and since this is not always perfectly clear, it naturally gives rise to considerable confusion and disagreement. For where does the Community interest lie in a specific case? Community interest in a specific case is nothing more than Community policy as it stands at a given moment. And if there is no such policy, there is uncertainty and the Member States are left to themselves and have to rely on themselves to do what is required in a given situation. Drawing attention to the chaotic nature of the Member States' aid policy amounts to drawing attention to the lack of a Community policy. And if the European Commission tries to take action in this situation, the results will, in my view, often be counterproductive. I should like to know the Commission's view on this. Mr Vouel said that if measures are taken to grant aid, they should be proportional to the gravity of the problem which they are intended to solve. What does this mean? It means that the European Commission must assess the gravity of the problem so that it can then say whether the support measures correspond to it. That is a political judgement. Every Member State will have to make up its mind on the basis of the local political conditions how serious it considers a given problem to be, and if these matters are to be coordinated at European level, the European Community will have to make a political statement on the seriousness of the problems. Does the Commission consider itself in a position, with the present Council and with the way in which the Community is at present organized, to express a political judgement of this kind?

Secondly, it is said that the support measures must be used to make certain sectors competitive again, *konkurrenzfähig* as they put it so aptly in German — there is no proper word for it in Dutch. Is that a serious contention? Have we not got a European agricultural policy in which this rule is daily trampled

Van der Hek

underfoot? Surely no-one can claim that this really is or even could be our philosophy. In the Community and in every Member State the purpose of the aid policy is to secure a net surplus. Some sectors will be competitive, with good earning power, and will contribute substantially to the national income. Other sectors will hardly be profitable or competitive at all, but will nevertheless be kept on their feet for other reasons. I need only refer to the classic example of agriculture, but other examples from industry can also be added. The main point is that the net result should be acceptable. Can the European Commission not develop an approach of this kind? In short, is the Commission prepared to recognize for once that political factors are also important for the Community?

Lastly, Mr President, since I only have 5 minutes, the Member States no longer see aid from the point of view of competition but from the point of view of overall economic policy. Funds are withdrawn from the Community via the governments in order to feed them back again into certain trades and industries with a view to achieving certain policy objectives in, among others, the energy and employment sectors, environment, etc. The profitability and the competitiveness of the sector in question are not the only criteria, although they are criteria without which it is impossible to work. But other objectives also determine the policy. Does the Commission not think, therefore, that this policy must be supported instead of opposed, and that it must develop some vision of its own in the matter? If so, I should like to ask Mr Vouel the following question. In the Netherlands an attempt of this kind is being made at the moment with the 'Selective Investment Regulations' law. The European Commission has instituted a procedure in connecting with these regulations and is carrying out an investigation into them. Is the Commission prepared to inform Parliament of what it aims to achieve with this investigation? And is it prepared to submit the documents to this House? For that will show how the European Commission views problems of this kind, and thus be of more use to us, I feel, than general observations.

President. — I call Mr Kofoed to speak on behalf of the Liberal and Democratic Group.

Mr Kofoed. — (DK) The question which has been tabled deals with the very important and very interesting problem of distortion of competition within the Communities. In the current economic situation there is a danger that this distortion will be intensified, due largely to the unemployment and the economic situation which several previous speakers have referred to. These factors make it more difficult for the different governments to withhold certain subsidies, most of which will have the effect of distorting competition. One of the terms currently in use is 'selective support

measures'. These selective support measures can be used with the laudable purpose of preventing unemployment and establishing new industries in certain areas. However, seen in the longer term — and even in the shorter term — they can seriously restrict competition in other countries if those countries do not apply similar measures. Moreover, it is virtually impossible for the Commission to supervise the effect on competition of such selective support measures. I believe therefore that this is an area where the Commission should be very vigilant; the politicians who have seats in this Parliament and in their national Parliament should also study the effects of the measures applied in their own countries.

As I see it, the next difficulty in the current economic situation lies in the public undertakings. I should like to ask the Commission if it has any way of supervising the possible distortion of competition due to the sales policies of public undertakings. I am thinking, for example, of the report I heard that the selling price applied by the French State-owned electricity undertaking was 30 % cheaper than that applied, for example in Belgium. In my view that must have the effect of distorting competition since the cost of electricity to Belgian industry must be greater than the cost in France. There are other examples. Consider the State-owned motor car manufacturers in the United Kingdom. How great is their deficit? How great is the subsidy which such companies receive from the State? And to what extent does it distort competition in the car market? In my personal opinion the price of British cars on the export market is quite in keeping with their quality. However, there is a grave danger to the Community's internal trade and I would therefore repeat my last question: has the Commission any way whatsoever of supervising public undertakings, which as far as I can see represent one of the most serious threats to competition in Europe?

I should like to thank the members who tabled the question for providing the opportunity for this debate. I think it important that Parliament should keep this discussion going and thus let it be seen that we are at least directing our attention to these problems.

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

Mr Liogier. — (F) Mr President, ladies and gentlemen, may I first of all congratulate Messrs Normanton and van der Mei on their initiative in presenting this question on national aids and economic integration.

As a result of inflation and the recession, a large number of companies have been forced to close down, the inevitable result being increased unemployment. A substantial fall in new industrial investment and the failure of other sectors to expand and fill the gap left

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have meant that many parts of our Community have been unable to create alternative employment. The Community deals with these problems by having recourse to the Regional and Social Funds, although it is obvious that these Funds are inadequate for the purpose. The Social Fund can assist the vocational retraining of workers in regions affected by industrial decline. But what is the point of retraining workers if there is no suitable employment available once the training is completed? The Regional Fund can also help in attracting new industry, but we all know how limited the funds available from this source are. This is why we favour the creation of a programme and a fund designed to deal with these extremely serious problems.

Our first step must, however, be to take an accurate inventory of the aid programmes at present in force in the Community, the Member States and the regions. The Member States may be induced to use economic instruments to implement regional policies or to encourage the development of certain industries which are of key importance to the overall economy of the Community. In such cases State aids are an essential tool of the economic and social policy pursued by the Member States, in accordance with Article 92 of the Treaty. The aim of the Treaty — and hence also of the Commission as the guardian of the Treaty — is to ensure that, bearing in mind the individual circumstances and the economic and social climate prevailing in the Community, aids granted by the State — no matter what form they may take and what aim they are designed to achieve — are in accordance with genuine needs. The Treaty charges the Commission and, in practice, the Community as a whole with the task of maintaining a fair system of free competition, as being the best means of attaining the objectives of the common market, in particular those of guaranteeing the consumers the lowest possible prices and preventing unemployment and other economic difficulties being passed on from one country to another.

This being so, it seems to us vitally necessary that the aid systems should be transparent. The resultant survey will depend of course on cooperation between the Member States. Once again we would urge the Commission to take this action in respect particularly of aid to help with running costs, plant and machinery subsidies or export aids. Only then will we be able to formulate a coherent and effective system to avoid the attempts to outbid one another in the international arena which are so damaging to Europe as a whole. For the same reason, priority must be given to the harmonization of aid policies, both at Community level and in the wider framework of the OECD, and it cannot be stressed enough that what is needed to achieve this objective is a genuinely dynamic attitude on the part of the Community. The crisis in the textile, footwear, and iron and steel industries in particular, and the Commission's reluctance to recognize the signs of crisis in good time testify to the

need for a change of attitude at the very highest level, otherwise the governments of the Nine will be forced to take less and less notice of the provisions of Article 92 on aid granted by the States.

On the other hand — and I would particularly emphasize this point — the Community as a whole and each of the Member States must coordinate their policies of vocational retraining and the structural reorganization of industry, priority being given to the most underprivileged regions which are generally to be found away from the main centres of population and major arteries. In these areas, unemployment is much more severe than elsewhere, and threatens to speed up the process of depopulation which the Community should be seeking to resist in more effective ways than by the mere words and promises which it has produced hitherto. The Commission must act quickly and boldly. This is the only feasible course of action short of jeopardizing the progress towards economic union within the Community.

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

Mr Normanton. — Mr President, right at the outset, I would like to say how delighted I am to be collaborating with my friend and colleague Mr van der Mei in initiating this debate. I consider it to be an extremely important one; it is a brief one and, having regard to the fact that he has covered the whole field so extensively, I too, can be brief.

But that does not reduce the necessity of reminding ourselves repeatedly of the purpose of the debate. It is to highlight the connection between the nature and extent of state aids to industry and to trade, and the degree of economic integration in the Community which we all so earnestly and passionately desire. What we have to recognize is that so long as action is not taken, and taken effectively, against this proliferation of state aids, there can never be a true European economic entity — the EEC. Two points here stand out crisp and clear. State aids and subsidies do not produce wealth, they consume it. Secondly, state aids produce growth in only one field, and that is in bureaucracy and in public expenditure. The growth of state aids is undermining, in my opinion, the system of individual economic initiative and enterprise, a field in which economic advantages lie in efficiency, inventiveness, individuality and productivity. But above all, as politicians, we ought to bear in mind the importance to the individual of the advantages of freedom in the broadest possible sense.

It is the private sector in particular — and I know there will even be one or two honourable Members from the other side of this House who will support me in this point — it is the sector of the small business which is being specially prejudiced, particularly when in the same trading sector other enterprises, if we may euphemistically describe them as such, are engaged. Here I can bring evidence and ask the

Normanton

Commission to investigate as a matter of urgency the plea which has come from the British leather tanning industry, which is deeply concerned at the intervention into that sector of state aid in a certain particular form.

Quite clearly, we know from Commission reports, from debates and from many sources the extent of growth in state aid, but I do not believe we know adequately, comprehensively and sufficiently intensively the extent to which this process has gone. I would therefore underscore the appeal which has already come from this microphone for the Commission to gather together into one single comprehensive report, a complete presentation of this particular development, to highlight the danger of it and hopefully to give an opportunity to the House to see how we can avoid what I can see as an inexorable dance of economic death if we continue along this road.

I believe we shall be horrified when we find out the grand total of the cost to the individual citizen. I also believe we shall be horrified when we discover the futility in the long term and, at best, the low cost-effectiveness of the various devices which are being adopted. The logic of this trend, unless it is halted, and ultimately reversed, is that eventually all manufacturing operations will be subsidized or state-aided; and when all are subsidized, no-one is subsidized. We daily see evidence of the duplication of public expenditure. It is indeed something which worries us all, but we still seem to fail to have the courage, the vision and the energy to cope with it. I would only quote in evidence one particular sector, that of defence; I think the House will have noted that it is in this field that there is a fantastic waste of public money by duplication and excessive intervention by the state. The Political Affairs Committee and the Committee on Economic and Monetary Affairs are both engaged currently in studying this particular subject. It is the lack of coordination which represents the greatest threat to the economic growth of the Community as a whole. We all welcome the appointment of Mr Cousté as our rapporteur for competition policy, and I have no doubt at all that he will induce many of the points which have been raised this morning in this report later this year. But at the end of the day we do not want reports, we want action, and that action can only come from the Commission.

My last point, Mr President, is — and it has already been hinted at — that aids are no substitute for the restructuring of industry, and Mr van der Mei and Mr Vouel have themselves drawn attention to this. We as a House therefore record our repeated demand to the Commission for the formulation and presentation to this House of a Community industrial policy. The House awaits a statement from Mr Davignon at the very earliest opportunity. We have listened this morning with great interest to a statement by Mr Vouel, but what we now need is action. The Community is, as it were, inexorably sailing away from economic integration upon a sea of subsidies, and

may I remind the House for the second time, that when all us are subsidized, no-one is subsidized except the bureaucracy.

President. — I call Mr Ellis.

Mr Ellis. — Mr President, this is certainly an important subject. It's also a very difficult subject; it's difficult for those who have theoretical economic problems, it's doubly difficult for those charged with handling practical problems of economic steering. Therefore the first thing I have to say is that the last thing we want is the kind of simplistic assertions we've heard, firstly from Mr Kofeod talking about the distortion of competition, and the 'tablets of stone' assertions that we've just had from Mr Normanton.

Mercantilism has been with us for an awful long time. In the 1640's, the British Government passed its Navigation Acts, so that all trade into Britain had to be on British ships. Naked protectionism. In the 19th century the British government went on to free trade, but of course it had the biggest merchant fleet in the world and it wanted everybody to send their goods freely, because it was only British ships that were there. Still mercantilism.

So the problem is not quite as simple as Mr Normanton would have us believe. It's a very complicated one, and I think in these complicated issues the only way you can go about it is to look at the two extremes, and somehow or other come to a sensible middle road. I think most people would agree that the pure market economy is a fiction — there is no such thing ...

(Cries of 'Hear!, hear!')

I think an awful lot of people would also agree that complete centralist state trading equally is a nonsense — or at least leads to all kinds of problems that we, in our democracies, are not prepared to accept. Therefore the real issue is how exactly are we going to come to the middle?

After the war in 1945 it seems to me that the Western world — and I am speaking for the moment only about the industrial world — did opt for interdependence. We took our courage in our hands and we opted for interdependence; and, indeed, we did rather well, until, unfortunately, for understandable reasons, a terrible thing happened in 1971, when the USA, under the Nixon administration, resorted once again to protectionism. We've been suffering ever since from that particular decision of the Nixon administration in 1971. Therefore, what I would say to the House, in particular to people like Mr Normanton, is that somehow or other we've got to combine the necessary governmental interventionism for economic steering with the safeguards that do pertain to various kinds of free market economies. The big problem is: how to do it. I want to be very brief, but I have ventured a little bit onto a sort of philosophical discourse, because I thought the simplistic nature of Mr Normanton's speech necessitated a little bit of philosophy.

Ellis

I want to end on some kind of practical position, and I take it from what Mr van der Mei, the originator of the debate, said. I agree with him that 'The absence of coordination between state aids favours economic disintegration'. I agree entirely with him that, because what it really means is that the whole thing has to be planned on a bigger than national scale. The practical point I want to make is that our objectives in this Community, in this particularly difficult field, must lie within the Community. We must try to establish our own benign economic hegemony. The kind of benign hegemony that the USA developed for the post-war world up to 1971, and in the wake of which we all travelled. We can do the same thing, and the way to do it is to foster competition within the rules — and that refers, of course, to transparency and all the rest of it. Therefore, I hope that at least the really serious problems in this particular field might be tackled with a bit more intelligence than seems to have been displayed by some of the speakers today.

(Applause from the left)

President. — I call Mr van der Mei.

Mr van der Mei, rapporteur. — *(NL)* Mr President, I am very grateful to the Member of the Commission for his answers. However, I should like to repeat one question which I felt that the Member of the Commission did not reply to. I quoted Article 93 (3) of the Treaty which makes it incumbent upon the Member States to inform the Commission of any plans to grant aid; I draw a comparison with the Commission's obligation under Article 93 (1) to make public any information at its disposal and asked the Member of the Commission whether it did not follow that the Commission should publicize its decisions on the granting of State aid. I should be grateful for an answer to this question now.

Mr President, Mr van der Hek — whose contribution to this debate I followed with great interest — upbraided me for taking the undoubtedly unrealistic view that we could assume there to be a completely free world economy, whereas — as he said — I should have known perfectly well that there are countries where the State intervenes in economic affairs and other countries which we are wont to call 'developing countries'. Completely free international trade is impossible in his opinion, and certainly at this moment in time.

Mr President, I think there is a misunderstanding here. In my questions I referred to striving to achieve free international trade, implying in other words that free international trade does not exist at present.

And why does it not exist? For a variety of reasons, one of them being the different stages of development reached by different trading countries. Another is the fact that in various countries there is a tendency to go

in for economic protectionism. I particularly stressed this latter point, Mr President, in my earlier speech.

President. — I call Mr Vouel.

Mr Vouel, Member of the Commission. — *(F)* Mr President, before replying to the speakers — whom, incidentally, I should like to thank for their contributions to this interesting debate — may I first of all reply to Mr van der Mei's question on Article 93 (3). He asked me a direct question and I shall reply in the same spirit by drawing his attention to the fact that in its report on competition policy, the Commission publishes all the significant data on the decisions it takes on State aid. I do not quite see what other information Mr van der Mei would like to have over and above that already published in the Commission's very detailed report, but I am quite prepared to return to this point when we come to discuss this report and to let him have whatever additional information he may regard as useful.

Having said this, Mr President, may I just add in reply to this question that I have no wish to get involved in a philosophical discussion on the question of which of the two systems — a purely liberal system *à la* Adam Smith or a purely state-controlled system — would be the more capable of successfully tackling the difficult situation prevailing in many sectors of the economy. I think that a discussion of this kind would take us too far today and also that discussion of our report on competition policy will give us a good opportunity at some other time to come back to this subject. Anyway, I do not think that the question can be formulated in such simplistic terms as these.

As I said in my earlier speech, the Commission is committed to act in the spirit of the Treaty. In everything it does in the field of economics and, in particular, in the field of aid, it is obliged to respect both the spirit and the letter of the Treaty. And every Member here today is aware that the letter and the spirit of this Treaty are liberal. But — as I said before — things being as they are, undadulterated liberal theory is not always up to dealing fully with those — sometimes urgent — problems with which we are faced in the field of employment and regional policy, among workers and young people and in certain countries.

I think then that everyone will agree with me in recognizing that the Commission must be able to rely on national aids as a means of alleviating certain difficult situations.

I would draw Parliament's attention to the fact that these aids were frequently called for by Members of Parliament themselves who are acquainted with the problems in their own countries, regional problems and unemployment. It therefore ill becomes this same Parliament — which approves of the granting of such aids — to criticize the Commission for having sanc-

Vouel

tioned them for a limited period only and, in certain cases, for clearly-defined purposes.

(Applause from certain quarters on the left)

As I said earlier, we must simply make sure that the letter and the spirit of the Treaty are observed as fully as possible and that the principle of free competition is maintained, not only among the Member States but also — and this is even more important — at the Community's frontiers.

To achieve this, the Commission must ensure that the process of structural ossification and the growing signs of weakness which become evident over recent years are halted and that the level or intensity of competition essential to enable the Community to compete on equal terms at its economic frontiers are constantly maintained.

Mr President, I think this is an important question which was a central preoccupation of the Members who spoke in this debate.

Another question — and one which to my mind is equally important — was Mr van der Mei's on whether the Commission always felt itself qualified to judge whether the aids granted were justified, and whether, in doing so, it acted in consultation with the Member States. Mr Van der Mei, without necessarily referring you to the Sixth Report which has been submitted to you, I would say that this report deals quite clearly with the point you raised. Before arriving at a decision on aids in some sector or another — perhaps guidelines for the granting of aid — the Commission consults not only the sectors concerned but also the national governments. You realize of course that after coming to a decision in a particular aid grant, the Commission always notifies the national governments of its decision; it is therefore in constant contact with these governments and I think that the decisions taken so far and the guidelines laid down have made practical sense and have been made in full consultation with the Member States.

Mr President, I think these were the two main questions. In conclusion, I would express my entire agreement with Mr Normanton's statement to the effect that 'aids are no substitute for the restructuring of industry'. But I would also emphasize — along with Mr Thomson, who was my predecessor with responsibility for competition policy — that in this field, the aim must be to steer a middle course. One must stand up for the common interest and at the same time have an open mind to the more detailed problems cropping up in certain regions or on certain specific matters.

Having said that, Mr President, I think that I still owe a reply to a topical question asked by Mr van der Hek. I can give Parliament my word that I am prepared to go into all the details when we come to discuss the Sixth Report on competition policy.

Mr van der Hek asked whether the Commission was prepared to provide Parliament with information on the system of regional aid to be set up by the Netherlands. Mr van der Hek is perfectly conversant with this problem, he knows that the Commission has initiated an investigation procedure on the question and that this process has been held up somewhat by the Dutch elections, but that work will now be resumed. I undertake to let Parliament have all the details on the Commission's decisions as soon as they are taken.

President. — The debate is closed.

4. Free movement of goods

President. — The next item is the interim report on the free movement of goods (Doc. 132/77) drawn up by Mr Nyborg on behalf of the Committee on Economic and Monetary Affairs.

I call Mr Nyborg.

Mr Nyborg, rapporteur. — *(DK)* Mr President, ladies and gentlemen, in two weeks the last tariff barriers between the old and new Member States will be removed, and it is now more than 25 years since the six original Member States agreed to establish the Common Market. The fact is, however, that there are many areas in which this Common Market is still not a reality.

In the report before you the Committee on Economic and Monetary Affairs devotes particular attention to some of the problems encountered during the transport of goods by road, simply because the principle of the EEC Treaty relating to the free movement of goods has not been followed up by agreements on transport policy consistent with that objective. The international transport of goods by road is regulated by a system of bilateral agreements which in practice interfere with the movement of goods, distort the conditions of competition and result in unnecessary complications, delays and costs.

In view of the Committee on Economic and Monetary Affairs, a decisive element of this situation is the fact that the Community has not yet been able to agree on Community measures to ensure that the movement of goods — and of tourists also for that matter — is subject to as few delays and obstacles as possible when crossing Community internal frontiers. The EEC should obviously be taking steps to reduce frontier formalities to an absolute minimum.

This report was occasioned by the difficulties encountered last winter by goods vehicles at the Brenner Pass; it is true that these difficulties were due to bad weather and an inadequately developed road system, but they were aggravated by the existence of a rigid bilateral agreement between Italy and the Federal Republic of Germany which regulates and restricts road transport and which is a source of steadily increasing

Nyborg

dissatisfaction in industry north and south of the Alps, which is particularly hard hit by the agreement. They find it difficult to understand why the situation at a border post like the Brenner Pass, where road and weather conditions already result in delays and difficulties, should be aggravated by the application of unnecessary and complicated bureaucratic procedures. Industrial circles in Northern Italy consider the situation to be so serious that they have set up a special association to improve traffic at the Brenner; and the Italian government appreciates the need to improve transport conditions at this important Alpine pass.

We were presented with some recent examples, but I shall mention only one of them which shows how ridiculous the situation really is. There is unnecessary delay because the trucks — and hence the drivers — generally cannot continue their journey immediately they have been cleared through customs. It was established beyond any doubt at Vipiteno that the customs officers give drivers their papers only between 13.30 and 14.00 hours and between 19.30 and 20.00 hours — a bureaucratic system which makes the situation as bad as humanly possible.

The Commission also told the Committee that some of the problems at the Brenner Pass could be solved if the Italian government made more funds available, and if procedures in the Italian customs were better organized.

It is incomprehensible that the Italian customs posts at the Brenner Pass should be closed between 14.00 and 16.00 hours, and that work after 16.00 hours should attract overtime payment. On a more general level, one cannot help wondering why it is not possible to arrange working hours in the different national customs services in such a way that goods vehicle drivers — whose work in any case involves stress and strain — are in no doubt about the opening hours of customs posts at the Community's internal frontiers.

We have to ask how the Community can help to find an early solution to the special problems arising in connection with the transport of goods between Italy and the Northern part of the Common Market. If necessary, the Community has a duty to ensure that there is no interruption of the major communications links between Member States. In this matter we are concerned not with transport policy — our aim is rather to ensure that the principle of free movement of goods enshrined in the EEC Treaty is not undermined because of inadequate Community measures to ease and facilitate transport within the Common Market.

The Commission has no wish to criticize any individual Member State. We realize that traffic over the Alps gives rise to special problems, and we presented this particular example partly with a view to obtaining a solution to the problems at the Brenner Pass, and partly for the more general purpose of drawing the

attention of the Commission and the Council to the need to revise the existing system whereby quotas for road transport are laid down in bilateral agreements. In the view of the Committee this is incompatible with the spirit of the EEC Treaty.

Mr President, I shall not deal in detail with the view which the Committee on Economic and Monetary Affairs holds about making the customs union operate as it should. The Commission has prepared a report on the current situation within the customs union, and the Committee will be considering it and reporting on it.

I must, however, emphasize that the holiday season is about to begin, and that this traditionally results in long periods spent waiting at frontiers, even for ordinary tourists. I should be very glad if the Commission, through its contacts with the national customs authorities, could help to ensure that the summer tourists will have a smooth and speedy frontier crossing. When people cross one of the EEC's internal frontiers, the experience should not affect their attitude towards the Community.

We have set up a common market, and we should accept that this has certain logical consequences for the customs authorities. In fact, many of the difficulties encountered during frontier crossings by goods or persons are due to the fact that the structure of the customs authorities and the regulations governing their operations do not take adequate account of the existence of the common market.

This is a small step forward and, on behalf of the Committee, I therefore recommend the European Parliament to adopt this motion for a resolution and so underline the obligations of the Commission and the Council in this field.

President. — I call Mr van der Hek to speak on behalf of the Socialist Group.

Mr van der Hek. — (NL) Mr President, I have very little to add to what the rapporteur has said. I await the Commission's reply with interest.

President. — I call Mr Noè.

Mr Noè. — (I) Mr President, speaking on behalf of the Christian-Democratic Group, I should like to say that we support Mr Nyborg's motion for a resolution. We also want to thank him for keeping to a line of action which we have always agreed.

In April Mr Notenboom tabled a question on the same subject. I think the time has come for Parliament to condemn the lack of attention which the Community gives to transport policy, although in this particular case there are other factors which are not strictly limited to transport but concern more economic policy. The problems in the two sectors sometimes overlap to make the transport of goods from one country to another difficult.

Noè

I agree with what Mr Nyborg said, and I note that in his resolution he quite rightly points out how bilateral agreements often run contrary to the spirit of the Treaty of Rome. We are ready to support Mr Nyborg in his request that the Commission inform Parliament of the problems encountered in trying to coordinate action by the Member States. If I may, I should like to suggest that greater attention should be devoted to the policy on infrastructure, because if infrastructures were better organized, this could well help the movement of goods and people from one country to another. This afternoon I shall be attending a meeting called by Mr Evans, Chairman of the Committee on Regional Planning and Transport, in order to discuss the Channel tunnel. I should like, nevertheless, to see all forms of infrastructure — including low-level tunnels through the Alps — getting more attention from the Commission. Even the frequent jams at the Brenner Pass could be alleviated if we started planning a long, low-level tunnel which could solve all these problems.

President. — I call Mr Cifarelli to speak on behalf of the Liberal and Democratic Group.

Mr Cifarelli. — *(I)* Mr President, ladies and gentlemen, there are three reasons why I am happy to have been asked by the Liberal and Democratic Group to speak on their behalf in this debate.

The first is that ten years ago, when I first came to this Parliament, I was a member of the Committee on Transport. Even then — I am sorry to say — we could have said the same thing, word for word, as we find in paragraph 6 of the motion for a resolution: 'there is a lack of will on the part of the Council and of the Governments to implement a common transport policy'. It is getting beyond a joke. Excuse me if I am too outspoken, but I really must say there has been a shocking — yes, shocking — lack of will on the part of each and every Member State. Oh yes, we are full of fine ideas about social measures, reforms, and aid for other countries, but we do not have the guts to tell our own railways and haulage firms to work out some agreement. We are incapable, or perhaps unwilling, to tackle the Italian or German syndicates, or those in France and Switzerland, which run the show in this sector.

Secondly, I am pleased to be able to present the position of the Liberal and Democratic Group. Of course, we all want freedom of movement, but among European political groupings it is the Liberal-Republicans who are the staunchest champions of this concept. We believe that economic liberty goes hand in hand with political freedom. They are the joint source of the benefits of social progress and justice which we all seek.

The third reason that I am pleased to be speaking on this matter is that I am an Italian, and the subject of the report — and just let me say at this point how

much I appreciate Mr Nyborg's efforts — is one of special interest to Italy. I am referring, of course, to the Brenner Pass.

I want to repeat here what I said at the meeting of the Committee on Economic and Monetary Affairs, when I called for a parliamentary commission of inquiry into the administrative, infrastructure and economic problems at this border point. I should also like the Commission to look at the other passes which are important routes from one part of the Community to another.

I feel that Mr Nyborg is right to single out the Brenner Pass. Firstly, because it connects the most dynamic and highly-developed northern Member of the Community, the Federal Republic, with the economy which occupies the central Mediterranean and that of Italy. And secondly, because the infrastructure deficiencies of the Brenner Pass are particularly acute.

I personally made a strong protest when the Italian Government decided to go ahead with the Brenner motorway through the Isaroc valley. This is a very narrow stretch, where there was already a railway line and a main road. We should have improved the road and modernized the railway line, and built the motorway somewhere else. Regularly, when it snows a lot or when there are unusually heavy downpours, the motorway and everything else in the valley are put out of commission.

Mr Noè is better informed about these matters than I am, and he knows that a tremendous effort has been made to build another motorway connection between Germany and Italy. He knows, too, that this was a need which had to be satisfied.

The problem facing us is a serious one which has to be tackled on a Community basis. The Community can no longer tolerate the whims and blunders of an individual Member State. We cannot — indeed must not — put up with situations whereby various measures are introduced to block the export of Italian wine to France, or of livestock from one country to another, and so on. I should like the Commission to make this quite clear. If need be, it could consult Parliament's commission of inquiry.

Let me say, too, that it is high time we looked at the quota systems which cause so many problems.

I was born in southern Italy and I have often had problems with quotas as a result of having to defend the interests of southern haulage contractors, who have to battle with their northern counterparts — from Cesena, for example — who try to corner the market, especially as regards the transport of fruit and vegetables. Cesena is my constituency, so you will understand how difficult it is for me to take sides.

The situation gets particularly bad when the large industrial companies are involved. The large German companies, for example, ward off competition by sending their own lorries to the client's gate in Italy.

Cifarelli

The only way to counter this, the only solution if you want to carry on working, is to make it all very complicated and to limit quotas by means of bilateral agreements. A lorry for you, a lorry for me, and so on. But this is to continue living in the dark ages, and it is about time we did something about it, instead of uttering fine words and making fanciful proposals. We have really had enough of all this, Mr President.

There is a Latin phrase which fits the Nyborg report: *ab uno disce omnes*, which roughly means 'learn from this example'. We accept the report, and I just want to say in conclusion that we must finally implement the transport policy which seemed to be the easiest to achieve. We thought that national sovereignty had to do with parliaments, and legislation, armies and banners, instead of trucks and trains. But it is not like that, and it is up to us to win the day in this field too.

President. — I call Mr Mascagni.

Mr Mascagni. — (I) Mr President, the problem of the free movement of goods raised in this interim report drawn up on behalf of the Committee on Economic and Monetary Affairs is one of great consequence and — as we all know and as Mr Cifarelli has just pointed out — effects one of the most backward sectors of Community policy: the transport sector.

While it is true that there are 'shocking' examples of lack of will, it is equally true that a sweeping condemnation alone will not do; these must be dealt with adequately and realistically. There should therefore be an organized discussion on the specific important issues which have a direct bearing on, and — to a certain extent — determine, the layer European problem.

We may as well be frank about this. Mr Nyborg was probably a trifle cautious and pulled his punches as regards countries other than his own. However, the fact is that only plain speaking, undertaken in a spirit of cooperation which should be our distinguishing mark, can hope us find satisfactory solutions to the issues at stake in the transport sector.

In any event, we congratulate Mr Nyborg and share his attitude — even though, as I say, he was rather reticent in his report.

As a parliamentarian from the Trentino-Alto region, where the Brenner Pass lies, I would particularly like to comment on traffic conditions there. The explanatory statement of the interim report goes into these at length and they were also dealt with in detail by Mr Notenboom during the April part-session. Mr Notenboom's judgement was very severe and Mr Nyborg's views on this particular situation are no less clear.

Why all this fuss about the Brenner? Because this pass is undoubtedly — as we were reminded a few minutes ago — one of the most important transit

points for northbound and southbound traffic in Europe. The figures speak for themselves: 60-70 % of Italian and German road haulage goes through the Brenner Pass, and roughly three million tonnes of goods from northern Europe and approximately two and a half million from the south of Europe are carried via this route every year.

Mr Cifarelli suggested earlier that a commission of enquiry might be useful. Such a commission would indeed be welcome as a way of getting to the root of the problem and, obviously, as regards not only the Brenner, but also other Specific black spots which seem to unduly aggravate transport problems in the Community.

There have been complaints about over-zealous administrative procedures — these are also referred to in the interim report — as well as delays caused by the customs authorities and even by the traffic police, queues build up and there is a lack of flexibility when it comes to applying the regulations; particular emphasis is laid on the harmful effects of the Italo-German bilateral convention which is not compatible with the principles of the EEC Treaty. In addition, there are complaints that the Commission has not done all it could or should to deal with the situation. Lastly, Parliament is called upon — quite rightly — to demand a more forceful approach from the Commission.

During the April part-session, Commissioner Burke went into this problem in answer to Mr Notenboom's question. I have no intention of acting as an official defence Counsel for my own country out of an exaggerated national sensitivity over what may be certain deficiencies on the part of the Italian authorities — these certainly existed and I feel still exist to some extent. On the contrary, I can claim to have put before the Italian Senate, as clearly as possible, a matter which indirectly concerns traffic through the Brenner Pass; I am referring to the problem of avalanches which are always likely at certain periods of the year and which have frequently brought traffic to a halt.

I have urged the Italian Government to forestall this constant danger by installing avalanche barriers or by building a gallery.

On the issues raised in Mr Notenboom's question and which also occupy a prominent place in the explanatory statement of the motion for a resolution, I should like to make a few remarks and clarify certain points.

As regards the Italo-German bilateral convention I have been informed that the mechanisms of this agreement were improved on 23 February thanks to a supplementary agreement providing for a 35 % increase in the quota, which has thus risen from 700 to 1 070 authorizations. As you know, one authorization gives entitlement to make 100 trips, so this does represent a clear improvement.

Mascagni

Nevertheless, a few comments are in order concerning past difficulties: queues, the unenviable situation of drivers, the risks for perishable goods, and malfunctions of all sorts. Many German haulage operators apparently have allowed their vehicles to set off for the Brenner Pass before receiving the necessary authorizations more or less on spec, in the hope of obtaining them on the spot, which in many cases they did not.

It seems — I say it seems because this information has to be handled, perhaps not with suspicion, but with a certain amount of circumspection — that in Italy licences are issued three, six and sometimes twelve months in advance. On these different approaches by the German authorities on the one hand and the Italian authorities on the other, it should be noted that the problem is perhaps part of the broader context of the ratio of carriage by road to carriage by rail. This problem is common to all countries. Carriage by rail apparently has a 50 % share of the market in Germany, whereas the corresponding figure for Italy is only 22-23 %. I wonder whether there is a connection between how difficult or easy it is to obtain a road transport authorization and the protection of the railways; however, this is a question which I cannot answer. My aim was simply to mention this problem in order to throw more light on the situation under consideration.

The fact remains that as from 1 June the night service for perishable goods, which had been suspended, was reintroduced at the Brenner Pass, at Campo di Trens to be precise. We ought to push for a round-the-clock service, not only for perishable goods, but for the traffic flow as a whole. To this end, using what little influence I have and with the help of my Italian colleagues, I shall endeavour to put pressure on the Italian government.

Another problem which I would like to bring up concerns staffing. This is at present insufficient, and apparently only 65-70 persons are employed out of an establishment of 120. The Brenner post operates in an area which is way off the beaten track in relation to the usual civil service recruitment centres, especially as regards the financial and customs administration.

This problem — I would ask you to pay a little attention to this particular point — must be seen against the special situation of the Alto Adige, a region having just over 400 000 inhabitants, two thirds of whom speak German and one third Italian. I imagine that most people will be fairly familiar with the chequered history of this region in post-war years and especially during the fascist period, which was one of extreme humiliation for the German-speaking part of the population.

Measures recently introduced make it easier for German-speaking citizens to enter government service. There is hope that this influx of German-language staff will ensure the continuous manning of

the customs posts and this is also the objective of the provincial government.

Although things may not yet be satisfactory, this nevertheless does mean a definite improvement over the previous situation. There is another fact which should be considered. The bilateral agreement between Italy and Austria is based on a generous quota and has made it possible to overcome all the transport problems between the two countries. Consequently, I think that the Community authorities responsible for this delicate sector should use every means at their disposal to obtain an accurate picture of the situation. They will then be able to take the appropriate action at the appropriate time.

I, for my part, will do my utmost in the Italian Parliament to persuade the Italian Government to concentrate on solving these problems.

President. — I call Mr Vouel.

Mr Vouel, Member of the Commission. — (F) Mr President, I thoroughly agree with Parliament that the question of the various obstacles to the free movement of goods is of great importance for the Common Market. In the next few days the European Parliament will be receiving the report it asked for on the recent contacts with the governments concerned. I do not intend here to give you details of the draft version of this report, but I think it does clearly state where the responsibilities lie for the present situation, both in connection with the common transport policy and with regard to frontier obstacles to trade in certain parts of the Community. It will also indicate what measures the Commission has taken and intends to take to improve the situation.

As you know, in 1972 the Commission submitted to the Council a proposal for replacing the bilateral quotas for transport permits by a system of permits valid for the whole of the Community. It is only too obvious that the present system based on the principle of reciprocity does not meet the real needs of our economies and tends, because of the insufficient number of permits, to be a considerable hindrance to the exchange of goods between Member States.

As to the difficulties at the border crossing into Italy, it is already clear that apart from special problems due, for example, to the severity of the winter, it is above all certain deficiencies in the infrastructure that are responsible. These difficulties will be reviewed in the report I mentioned just now. They range from a shortage of customs staff in the face of a continual increase in the volume of traffic, to the excessive concentration of administrative operations at frontier posts despite the advantages to be gained by using the Community transit system.

By their very nature, most of these problems cannot be solved directly by means of Community regula-

Vouel

tions. The Commission thus intends to supervise the observance of freedom of movement above all in general terms. To this end, it has recently made approaches to the ministries concerned in Rome in order to make them aware of the importance of various aspects of the problem. As a result, I am in a position to assure Mr Nyborg that the formalities at the Brenner customs post have been speeded up, and that the waiting time for lorries at the frontier has thus already been considerably reduced. But the situation could undoubtedly be improved even more effectively if wider use was made by business circles of the advantages of the Community transit system. For its part, the Commission is actively endeavouring to make the Community transit system even more attractive by simplifying it still further. It goes without saying that the Commission will continue to give its attention to the whole range of problems associated with the movement of goods and people, especially to those mentioned specifically in this report. With regard to this, I should like to inform Parliament that the Commission intends to approach the customs authorities immediately with a view to persuading them to liberalize as far as possible the movement of travellers. A control system for travellers separate from that for lorry traffic is at present in operation, so as first step has already been made. Finally, Mr President, allow me to reply to a few questions that have been raised.

I should like first of all to deal with a point raised by Mr Nyborg, namely whether the system of bilateral quota for road transport contravenes Article 30 of the Treaty. On this point the Commission is of the opinion that this could indeed be inconsistent with the Treaty if the number of transport permits were reduced to an unreasonable level. The Commission is thus examining the problem very closely and will not fail to inform Parliament of the results of this investigation.

Certain criticisms have been expressed, Mr President, of which one concerns the route of the Brenner motorway; let me just say that the Commission is not responsible here. If the Council were to accept the consultation procedure on questions of infrastructure, this sort of criticism could be avoided in future.

With regard to the tunnel projects, I should like to say that the Commission has proposed a consultation procedure for infrastructure projects of importance for the Community. At the same time, the Commission also proposed a system of Community aid for such projects.

In reply to certain questions — or rather certain proposals — from Mr Cifarelli, I should like to stress that the Commission is very interested in the committee of enquiry that he proposed and would regard it with favour.

And finally, Mr President, I should like to add that the Commission wholeheartedly supports the resolution

tabled by Parliament on this important and far-reaching problem.

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

The resolution is adopted.¹

We have time before lunch to consider the report by Mr Cointat (Doc. 127/77) on the carry-over of appropriations.

On the other hand, Mr Cointat would have 20 minutes to present his two other budgetary reports (Doc. 155/77), which are to be dealt with jointly this afternoon.

I call Mr Cointat.

Mr Cointat. — (F) Mr President, I was going to raise a point of order on this. In fact we are faced with three reports. For the report on the requests for the carry-over of appropriations, which is very technical, I need no more than five minutes instead of the quarter of an hour to which I would normally be entitled.

But for the two other very important reports — including the European Parliament appropriations for 1978 — it is planned to hold a joint debate in which theoretically I would only have seven and a half minutes to deal with the whole of Parliament's budget!

I am therefore grateful to you, Mr President, for anticipating my wishes, but I should like to see in future more speaking time allocated to the rapporteurs when budgetary matters are concerned — the only area in which Parliament has any real power. It is above all a question of principle.

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington. — Mr President, I would like an indication from you, if possible, that if we succeed in concluding item no 118, we immediately thereafter adjourn for the lunchtime recess. I believe that is your present intention.

The other point I have to make, Mr President, which arises from that, is to reinforce the arguments put forward by my colleague Mr Cointat. Mr Cointat devotes an enormous amount of time and trouble to these budgetary matters which are of very considerable importance to Parliament indeed. I would like to join in his protest that insufficient time is very often given by this Parliament to matters of considerable complexity but of vital importance, particularly in the case of these budgetary matters and the matters currently under discussion by Mr Cointat. I think it absolutely indispensable, in Parliament's own interest, that be afforded adequate opportunity to deploy the arguments that he proposes to advance.

¹ OJ C 163 of 11. 7. 77.

President. — We shall consider the report on the requests for the carry-over of appropriations.

On the other hand, Mr Cointat will have 20 minutes this afternoon to present his two reports for joint debate.

Are there any objections?

That is agreed.

5. Carry-over of appropriations from the 1976 to the 1977 financial year

President. — The next item is the report (Doc. 127/77) drawn up by Mr Cointat on behalf of the Committee on Budgets on

the initial list of requests for the carry-over of appropriations from the 1976 to the 1977 financial year (non-automatic carry-overs).

I call Mr Cointat.

Mr Cointat, rapporteur. — (F) Mr President, this report is extremely straightforward since it concerns the carry-over of appropriations and is a report which we deal with every year. I would remind the House that appropriations may be carried over in two ways: there are automatic carry-overs in the case of committed appropriations, and there are non-automatic carry-overs in the case of appropriations which have not been committed or which, like those for the EAGGF, have not been paid for a period of five years.

But for a number of years now we have noticed that non-automatic carry-overs sometimes involve very considerable sums. Two years ago they amounted to 600 million u.a. Parliament concerned itself with this matter, since it considered that it was not sound practice to allow such a procedure to continue. The Commission itself was sympathetic towards this view and proposed that, from next year on, the non-automatic carry-over of appropriations should quite simply be discontinued. This will not only please Parliament but also, I think, Mr Aigner, who has been raising this problem for a very long time.

For this reason it is, I hope, the last report of this kind to be presented to the House, since next year these problems will have been solved. But we must also solve the problem of these non-automatic carry-overs of appropriations for the 1976-1977 financial year.

With regard to Parliament's budget, the carry-over is very slight, since it involves 184 000 u.a., which I simply mention for the record.

As for the Commission's budget, it is basically in two parts: 22 million u.a. for the EAGGF and 5 million u.a. for the other appropriations.

The delay involving the EAGGF is basically due to some Member States' failing to submit refund applications in time. As for the other appropriations, the delays are often the fault of the Council, since it often wants to supervise everything. In the hydrocarbons

sector, for example, it wants personally to approve all the projects.

As you know, Mr President, I am no believer in oligarchies and therefore disapprove of this technique of excessive concentration which paralyses the workings of the institutions.

Those were the comments which I had to make, Mr President. With these reservations and in the hope that Parliament will keep its hands free to give a discharge for the 1976 financial year, your Committee on Budgets asks Parliament to support this motion for a resolution.

President. — I call Lord Bruce to speak on behalf of the Socialist Group.

Lord Bruce of Donington. — Mr President, my group wishes to agree with the report submitted to Parliament by Mr Cointat. They wish me to underline, I think, some of the remarks that he has made concerning the powers that the Council has taken unto itself to vary the expressed will of Parliament as incorporated in its finally adopted annual budget each year. Mr Cointat refers in his report to the provisions of Article 205 of the Treaty, which, Mr President, as you are aware, give the Commission unqualified power and responsibility to expend the money voted to it by Parliament. As you are aware, Mr President, these proceedings in Parliament for the adoption of the budget of the Commission are not without their moments of anguish. Political groups spend many hours in determining, or trying to determine, the relative priorities to be accorded to certain expenditures proposed by the Commission. These matters are also considered in very great detail over a very large number of days by Parliament's committees, and inter-institutional discussions take place upon them before the budget is finally adopted in December of each year. Yet we find that in certain areas the Council usurps the function of the Commission by the insertion of appropriate management committees over various funds and is in fact able to frustrate the carrying out of the will of Parliament as expressed in the adoption of the budget. Mr Cointat as performed an invaluable parliamentary service by pointing this out and so, indeed, has our good colleague, Mr Aigner, who has also gone into the matter in some detail.

So, Mr President, my group, whilst supporting the proposals which are the subject of the report by our colleague Mr Cointat, once again draws to the attention of Parliament that it expects the democratic will of Parliament to be carried out under the provisions of the Treaty by the Commission and that it will not for long tolerate continued, and in many cases quite illegal, interventions by the Council which tend to frustrate those aims.

President. — I call Mr Shaw.

Mr Shaw. — Mr President, it was not my intention to take part in this debate; I was merely here to show support for my good friend Mr Cointat in all the work that he has done. But I am bound to say that I have on this instance to cross swords, as I have no doubt he expected me to, with my dear colleague Lord Bruce. He refers to the fact that there exist management committees; he refers to the fact that the power to implement the budget rests entirely with the Commission. But really he is opening up a very large field indeed when he talks about management committees and implementation. And I am bound to tell him that in my view he begs the questions. Indeed it would take a debate of this House — and I certainly could fill many hours of it — to cover the question of what is meant by implementation, and that is not what we are to discuss today. But I do think that words of the forthrightness — and I respect him for the way he expresses his views so forthrightly — cannot go on the record without an alternative point of view being put. And I only put it in the form of a caution. And it is this: I myself have spent a considerable amount of time on this and I have deliberately withdrawn, or rather left on the table, work that I had done on it, because in fact there will be, as I see it, discussions between Parliament and Council on the matter of implementation, certainly on the matter of management committees. I want to place on record, however, that whilst I agree that there are certain aspects of management committees that need looking at and improving, I really do believe that if we had not got management committees working in some form — and maybe the form needs updating — we would have to invent them, because in fact they do basically serve a very useful purpose. I fully accept, that some changes must be made, and on that I agree with Lord Bruce, but as regards the implications about the breaking of the law in the past, I am sorry I just do not agree with him. May I say, getting back to the subject, that I fully support Mr Cointat in his report.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I am grateful to the Committee on Budgets for the very clear report which it has placed before Parliament, which indeed was the case with the report which we were discussing last night. The Commission at present submits to the budgetary authority two lists of requests for non-automatic carry-forward of appropriations from the preceding to the present financial year. The second list for 1976, containing the request for those sectors of the budget where the accounts, for statutory or practical reasons, are not closed until 31 March, is currently being submitted to the budgetary authority. The first list, which is the subject of our

present discussions, contains the request for all the other sectors of the budget.

The major element in the first list is constituted by the requests on behalf of the Guidance Section of the European Agricultural Guidance and Guarantee Fund. It is notable that the total amount of the carry-forward of EAGGF expenditure from 1976 to 1977, at 22.1m u.a., is very substantially less than that requested last year, when the figure was 113.2m. This reduction, I feel, bears witness to a considerable improvement in the management of these appropriations and, indeed, if it had not been for certain delays in the Member States in submitting the required information, the appropriations would have been committed in full before 31 December 1976. This reduction underlines the sense of the proposal to abolish non-automatic carry-overs included in the proposed draft revised Financial Regulation and recalled in the motion for a resolution now before Parliament.

Also, in the EAGGF section, a request is made for further carry-forward of certain appropriations previously committed in respect of financial years prior to 1971 and which have already been the subject of an automatic carry-forward for five years, but which have not yet been paid in full, because of the long time-scale in carrying-out the projects in question. These appropriations amount to approximately 106m u.a. As regards the other requests made by the Commission, the carry-over of small sums — 0.6m u.a. in fact — is requested for certain actions envisaged in 1976 for which no appropriations were specifically provided in the 1977 budget. The remainder, 4.3m u.a., is needed for certain actions for which the appropriations could not fully be committed before 31 December 1976, because of the late adoption of regulations or as a result of cumbersome commitment procedures, and more particularly the need for the Council to decide on individual cases. On this aspect, I also welcome the remarks in the resolution about Article 205 and cannot but contrast the lip-service which is paid by the Council to the delegation of decision-taking and executive responsibilities with its actual practice. I hope, therefore, that Parliament will adopt the motion for a resolution now before it.

President. — Since no one 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 p.m.

The House will rise.

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

¹ OJ C 163 of 11. 7. 1977.

IN THE CHAIR : MR COLOMBO

President

6. *Draft estimates of Parliament for 1978 and draft amending and supplementary estimates No 1 for 1977*

President. — The next item is a joint debate on the reports by Mr Cointat, on behalf of the Committee on Budgets, on

the draft estimates of the revenue and expenditure of the European Parliament for the financial year 1978 (Doc. 155/77);

and

the draft amending and supplementary estimates No 1 of the revenue and expenditure of the European Parliament for the financial year 1977 (Doc. 115/77).

I would remind the House that we decided this morning to allow the rapporteur a total of twenty minutes to introduce the two reports.

I call Mr Cointat.

Mr Cointat, rapporteur. — (*F*) Mr President, as you have just said we do in fact have two reports before us: one concerning the budget of our institution for 1978 and another concerning supplementary estimates No 1 for 1977.

With your permission, Mr President, I would first like to say a few words about the supplementary budget because that report does not present any special problems and there is a danger that I might forget it at the end of my speech.

It is not, incidentally, a supplementary budget in the real sense but purely an amending budget, since there is no increase in the ratio between expenditure and revenue; it is the budget as a whole which is being changed in one and the same direction. On 21 December 1976, the Council of Ministers took two decisions, the first concerning an increase in officials' remuneration and the second incorporating amending coefficients in salaries. The appropriations therefore have to be increased but these appropriations will be offset by Community tax which is also increased by reason of this amending coefficient which is now part of staff salaries.

There is therefore no change as between revenue and expenditure; equilibrium is maintained. We simply have to take a decision — one of principle, let us say — regarding nomenclature, the effect of which will be to enter increases in staff salaries under Title I instead of Chapter 100, which seems to be far more proper.

Apart from these few comments, this will be all I have to say about the amending budget, which the Committee on Budgets asks the Assembly to approve.

If I have been very brief on the subject of this amending budget it is so that I may concentrate on

the 1978 budget which is still called, at this stage, 'the draft estimates of the revenue and expenditure of the European Parliament for the 1978 financial year'.

The procedure laid down in Rules 49 and 50 has been observed, in other words there has been the necessary liaison between the Bureau of Parliament and your Committee on Budgets.

But there is one preliminary comment I would like to make, which is that in principle — I repeat in principle — these draft estimates should be the last of their kind since, normally speaking, the European Parliament should be elected by universal suffrage in 1978. This presented a major problem to your rapporteur, because in 1978, if things go as planned, we will have to find the resources necessary for the functioning of this elected Parliament which will then have, not 198, but 410 Members, and that changes the premises of the problem.

This is why we are more or less forced to say that these draft estimates are purely, so to speak, 'caretaker' estimates with no original features, and that it will be necessary to have a supplementary budget during next year which will provide an opportunity for completely new and thorough thinking about the operation of the European Parliament.

This is also why, with the approval of the Committee on Budgets, I felt that it would be useful to include a review of the past few years in this report so that the elected Parliament could draw the necessary lessons from it and get off to a good start.

For the same reason, you will also find in the report an account of developments in our draft estimates from 1970 to the present day, together with a number of thoughts on current problems raised by the particular conditions in which Parliament and its secretariat have to work.

This makes up Part I of the report and, at the end of this Part I, I have given rein to my poetic fancy, so to speak, by trying to put forward certain minimum and maximum hypotheses on what will be necessary for the elected 410-member Parliament.

Lastly, in Part II of the report, you will find a critical analysis of the estimates as submitted, both as regards the establishment plan and the various Chapters and expenditure appropriations.

I shall now, very briefly, comment on each part of the report. Firstly, with regard to developments since 1970, you will find in the report a number of tables and graphs which I feel are extremely interesting. Allow me to make a few comments on them.

You will note, in particular, that the linguistic requirements and the problem of Parliament's seat — since there is not yet a single seat — account for 70 % of the staff. In my view this is a highly significant figure to bear in mind. You can also see that, because of the increase in the number of missions and in Parlia-

Cointat

ment's powers, the expenditure of the Institution has grown considerably since 1970. The enlargement of the Community is also responsible to some extent. Hence the 5-fold increase in the Parliamentary budget in 7 years as shown in the tables.

Some chapters have increased and others have decreased and I will not dwell on this, except to draw your attention primarily to the specific conditions in which the European Parliament has to work, which are not always consistent with what Descartes would have expected from something rational and logical.

I have already referred to the problem of having several official languages and, of course, if six present a number of difficulties I ask you to picture what it would be like if there were two or three more, and to tell me what we would do about interpreters' cubicles, the number of which, after all, is limited. There is also the problem of offices. As I have said, we are nomads migrating between Luxembourg, Strasbourg and Brussels which, apart from anything else, also involves much extra expense. No wonder, therefore, that we are continually meeting trolleys in the corridors of Parliament, which are not there to trip Members up, but purely to ferry documents about.

The dual mandate is also one of the reasons for the difficulty in organizing our part-sessions in a normal way. For my part, and I say so in the report, I consider that we must not just confine ourselves to a constructive criticism of the estimates as presented, but that Members themselves must examine their own consciences on the way in which they work. I therefore feel that when the supplementary budget for 1978 is being drawn up there should be some extremely thorough thinking on parliamentary procedures. In this connection, I referred this morning in particular to the possibility of lightening our proceedings by systematic use of procedures for voting without debate. Similarly — my thanks to the Secretary-General — we need to make the greatest possible savings on the several hundred tonnes of paper used each year — equivalent, to reply to a question I was asked in committee, to the timber from 3 hectares of forest a year. So much for Part I of the report.

I leave you to look, in the document that has been issued, at a number of difficulties illustrating the complexity of our procedures. Whether it is a question of referral to committee, reports of proceedings or even the channels followed in the translation department, you will see that the charts I have included in the report look more like process charts for oil or sugar refineries than the administrative simplification one might have hoped for.

At the end of Part I of the report, I have tried to frame a few hypotheses against the day when the European Parliament is elected by universal suffrage. These hypotheses, let me say at once, are proposed purely as

a guide and I would ask you to consider them as no more than that. In actual fact they come to a total of over 11 000 000 u.a. for the minimum and over 37 000 000 for the maximum hypothesis once Parliament is elected by universal suffrage, an increase of 15 to 55 % in the budget total, depending on which hypothesis is adopted. Some of you may feel this is exorbitant but allow me to point out that when the Community was enlarged the staff was increased by 68 % and appropriations by 79 % which, to my way of thinking, suggests that, though given purely as a guide, the hypotheses put forward in the report are not wide of the mark.

In Part II, Mr President, I have tried to analyse, firstly the establishment plan as proposed to you and secondly the various items of expenditure. As regards the establishment plan we have firstly made provision for a number of new posts, 83 in all, including 19 revisers and translators. You may wonder whether these posts should be created immediately. In the Committee on Budgets we felt that this should be done, subject to certain reservations, because whatever happens the establishment plan will have to be completely overhauled during 1978.

But I must particularly draw Members' attention to the fact that, in this budget we wished to settle a number of difficult staff problems still outstanding. This relates mainly to the conversion of local posts into established posts and our objective was to settle this problem altogether so that no more is heard of it. This is the reasons for the conversion of 30 posts, the principle being that as soon as a local official has completed four years of service doing the same job, he or she becomes a member of the established staff and the list of such people shows that 30 posts are involved. Similarly, we wished to deal once and for all with the problem of the conversion of auxiliary posts into established posts. We have been talking about this problem for a very long time and in my view it was a thorn that had to be pulled out or, if you like, an ulcer that had to be lanced. In this case we found that there were 51 jobs that can be settled immediately. A last point I have to make is that we decided on 15 regradings in the interest of acceptable, if not normal, career patterns, and so as not to block the promotion of staff in the Institution.

Another problem that concerns us, Mr President, is that of the work done by the Committee on Budgets. There is no doubt that the budgetary powers given to Parliament have increased the responsibilities of the Committee, that the setting up of the Court of Auditors and the work of the Audit Board will further increase the work done in this committee and that the discharges which have to be given by Parliament will have a similar effect and this is why we purely and simply raise the problem of providing additional resources for the secretariat of this Committee.

Cointat

We have set forth the principles but have gone no further for the time being. We have also made a number of proposals regarding the establishment plan, the first of which relates to reserve posts for officials seconded to the political group secretariats. We suggest certain changes regarding the establishment plan of the political groups at the request of the groups themselves, and we have put forward a few thoughts regarding the recruitment and promotion of staff. It is not normal, for example, that certain officials should spend their time on a large number of competitions, sometimes totalling thousands of candidates, to fill only a few posts, and we believe that the whole of this procedure could be simplified.

As regards the estimates themselves you will find the comments of your Committee on Budgets in the report. Very simply, they boil down to a 5% reduction in items other than staff appropriations but, at the request of the Bureau, this 5% is transferred to Chapter 100 so that it may be made available in case of need.

I will now close, Mr President, in order to comply with the 20-minute time limit you have given me. Allow me just to wind up with two sentences. The increase in the budget is 4.5%, which is very reasonable. It goes up from 66m u.a., if my memory serves me right, to some 71m u.a., but I have to say that, in compliance with the decision taken as regards the reference currency, we have to convert the figures, since the budget will take effect from 1 January 1978, into European units of account. This raises a number of problems, increases the total figure by 20% and therefore brings the rounded-off figure for the 1978 estimates to 86 355 500 European units of account.

I shall stop here, Mr President, to comply with your wishes, but later on I shall endeavour to answer any questions put to me.

(Applause)

President. — Thank you, Mr Cointat, for giving us that very clear introduction to your reports and for staying within your speaking time.

I call Lord Bruce of Donington to speak on behalf of the Socialist Group.

Lord Bruce of Donington. — Mr President, on behalf of my group I would like to commend the report of Mr Cointat on the draft estimates of revenue and expenditure of Parliament for the 1978 financial year, Document 155/77, to the approval of my colleagues and Parliament. Those colleagues who have had the opportunity not only of listening to Mr Cointat but also of studying the report itself will be aware of the enormous amount of detailed explanatory work that has gone into the production of this report. I personally regret that there are not more people here this afternoon, not only to listen to Mr Cointat's excel-

lent exposition but also to have an opportunity of expressing their constructive views on the contents of Parliament's budget and on the most important points raised by Mr Cointat.

Some of us who have experience of national parliaments will be struck by the obvious lack of interest of Members of the European Parliament in their own Parliament's budget. In national parliaments this is not the case. The estimates of national parliaments are seized upon avidly by Members of Parliament, who examine in great detail the salary scales of the officials, the allowances to which they are entitled and the facilities that are granted to them; and in my own country they examine with even greater zeal the amounts of money voted in parliament to Ministers of the Crown, to Members of Parliament and so on. This is a matter in the United Kingdom Parliament — and I have no doubt in other parliaments, too — which gives everybody cause for great concern. In fact it has become the fashion now in most Member States for the national press to decry all expenditure upon Parliament. The editors of national newspapers never decry their own extensive salaries and allowances — oh no, they don't decry those; they take those for granted, but the various facilities made available to public servants in Member States are always subject to very grave and continuing criticism.

And so I wondered, as I looked round here this afternoon, why it is that the budget of the European Parliament is not the subject of such scrutiny. During your absence this morning, Mr President, due to a regrettable breakdown in the transmission facilities of Parliament, I wandered outside the hemicycle and round into the tearoom, and there I saw out of the window a copy of a statue that, quite gratuitously and perhaps ironically, had been presented by the Greek government. It portrays the charioteer of Delphi, and I believe the original was dedicated some 470 years BC to a dignitary of that state. If you look closely at the statue, Mr President, you will find that its eyes are fixed firmly into the distance, that it has no chariot and no horseman, and then you will find that in its right hand it is grasping reins that go nowhere, and unfortunately part of its left arm is missing. The position of the statue of the charioteer of Delphi is exactly the same as the position of Parliament in relation to financial control: it is there, it has the reins, it has half an arm but it has no control, and this is, perhaps, the reason why Parliament does not pay very much attention to its own budget.

There is, I believe, a convention established — I do not know how long it will last — for the budget of Parliament to be more or less assented to by the Council on the basis that Parliament will not unduly query the Council's budget either, and with this comfortable arrangement the passage of any budget of Parliament is satisfactorily assured.

Lord Bruce of Donington

As Mr Cointat has indicated, the budget amounts to quite a considerable sum. It will enlarge, as Mr Cointat has pointed out, in 1978 with the coming of direct elections, because of payments to increase staff and of course, because of the monthly salaries and other emoluments that are envisaged in the case of directly-elected Members of Parliament.

Some mild stir has already been created in my country by a report appearing in the *Guardian*, that Members of the European Parliament directly elected are likely to receive between 35 000 and 55 000 European units of account per annum. That possibility does not appear to give this Parliament very much concern but the matter is being given very serious consideration by members of the national parliaments. And the perspective, of course, is precisely that which Mr Cointat has given.

With these rather sobering considerations, on which I have ventured to touch lightly, I now come to the budget itself. The budget is divided into three parts. There is the expenditure under the control of the Secretary-General and on that, by common convention amongst the political groups, it is, of course, possible for individual Members of Parliament to comment. I will not add to the comments already made by Mr Cointat as to the whole question of the expenditure upon paper, the expenditure, on rents, but I do think one could bend a critical eye on that part of the expenditure that is under the control of the Secretary-General in relation to staff. I do think that Parliament would not do itself an injury if it were to permit some kind of screening apparatus to be adopted similar to that which the Commission has already adopted for itself, to enable the relative workloads of the various staff and employees of the Parliament to be evaluated. Speaking as a member of the Committee on Budgets, I can assure Parliament that the work done by the staff of the Committee on Budgets is of the highest possible quality and that they work very long hours and over the weekends. Although I wish to cast no aspersions at all upon the remainder of the permanent staff of the Parliament, I am not sure how far the amount of work they do can be compared with some of the minor workloads that I myself have observed in other parts of Parliament. I do not think therefore that Parliament would do itself any harm by having the duties of its Civil Service evaluated in relation to workload and possible redistribution.

It is, of course, fashionable, in view of the fact that this is the section of Parliament's budget over which Parliament can exercise a little control, to turn upon Mr Nord's part of the budget and to criticize it. This I do not propose to do, because I think that, broadly speaking and with the possible necessity for an adjustment of workloads, we, as a Parliament, can be very proud of the services rendered to us by Parliament's

Civil Service. I therefore pass to the remaining sections of the budget.

The remaining sections of the budget are those which are concerned with the political groups. The political groups, of course, have their own allocations for expenditure within their own groups, which is subject to independent audit and which is not under the control of the Secretary-General. It occupies quite a significant portion of the budget, and it would not be appropriate if I as a backbencher were to comment on it, since these matters are within the control of my own and the other political groups within Parliament.

Then, Mr President, there is the 'grey area'. The grey area is that part of the political-group expenditure which is not directly under the political groups themselves and which is not under the control of the Secretary-General. And that, of course, relates to the staffing salaries and allowances which are paid directly by Parliament to the political groups' Civil Service in the Parliament. Once again, it is not the convention for individual Members of Parliament to comment on these matters, because, of course, their views have already been made clear corporatively by the operation of the political groups. Backbenchers are therefore not permitted — it is not the convention for them to do so — to pass any comment on the level of these expenditures. Were the position otherwise, I might be tempted to say, as an independent Member, that these expenditures ought to be subject to greater scrutiny in depth. But, of course, I am not in that position, and therefore I cannot say so. And therefore, of course, my political group would have no wish to pass any comment upon them.

In general, and with those few remarks, I am happy to give my own group's support to the report submitted by Mr Cointat. One hopes that in due course the charioteer of Delphi may not only recover his chariot and his horse but may possibly be able to get hold of the reins and may have his own left arm restored.

(Applause)

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

Mr Notenboom. — *(NL)* Mr President, I would first like to thank the rapporteur and everyone who assisted him in producing this very interesting report which reviews the past and assesses prospects for the development of the administration of our Parliament.

Mr President, the report states that the motion for a resolution and the figures have been unanimously approved. This is right but not yet confirmed to the extent that it also has to be the case in the more definitive phase beginning in October. As Mr Cointat has just said, we are in the preliminary draft stage with two further stages yet to go. Truly we cannot emphasize strongly enough the enormous burden, not only on the financial aspects of this budget, Mr President,

Notenboom

but also on the procedures, usage, practice, style and scope of our Parliament, of having several official languages and not having a single seat. This may be very attractive in one way, but in another it is a great obstacle to good working procedures for everyone concerned including Members of Parliament. As far as the languages are concerned there is not likely to be any important change, however things turn out; I have my doubts about more languages being introduced. With regard to the single seat, I must say once again — precisely, in this case too, from the efficiency standpoint — that this cannot go on much longer and certainly not if our Parliament is chosen by direct elections and therefore has far more Members and naturally a far bigger staff.

Mr President, our group is happy to support both motions for resolutions: the supplementary budget about which I shall say nothing (I have already stated my agreement to it) and the resolution on the 1978 estimates, in connection with which I emphasize that this is a first phase. Here I refer to the freezing of 83 new posts because, in our group at least, we are not entirely clear about the need for 83 new permanent posts. So it is not a question of the new setup of a directly-elected Parliament being in the balance: that — as the rapporteur has again stressed — is absolutely not the point at issue and therefore we shall use the time that remains to keep our ears wide open and to discuss the real requirements for these posts with the administration. This can be done between now and October, during which period the complete budget for the Community as a whole will be subject once more to closer scrutiny.

Mr President, personally I have great admiration for the many officials doing work which is not always rewarding because the progress of the European Community is so irritatingly slow and who, nevertheless, display their enthusiasm and devotion in holding themselves continuously at our service even with regard to the new requirements we generate. But I personally also have a dissatisfying impression about certain small subdivisions where, in my view, we always fail to have a firm grasp of things such as canteens, shops cars, etc. But that is just a *cri de cœur* to prevent any misunderstanding that this speaker is satisfied on these points.

Mr President, we must keep a continuous and critical eye on the practices that have grown up with, or found their way into, our Parliament. We need to be alert, to keep our finger on the pulse the whole time, and to check whether these practices, if we are to have a directly-elected and much larger Parliament, are still as necessary and desirable. Each time new requirements arise and new facilities are wanted or new delegations are sent abroad, or whatever else is considered necessary for policy reasons, the political groups, individual Members, and the heads of the various services as well, must continually consider the total expenditure involved, and question whether these things are fully justified financially and functionally. I know that

when you examine each separate heading there are times when it is completely reasonable to insist that three or five or ten new posts are necessary — seen from below, it is completely reasonable. But I also know, Mr President, that an aggregate built up on this part-by-part basis is often unreasonable because from the policy standpoint, it is just not justifiable. And that is why I think it is important that, in our efforts to produce budgets acceptable to the public each time, we should have a President who has himself been a minister for financial affairs and who knows how this budgetary policy also reflects the necessary general policy aspects. I hope therefore, Mr President, that as President of this Parliament you will be able to make your contribution in this tussle between the human aspect on the one hand and political responsibility on the other. I believe this to be an important matter.

Mr President, figures and details, always have a role to play in budgets and I would like, at the end of my address, to raise one more detail as a question to the rapporteur and also as a comment, an admission that this aspect occurred to me for the first time only today. This is also the fault of the dual mandate, Mr President.

My point concerns item 2942 — Other scholarships — for which 133 000 u.a. are requested. From what I have been told, Mr President, this is a merging of two earlier items, the well-known Schuijt fund (to help young North Americans visit Europe) and the fund that enables South Americans to visit the Community. Mr President, I wonder whether it is right that these two items, which used to be separate, should now be combined into a single fund. The Schuijt fund — for young North Americans — has its own special character; it is an inter-institutional fund. It is administered both by Parliament and by the Commission and must, in my view, be justified in its own specific way. And Mr Schuijt, after whom the fund has been named, told me, only this morning as a matter of fact, that he was not in a position to take responsibility for the whole item because the responsibility for the Schuijt fund relates to only one part of the item. I therefore wonder whether it is right for these two old items to be combined into one item, No. 2942. Perhaps the rapporteur can tell us something about this; we shall certainly not be tabling any amendments, we shall be accepting these figures today. Perhaps this could be the subject of close consideration in the months that are left to us.

Mr President, in closing this short address on behalf of my group, I must not forget to express our appreciation and thanks to the Secretary-General and many of his colleagues for the enthusiasm with which they have been at our service for so many years in difficult circumstances and made our parliamentary work possible. I hope and I know that they have taken any critical comments we have made as a spur to perform their tasks even better in the future.

(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 behalf of the European Conservative Group and as the general rapporteur for the 1978 budget. My first words must be, of course, to congratulate our colleague Mr Cointat on the work he has already done in preparing this report. I think all of us are very thankful that at this time it is he who has the task of looking after Parliament's budget, when we are moving from the rather small but steady stream of our present condition through the rapids of a general election to the much under stream of directly elected Parliament. I feel that his sure and steady hand on the tiller will ensure that money is not committed in a way and in anticipation of needs for the future that may, when experience comes to us, prove to be wrong, because once money is committed in Parliament — and this applies not only to this Parliament but to all parliaments — it is a harsh fact of life that it becomes very difficult to cut back on that expenditure in future years. This applies not only to salaries and staff commitments, it applies in other directions as well, because interests become fixed in many quarters and economies are difficult to carry out. Therefore it does behove us, as we look ahead and clearly see that there will be a need — either by way of a supplementary budget or something of that sort — for an expansion to cope with the increased numbers that we expect, to see that the expansion takes place only when it is clearly shown that additional expenditure is necessary.

I too, like our colleague Lord Bruce, regret that there is rather a refined audience of Members this afternoon for this matter, because, after all, it does affect every single Member. But, unlike him, I have the feeling that this is a general complaint in all institutions of this kind. I feel that it is to a certain extent a natural development, arising out of the fact that so complicated are these matters, and so detailed are the scrutines that take place before a report of this nature comes before this House, that many people are deterred by the size of the task, if they have not been on the committees concerned, of getting to grips with detailed information and arguing, as they feel, on an equal level with those who have taken part in the debates in committees. But the fact remains that this has to be decided and that, therefore, the responsibility on those of us who take an interest in these matters is that much greater, and it is right that we should examine this matter in considerable detail before we pass it.

I have no additional comments on the admirable way in which Mr Cointat presented this report, except to say, as indeed Mr Notenboom himself has said — and it is significant that we have heard today the rapporteur for the 1976 budget, the rapporteur for the 1977 budget, the rapporteur for the 1978 budget and the rapporteur responsible for the future of the resources of our Community — that it is a pity that we do not

have a wider pool of speakers this afternoon. But subject to that, I believe that the content of our message is that we are thoroughly satisfied with the work that Mr Cointat has done and we welcome it and we look forward to his guiding us through the year ahead. We, as the Conservative Group, fully support the report that he has submitted to us.

(Applause)

President. — I call Mr Cointat.

Mr Cointat. — *(F)* Mr President, I would first like to thank my colleagues for their comments. I also want to reply to Mr Notenboom who has set me a little technical problem regarding item 2942.

There has been no merging in this item, which was already there last year and which included all 'other scholarships'. We are increasing the appropriation from 120 000 to 133 000 u.a.

Last year there were no remarks on this item on the righthand page whereas this year there is a brief reminder to the effect that these scholarships are granted to young nationals of the North American and Latin American countries.

From the budgetary viewpoint, therefore, there is only one appropriation, but within the budget there is provision for the appropriation to be split equally between the two kinds of scholarship. Mr Notenboom may therefore be fully reassured.

This is all I wanted to say, Mr President, being in perfect harmony and agreement with my colleagues on the adoption of this budget. Moreover, as I said earlier, the Committee on Budgets voted unanimously on both reports.

President. — The joint debate is closed.

I put to the vote the motion for a resolution contained in Document 155/77.

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in Document 115/77.

The resolution is adopted.¹

I call Mr Cointat on a procedural motion.

Mr Cointat. — *(F)* Mr President, I would not like to be accused of having a subversive character but, in support of Lord Bruce, I would point out that we have spent 50 minutes discussing the entire budget of the European Parliament whereas we spent two hours talking about birds. I ask you to draw the obvious conclusions, Mr President: when the item is one involving Parliament's real powers, the discussion is short, whereas when the subject is something that only reveals Parliament's lack of competence, it goes on for ever.

(Applause)

¹ OJ C 163 of 11. 7. 77

President. — I think it would be fair to say that debates on financial topics are got through fairly quickly because only relatively few Members are familiar with the mysteries of financial affairs, while a subject like bird protection is something that many more of us understand, so the debates last longer.

I nevertheless agree that, at a time when we are seeking greater powers of control with direct elections, it is essential for this Parliament to be fully aware of the important role it will be called on to play to fill the gap in authority that will be left when the Community's resources are levied directly without being subject to the control of national parliaments.

7. Regulation on the Communities' own resources

President. — The next item is the debate on the report (Doc. 159/77) by Mr Notenboom, on behalf of the Committee on Budgets, on

the proposal from the Commission of the European Communities to the Council for a regulation implementing in respect of the own resources from VAT, the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources.

I call Mr Notenboom.

Mr Notenboom, rapporteur. — (NL) Mr President, in May this year, after very long negotiations and a long period when nothing was done, the Sixth Directive regarding the harmonization of value added tax was adopted by the Council. Apart from tax harmonization, this directive is also designed to lay the foundations for the European budget to be financed completely from own resources. This second objective has now taken precedence. As the date of 1 January 1979 comes closer the fear that financing through own resources may find itself in a tight corner is becoming so great in the Council, but also in Parliament, that the own resources aspect has now acquired a clearcut priority over the contribution that the Sixth Directive was intended to make to the harmonization of our European tax system and in so doing to the materialization of economic and monetary union. I voiced these concerns in April, also on behalf of the Committee on Budgets, and I will not therefore take the matter any farther. The directive has now been approved and we must all set to work in order to ensure that this directive produces our own resources, and to that end this regulation, among other things, is necessary. It also has to be approved by the Council and must in fact be approved if the Sixth Directive is really to produce tangible own resources in 1978.

Before I go briefly into the *mérites* of this regulation, I would like to ask the representative of the Commission whether he knows what efforts are presently being made by the Member States to adjust their value added tax in line with the Sixth Directive. Like the

Council, we can do our best to approve this regulation — and I hope that this happens before the summer recess — but at least three Member States must have adjusted their VAT legislation in line with the new Community directive by 1 January 1978. If this is not so, then 1978 will open without it being possible to finance the Community budget fully from own resources and I would like to ask Mr Tugendhat whether he can tell us something of the efforts of Member States and whether he thinks that at least three Member States will succeed. If he has any doubts about this then I would like to suggest to him that reminders go out from the Commission to capitals practically every week in order to achieve this result whatever happens.

Now, Mr President, a little more about the implementing regulation that is the subject of this report. I would like to begin by complimenting the Commission on behalf of the Committee on Budgets for drawing up this proposal for a regulation so quickly and submitting it to the Council even before the Council had adopted the Sixth Directive. That is an unusual procedure which was necessary, however, in view of the little time available to us but we are, in any case, very grateful to the Commission for this. For the same reasons of speed, Mr President, the Committee on Budgets made the necessary effort to deal with this matter in one single meeting because we did not want to bear any responsibility either for further delay. I therefore invite Parliament to approve the proposals of the European Commission which the Committee on Budgets has adopted unanimously subject to a number of changes. I hope that this rapid action by the Commission and Parliament will also be a spur to the Member States to do everything to align their legislation on the Sixth EEC Directive in good time.

Paragraph 2 of our brief motion for a resolution stresses this point. Paragraph 3 refers to the shortage of funds that will eventually arise for the following financial year in connection with the new regulation. This matter is fairly complicated, but through the new regulation which was approved by Parliament on the basis of the Shaw report and adopted by the European Commission, funds have to be available at the beginning of the first year in which this regulation comes into force, because the old national contributions will not be available. This creates certain complications to which reference is made in paragraph 3. We are aware that the Commission has made due allowance for this and that therefore, in the first year that this own-resource financing takes effect, the VAT percentage has to be somewhat higher than if this complication were not there. Paragraph 4 mentions the amendments which the Committee on Budgets proposes for your approval about which I would just like to say one word.

Notenboom

We propose a number of amendments, part of the reason being to make the text more precise and another, not insignificant, part being to make the regulation more complete. I begin with Article 4 (2) (b) whose purpose is to base the own resources as far as possible on real data such as tax declarations, accounts and complete statistics, and as little as possible on rough estimates. The purpose of the last phrase of our amendment to Article 4 (2) (b) is to increase by 10 % those parts of the assessment base which are not established from the declarations of taxable persons. This is a significant addition to the Commission's proposal. You could look upon it as a kind of fine but that is not the way we intend it, certainly not as a punishment but as an incentive to the Member States to make as little use as possible of the exemptions still allowed under the Sixth Directive.

The Committee on Budgets is not happy about the many exemptions allowed to the Member States by the compromise in the Council. The purpose of the committee's amendment proposing this 10 % increase is to shorten the period during which the Member States avail themselves of the exemptions. An amendment has been tabled by Mr Terrenoire on this subject; I feel this is a pity and I hope — but perhaps I can return to this in a moment — that Parliament will see the significance of this 10 % increase proposed unanimously by the Committee on Budgets. It is a form of gentle pressure on the Member States to encourage them to keep the exemption period as short as possible.

We have also proposed an amendment to Article 4 (4) stressing once again that in the case of a difference of opinion on the implementation of the Sixth Directive, it is the Commission that has to establish precisely what the basis for value added tax has to be where problems of interpretation arise.

Mr President, we have also proposed an amendment to Article 10 stressing the independent and autonomous responsibility of the Commission in the verification of own resources which is of course, a very important task. The point is that the Commission has to ensure that the assessment base coincides as closely as possible with that laid down by the Sixth Directive. In paragraph 2 of Article 10 we have proposed a small amendment purely to make the wording clearer. Finally the Committee on Budgets has made a small amendment to Article 11 spelling out the fact that the Commission is exclusively responsible for decisions and that the Committee on VAT own resources has purely advisory or consultative status. The Commission remains the body that finally cuts the knot if there are any differences of opinion on the correct assessment base for own resources.

I hope, Mr President, that this explanatory statement is sufficient to enable Parliament to vote on the Committee on Budgets' proposals on a reasoned basis.

(Applause)

President. — I call Lord Bruce of Donington to speak on behalf of the Socialist Group.

Lord Bruce of Donington. — Mr President, the Socialist Group would wish to give a general welcome to the regulations that are the subject of Mr Notenboom's report and generally to support the report that Mr Notenboom has produced on behalf of the Committee on Budgets. It is important too for Parliament to know, and for the outside world to appreciate, just what this series of regulations do and what they do not do. The regulations themselves, in conformity with the Sixth Directive, establish an agreed basis of assessment for the alienation from Member States of a percentage proportion of the VAT collected by them. It does not provide for the harmonization of rates of VAT currently applicable within the Member States themselves. Indeed, were there a regulation seeking to do that, my own group might have some considerable reservations, because, of course, value-added tax, being an indirect tax, is a regressive tax. It is a tax paid by everyone regardless of their financial resources, regardless as to whether they are rich or poor, according to the amount that they buy, or according to the taxable services that they utilize. So I would emphasize once again that in committing my group to support of this regulation and this report, it must not be taken that we are committing ourselves to the harmonization of rates within Member States themselves. These are in varying degree, in varying Member States, instruments of social policy. And Socialist Parties in all countries keep such indirect taxation and its social effect under close review.

Having entered that *caveat* and that cautionary note, I now turn to the regulations themselves and to Mr Notenboom's report, which correctly sets out the position as regards the attraction to the Community after 1 January 1978 of its own resources. After 1 January 1978 the resources available to the Community for its expenditure will come from agricultural and import levies, supplemented by a fixed percentage — which can be fixed year by year or at periods in the normal budgetary procedure — of the VAT as assessed under this regulation in various countries. And once assessed, that tax is no longer the property of the Member State; it becomes the property of the Community and Member States are accountable to the Community for it. It thus goes completely outside the budgets of any Member State.

Now there is a certain principle involved here, which we ought to consider. The first is to know exactly what we are doing in the Community. On 1 January 1978, apart from the moneys that are collected from import and other levies on materials, food and so on coming into Europe, the consumers of Europe will be financing the entire expenditure of the European Economic Community. The consumers of Europe directly, on the basis of indirect taxation, will be financing every bit of expenditure of the Community, ironically enough, Mr President, including that expen-

Lord Bruce of Donington

diture that automatically increases their own cost of living. And it is important that this should be realized.

The other implication of course of these regulations is that instead of the revenue automatically being equal to the expenditure, with the income being levied on Member States and contributed by them out of general taxation, some of which results from direct taxation according to income, the income will in future, be levied on the basis of a rate not exceeding 1 % of the total tax levied, or assessed under these regulations as being properly leviable. This automatically places a restriction on the extent of Community activity, expressed in financial terms, because, of course, under the Treaty this amount that is levied cannot exceed 1 % and the rate, as we already know, for 1978 is 0.67 %. So, if there is going to be any further extension of Community powers and Community finances beyond that which can be raised by 1 % on VAT, plus of course agricultural and import levies, the Treaty will have to be changed, and it is as well that that restriction is known.

There are other complications in connection with the regulation which will have to be considered. On looking through it, I think that there will probably have to be a considerable rehash and redrafting of the regulations at a later stage, possibly at Council level, in order that they can be put properly into effect. I think Mr Notenboom had this in mind when he put forward this suggestion for an extra 10 % in countries where, for one reason or other there is a deficiency of data.

I am not sure whether he intends the 10 % to be a penalty, or whether he intends the 10 % as a means of partially recovering the money which would be recovered if proper records had been kept. I do not like the idea of a penalty, but I do like the idea of something extra being collected by the Community where, in some Member States, there is a deficiency of records which makes the determination of VAT due somewhat difficult. It is common knowledge that the VAT documentation in Member States, its effectiveness and its comprehensiveness, varies very considerably, and if I may, for once, without offence either to my group or to Parliament, say something in favour of my own country, the United Kingdom, may I point out that VAT in the United Kingdom is very thoroughly assessed, as many of us well know, and very thoroughly documented under one of the most efficient tax-collecting agencies in the whole world, HM Customs and Excise. I sincerely hope that efforts will be made to ensure that there is greater documentation and more effective documentation in all Member States. I will not mention any one in particular, but if the cap fits, it can of course be worn.

I would hope that the activities of the newly created Court of Auditors, as formally verified in the Treaty of 22 July and now ratified, will be directed very considerably towards this whole question of VAT collection.

I hope that the accountants employed by the new Court, and various other civil servants, will examine most rigorously the contributions made by individual Member States under this new proposed legislation, so that Parliament can be sure, and that Europe can be sure, that the consumers of Europe, who are going to bear the total cost of this, are going to be treated fairly as between one Member State and another. Mr President, on behalf of my group, I have pleasure in supporting Mr Notenboom's report.

(Applause)

IN THE CHAIR: MR MEINTZ

Vice-President

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, there are many differences between this Parliament and the United Kingdom Parliament from which I came before I became a Commissioner, but one similarity is that matters concerning the details of the budget tend to be discussed by a fairly exclusive group of people and not perhaps always to secure quite the widespread attention that one might like. Also like the United Kingdom Parliament they tend to be discussed by people who know what they are talking about and who do display a persistent interest in these matters, through good times and bad and from one year to the next. I know that Mr Notenboom falls very much into that category. I would like to congratulate him on his report, most of which — as he will find from what I have to say — I am very much in agreement with. I also wish to say how very much the Commission welcomes the work which has been done and the way in which the Parliament has used its best efforts to make progress in this field and to facilitate the very important innovations which we are anxious to make.

The regulation from which the European Parliament's Committee on Budgets has drawn up its draft resolution represents the final step towards achieving total financing of the Community budget from own resources by the target date of 1 January 1978. It is in fact therefore something of a landmark in the Community's development, and though it may not make the blood run faster in most people's veins, for those who are interested in the detail of building a European Community it is a matter of really major significance and should be seen in that light. Its contents, which are based on the decision of 21 April 1970 regarding the allocation of own resources to the European Communities, also take into account the Sixth VAT Directive which in itself also represents a major step towards alignment of the basis of taxation at Community level.

My reason for recalling these facts, which are of course entirely familiar — probably more familiar to the participants in this debate than they are to myself

Tugendhat

— is that I would like to make a very particular mention of the efforts which the Parliament has made and to which I have already paid tribute. This attitude has been confirmed again by the motion for a resolution which we have before us and the amendments which have been put forward, most of which the Commission is delighted to accept.

Article 42b states how VAT's own resources should be calculated where it relates to those activities for which provisional optional exemption is possible. The first part of the amendment before Parliament suggests the need to define as closely as possible the appropriate data on which such calculations may be made. I believe this part of the amendment is helpful and hope that the Council will be able to accept it, as it will make it more difficult to use unreal data — an expedient which could create distortions between Member States, and an expedient about which I think Lord Bruce has very active fears, fears which may well not be too far from the mark.

The second part of the amendment is that on which I need to express some disagreement. This proposes a 10 % increase on resources established on a basis other than that of the normal VAT tax return, in order to encourage Member States to do away with the derogations and to offset the underestimation of the base which it is assumed will occur. In our view this 10 % penalty would have the effect of re-opening the compromises which led to the agreement on the Sixth Directive on which Parliament did not express its right of conciliation. As such it would put serious difficulties in the way of the adoption of the present regulations. Moreover, it hardly seems appropriate in our view to assume underestimation when the regulation envisages detailed checks to ensure that the assessments made are as fair and complete as possible. I notice that there is an amendment down which reflects a somewhat similar view to the view which I am expressing on behalf of the Commission. I hope very much that it receives serious consideration from the House. This particular point, one on which views are clearly divided in the Chamber, is the only one on which I feel unable to provide wholehearted support.

On a separate point, Mr President, the Commission's powers of control over own-resources accruing from VAT — a point again which was mentioned by Lord Bruce — we welcome the proposed amendment to Article 10 (2). I may add that we are working on a proposal for a regulation which would extend our powers of control to cover all own resources and to harmonize them, as Parliament has several times expressed a desire that we should.

The resolution also recalls the problem of financing the Community cash flow as a result of the temporary shortage of funds at the beginning of each year due to the intention to collect VAT on a financial-year basis. This is a problem on which we have been working very hard, and we will be making a proposal shortly

on the basis of which the full discussion which Parliament has called for can take place.

Mr Notenboom, in his opening speech, Mr President, raised the question of the application by the Member States. It is difficult for me — indeed impossible, if I may say — to provide a complete answer in the terms in which he put the question at this notice. For all Member States difficulties do arise. For some they are greater than for others, depending on the legal and practical aspects surrounding this subject in each country. In some ways it is the adoption of the Financial Regulation which is more important in practical terms than the Sixth Directive. Nevertheless, the Member States are in general trying hard, and we for our part will do all we can to back them up in this. The Financial Regulation was adopted quickly and the arrangements for practical application are something to which we attach a very great deal of importance if VAT is indeed to be introduced on schedule. I am sorry I can't provide exactly the information that Mr Notenboom wants. I have done my best on this occasion and I will be writing to him with further information, which I hope will carry the point a bit further when I get back to Brussels.

The last point, Mr President, is that, despite all efforts, negotiations at Council level on the proposal for a regulation are, of course, still very difficult indeed. Adhering to the principles of the decision of 21 April 1970 and to the text of the Sixth Directive entails adjustments in administrative operations at national level which go right down to the level of the individual tax payer. This creates a certain resistance from some Member States who believe that there are problems about imposing sudden increased demands for information on individuals. One can understand their fears, though the fact that some countries have these fears to a greater extent than others is a reason for convincing those who have the fears, rather than holding everybody else back. We believe that this problem must not halt our determination to bring the system into operation in its entirety on the due date.

We have been much encouraged by the support which we have had from Parliament up till now, and indeed by the way in which Parliament has gone out of its way to facilitate progress and to remove obstacles. I hope very much that we will be able to count on that support in the future, and I hope very much, indeed more, that we will be worthy of the support that has been given to us so far.

(Applause)

President. — Before voting on the motion for a resolution, we must consider the amendments to the proposal for a regulation.

On Article 4, paragraph 2 (b), I have Amendment No 1 by Mr Terrenoire, on behalf of the Group of European Progressive Democrats, calling for the last sub-paragraph of this paragraph to be deleted.

I call Mr Terrenoire.

Mr Terrenoire. — (F) Mr President, ladies and gentlemen, our Assembly recently adopted the Sixth Directive, at the end of a broad debate, establishing a uniform basis of assessment for Community VAT. That Directive simply laid the foundations for a common basis of assessment for the application of VAT but did not specify the practical arrangements for its collection. This is the reason why the regulation submitted today to Parliament lays down precise rules for collecting this tax: establishment, the entry in accounts, the making available and the inspection of own resources accruing from VAT. We can therefore gauge its importance. Although its level is not as high as the Sixth Directive, which lays down a principle — that of Community VAT — it is no less basic because any delay in its adoption would entail a delay in the implementation of the Sixth Directive.

Now, whilst the proposals of the Commission of the European Communities are technically sound and indicate that the rules for collecting VAT have been seriously studied, and though the amendments tabled by the rapporteur on behalf of the Committee on Budgets add useful clarification to the Commission's wording, the Group of European Progressive Democrats cannot accept two amendments regarding the establishment of the assessment base for VAT which go further than the Commission's proposals. Their nature would seem to be such as to delay considerably the adoption of the regulation. The first amendment refers to the last sentence of Article 4, (2) (b) and proposes that with regard to the second method of establishing the assessment base (namely, in the absence of a declaration at the level of taxable persons, all other tax declarations, professional accounts and complete statistical series) the basic figures arrived at in this way should be increased by 10 %. The second amendment relates to the last sentence of Article 4, 4. and is to the effect that the Commission shall decide on the data to be used in the manner provided for in Article 12 of this Regulation. This means that the Commission has the last word in deciding what should be included in the assessment base.

These two proposals by the rapporteur, adopted at a very sparsely attended meeting of the Committee on Budgets held on 7th June, constitute interference in the internal taxation affairs of the Member States. How, for example, are we going to get taxpayers in all the Member States to accept that the Community should be allowed to make an arbitrary 10 % increase in the resources established? This proposal, which the rapporteur himself qualified as somewhat bold, will never have the consent of the Council, any more than the second proposal which gives the Commission the power to use the data it considers convenient. Of course, a procedure of concertation will be initiated between the Council and the European Parliament, but the months will go by and the own-resources era will recede into the distance.

Therefore, in order to avoid any delay in the adoption of this regulation and to keep within the timetable for

the implementation of the provision of own resources, I invite Parliament to adopt the two amendments I table on behalf of my group whose purpose is to cancel the two rather bold — if I may say so — proposals of the rapporteur, namely the 10 % increase in resources established other than from declarations made by taxable persons, and the power to be given to the Commission to decide, in that case, on the data to be used. No doubt, the rapporteur's proposals are perhaps rational, technically speaking, but Parliament will, I am sure, know how to make the best choice in the Community's most immediate political and budgetary interests.

I would just like to add, Mr President, in conclusion that, in present political circumstances, our rapporteur's proposals are — with his indulgence — particularly ill-timed and I hope that he will himself understand the political value of accepting my amendments. I will say no more.

President. — What is Mr Notenboom's view?

Mr Notenboom, rapporteur. — (NL) Mr President, I thank the author of the amendments for his explanation. I can very well agree with the explanation itself but not with the proposal. I would draw your attention to the careful way in which the Commissioner spoke. The Commissioner, whom I thank for his words of appreciation addressed to the Committee on Budgets, said — and I understand this very well — as a politically responsible person: 'I feel unable to provide wholehearted support'. I would have preferred him to have said that in our Committee where we did not hear the Commission sound this note, and I am now picking my words carefully. But I can well imagine that the Commission, that was present at the difficult discussion in the Council, should now display this prudence. But our Parliament also has its own responsibilities. I feel we have done everything to prevent any loss of time. We have great regret at the meagre tax harmonization content of the Sixth Directive because it consists, so to speak, purely of words. In an earlier stage we gave up our right to concertation but we did that, Mr Terrenoire, so as not to be in default and not to run the risk of being responsible for failing to keep to the date of 1 January 1978. So I think that criticisms of Parliament, to the effect that it may bear responsibility for a further delay because of its amendment, are exaggerated. The 10 % is not meant as a penalty. Lord Bruce wondered about this too but that is not the intention. It is not to be seen as a penalty but, as Lord Bruce has also said, as some small compensation, so to speak, for the shortfall that can always be expected if there is any departure from strict rules. If the strict rules — namely using the declarations of taxable persons — are not followed and the basis approached in some other way then it is understandable and natural, both of individuals and the Member States themselves, not to go any higher than the strict directive implies but on the contrary a little lower if possible.

Notenboom

As Lord Bruce has said, that is precisely the purpose of the 10 % which, as I stated in my first explanation, is also intended to keep any Member States' departure from the regulation *sensu stricto* as short-lived as possible. That is the intention: it should not be seen as a penalty but just as a desire to thwart all kinds of attempts to skirt round the strict regulation.

And because our Committee approved these proposals unanimously, Mr President, and the Commissioner has used careful words — which in this situation are naturally those of a politician — and not signifying outright opposition, I do not have the power, or the freedom as rapporteur for the Committee on Budgets, to give my agreement to the amendments that have been tabled and the light pressure from the Commission. I am (a) not convinced and (b) not authorized to do this off my own bat and therefore I repeat my invitation to this Assembly to approve our proposals and not the amendments. With regard to Mr Terrenoire's second amendment I would point out that the Commissioner has just welcomed this proposal with a view to the Commission knowing as quickly as possible how it stands with regard to the conditions for the assessment base. This is further confirmation of the explanation I gave in my first speech. I am glad to use these confirmatory words from Mr Tugendhat to ask Mr Terrenoire to accept that I must maintain the proposals of the Committee on Budgets and find myself obliged, with regret, to reject his amendments.

President. — I call Lord Bruce of Donington to speak on behalf of the Socialist Group.

Lord Bruce of Donington. — Mr President, my group is in a slight difficulty about the amendment in regard to the extra 10 %. My group would agree with the rapporteur in his original presentation of the report, but my group would be worried a little by what seemed to be a statement by Commissioner Tugendhat that if this particular amendment were adopted, that if the report was adopted incorporating the increased 10 %, it might disturb the concord already arrived at at Council level. I think that if my group were convinced that by standing on this extra 10 % it would run the risk of reopening the disagreements at Council level, and cause significant delays in the implementation of the regulation, my group might consider that it was not worthwhile pursuing. So before my group makes up its mind which way to vote on this particular amendment, Mr President, I would be grateful for an even closer definition of the scenario in regard to this particular aspect, as Mr Tugendhat sees it.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, perhaps the easiest thing I can do in

response to Lord Bruce is to quote from the draft report by the Committee on Budgets. I would draw his attention to the section where the question of the 10 % increase is discussed. It's explained there that this would encourage the Member States to rapidly abolish the exemptions which make this increase necessary. It's a very delicate matter of judgement, I think, that we're dealing with, but our feeling is that this approach is one that would create resistance rather than facilitate progress. In those circumstances we feel the implementation of own resources on 1 January is already a difficult enough objective to achieve, and that if we do take this route, the issue would be thrown into jeopardy. I don't want to appear too dogmatic. I don't want to talk as if one is facing a last chance, or anything of that nature, but I do believe that we're in a difficult situation and that this proposal would make things more difficult. That's the best advice I can give Parliament.

President. — I call Mr Shaw.

Mr Shaw. — Mr President, this is a very interesting amendment, and I have listened very carefully to the arguments that have been put forward. Unfortunately, owing to certain celebrations that were going on last week, I was unable, being in my constituency, to be in my normal place — I think it's fair for me to say my normal place — at the meeting of the Committee on Budgets. But this amendment did worry me, and I have examined it very closely, but not having been at the committee meeting, I felt that I was entitled to rely on the fact that the committee had discussed this and come to a conclusion, and I was happy to go along with the rapporteur. But there is one point that does occur to me, and this is a query that I would like to put to the Commission on this point: if we were to pass matters as they stand, to go along with the additional 10 %, what would be the position of the Commission if that were ratified and put into action? Would it mean that they would insist on reassessing the rate for Community VAT for this year, would it mean that, in looking for future year rates, they would automatically take into account, when arriving at the desired rate, the knowledge that there was going to be an additional 10 %? If that were their attitude, then frankly I am not so sure that this 10 % we are writing in would achieve any purpose whatsoever. These are the queries that are going through my mind. As I say, I was not there when this matter was fully discussed, my own representatives went along with the rapporteur, and I am happy to do so today, but these are the doubts that I have in my mind.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — I'm not sure, Mr President, that I entirely follow the point which the honourable Member made, so if my answer appears to him inadequate I hope, if it's within the rules of the House that he will re-phrase the question. Our job will be to work within whatever system we find ourselves. Therefore, if the regulation is altered in this manner, we would have to adjust the arithmetic and our procedures accordingly. But I'm not at all sure that I have understood the point. It's ironic, since we're both speaking the same language.

President. — I call Mr Terrenoire.

Mr Terrenoire. — (*F*) In view of the nuances in what the Commissioner has said, I have not really understood whether he is for or against my amendment. I would therefore be grateful if he could make his position clear.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — I'm sorry, Mr President, if my nuances were too delicate. I am in favour of the amendment. I felt, however, that it was not appropriate for a Commissioner, when one Member of this House puts forward an amendment to a report from another Member of this House, to say to the House: I hope they accept it. I felt that would be presumptuous on my part, and therefore I used the form of words: 'I hope that the amendment will receive very serious consideration'. But if the honourable Member presses me further and wants to know my view, then I hope this amendment is accepted, and I hope it's not out of order for me to put it as bluntly as that.

President. — I call Mr Shaw.

Mr Shaw. — I am sorry about this, but there is a very serious point here. We are in fact seeking to raise resources. Now, I would hope that as a budgetary authority, we are not seeking to raise more resources than we need, and that at the end of the day we raise the appropriate resources required. I assume that the Commission, in raising the resources, works out its formula and takes into account human nature and the adequacies and inadequacies of the systems involved, and works out a calculation that in the end will produce the resources needed. If we add this 10 %, they will say: right, whatever we work out there will be 10 % extra, and therefore we can allow, in fixing the rate, a lower rate than we would otherwise fix. And were that the case — because the total required will still remain the same — then I'm not sure whether there would be any purpose in putting this additional 10 % in, because the original rate forecast by the Commission would be reduced to take into account the fact that 10 % would be added on at the end of the day.

President. — I call Mr Notenboom.

Mr Notenboom, rapporteur. — (*NL*) Mr President, the Commissioner has raised doubts in the minds of some Members. I can understand why well enough; I spoke very carefully in my first speech but I think I am right now to point out somewhat less delicately that the representative of the Commission — it was not the Commissioner himself — was wholly in agreement with the proposal in our advisory Committee on Budgets. I hope that the Commissioner will not take this amiss. I said that I readily appreciated the careful attitude of the Commissioner as a politically responsible person. He was present at the difficult decisions in the Council and I can imagine that he wants to be a little more careful in the position he takes but, Mr President, does Parliament have to as well? Who approved the resolution of 21 April 1970, thus assuming the obligation to cover the Community budget completely out of own resources by 1 January 1978 at the latest? Who was that Mr President? The Council! And what are we doing? Continually reminding the Council of it! And the whole time we use velvet gloves and go around like a cat on hot bricks so as not to disturb the Council which has such difficulties to contend with. But, Mr President, does that mean that, the whole time, we have to make a secret of our opinion so as, above all, not to get the Council into difficulties? I feel that the Council can really have no complaint about this Parliament's co-operation — and certainly not the Commission, as was stressed by the Commissioner today — or its lack of co-operation in being prepared to shelve a whole series of ideals and temporarily, at least, to put our ideals regarding tax harmonization in cold storage. After all, Mr President, we have done all this! How far does Parliament's duty to be careful go? In my view we are really being very modest in our 10 % proposal and in our desire to achieve the assessment base as far as possible. Because that is the intention. The intention is that the assessment base as established by the Council, Mr President, should ultimately be reached, as far as possible, and that this 10 % should make it impossible to evade the real base through imprecise statistics and derogations.

I do not think we should be over-sensitive with regard to the Council. The Council showed us no courtesy with regard to the many recommendations we made on the Sixth Directive. I can very well understand that the Commissioner should now adopt a rather careful attitude but Mr President, I do not think that this has to mean that Parliament should withdraw a well-considered proposal. I therefore make a confident appeal to all Members to support the unanimous opinion of the Committee on Budgets.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I hope that I will be able to clarify the situation. I have tried to pick my words as bluntly and unequivocally as possible in order that there can be no misunderstanding about their meaning. First of all, in answer to Mr Shaw. What the Commission would try to do in any circumstances, whatever the situation we find ourselves in, is to estimate as accurately as possible how much revenue we will need, and then to set the rate accordingly. If that means that some countries are going to have to pay a little bit more than others, it doesn't mean to say that we are going to aim for a surplus, as it were, it means that we'll aim to balance our books on the new basis, just as we would on the other basis. Now, the point which worries me about this — and I referred to this in answering Lord Bruce — is that we have a very delicately balanced compromise in the Council — indeed among the Member States. Some of them are creating rather more difficulties than others, and that compromise could be very easily overturned if we have a situation in which in practice some Member States are paying a given rate — let us say 0.7 % — and other Member States are paying another rate — 0.7 % + 10 %, i.e. 0.77 — then I believe that would re-open the whole question of the compromise, and we would not get the whole show on the road on 1 January as we want. As this report from the Parliament makes absolutely clear, the object of the 10 % increase is to encourage Member States to abolish exemptions. But the exemptions are themselves part of the compromise. That's the circle that we are talking about. My view is that the best way to proceed is by not doing this. Mr Notenboom's view is the opposite. It is, of course, for the Parliament to decide, but what I am here to do is to give my clear, frank view — that's what I have done, and that's why I hope that the amendment proposed by Mr Terrenoire is accepted.

President. — I put Amendment No 1 to the vote. Amendment No 1 is rejected.

On Article 4, paragraph 4, I have Amendment No 2, tabled by Mr Terrenoire, on behalf of the Group of European Progressive Democrats, calling for the last part of this paragraph, starting with the words *and shall decide*, to be deleted.

I put the amendment to the vote.

Amendment No 2 is rejected.

I call Mr Radoux for an explanation of vote.

Mr Radoux. — (F) I would like to give the two following reasons for my vote: I do not change my mind in public session when a unanimous position has been adopted in committee; secondly, and above all, the arguments put forward by Mr Terrenoire confirm that the Committee's opinion was right.

President. — I put the motion for a resolution to the vote.

The resolution is adopted.¹

I call Mr Broeks for a procedural motion.

Mr Broeks. — (NL) Mr President, I was somewhat surprised in the debate on the amendments. I find it normal for a Commissioner who cannot be present at a committee meeting to brief his representative about his attitude. It should not happen that a committee of this Parliament should have the impression that the Commissioner is in agreement with certain of its proposals and that later it should turn out that the Commissioner does not agree with them. That is an extremely unwelcome situation for Parliament. I can well understand that the Commissioner has not yet had much experience in this field but I would appreciate it, when he has objections to certain proposals of a committee in the future, if he would clearly inform his colleagues of his opinion and not delude Parliament, or at least the members of the committee, into believing that he is in agreement with them, because then we shall have the kind of discussion that has just taken place and this seems to me to be most undesirable for Parliament.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I understand the point that Mr Broeks is raising but, if I may say so, I do not think it can be resolved quite as easily as he suggested. Meetings of parliamentary committees sometimes take place at times when a Commissioner is away, and when the officials who attend cannot necessarily consult with him. Secondly — and this is of the essence of a parliamentary committee I think — matters sometimes arise unexpectedly or the argument develops unexpectedly, or issues are put in a manner that the Commissioner or the officials or anybody else had not necessarily foreseen. Now, I think that when situations like that occur, an official is perhaps right not to commit himself too far. An official is right to listen to what is said, and to give a holding reply. I am talking theoretically, because I have not had a chance in any way to enquire into the particular circumstances which we are talking about.

Then again, there is the difficulty — which I ran into myself with Mr Terrenoire — where a phrase which really suggests approval in one language sounds rather milk-and-waterish in another language. So I think that, in all the circumstances that I describe, what we had was a perfectly reasonable debate in the committee. The Commission had a chance to think

¹ OJ C 163 of 11. 7. 77.

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about it. Having thought about it, I gave as firm a view as I could in the plenary session of Parliament with everybody here. I think it is better to give a firm and clear view in the plenary session than to give perhaps an inadequate answer, an ill-thought-out answer, a commitment before one is ready in the committee. Occasionally difficulties will arise, but it is here that the final decisions should be taken.

IN THE CHAIR : MR DESCHAMPS

Vice-President

President. — I call Mr Notenboom.

Mr Notenboom. — *(NL)* Mr President, I would just like to make one more point. I intentionally, and after mature reflection in my own mind, expressed myself very carefully when I first spoke. Later, when the discussion became somewhat sharper-edged, I had to say that the representatives of the Commissioner were more than clearly in agreement with our proposal. There was no question of language problems, the text was known beforehand. I am convinced that this happened in full awareness but I have no bone to pick with the Commissioner. I can very well imagine that, in view of the delicate situation in the Council, the Commissioner adopted a careful attitude as a politically responsible person. That is his right and his duty. That is why I said so. But — and this I must say most clearly in agreement with Mr Broeks — there is no question of any what I might call vague situation or language problems or anything of that nature having arisen in the discussion in committee. That is out of the question. But in my view the Commissioner has every right to display a certain reticence in the delicate situation the Council finds itself in. For this I do not blame him at all.

President. — I call Mr Terrenoire.

Mr Terrenoire. — *(F)* Mr President, I regret this attack on the Commissioner because my amendment on which he has given his opinion was not tabled in the Assembly until 14 June, in other words last Tuesday. We cannot criticize the representative of the Commission for not giving his opinion on an amendment which had not yet been tabled. This attack on the Commission, therefore, seems to me to be totally unwarranted and I must, in this matter, give my moral support to the Commission, even if it does not in fact need it and is perfectly capable of looking after itself.

President. — I call Mr Broeszk.

Mr Broeszk. — *(NL)* Mr President, there is no question of our criticizing the Commissioner for not having spoken clearly in this Assembly. On the contrary we appreciate his so doing. The point at issue

is that, when certain proposals are made — and these proposals did not materialise out of thin air — a Commissioner should tell his staff clearly — as clearly as he had told us now — what his opinion on them is, so that we do not think in committee that the Commissioner is in agreement, only to hear later that he is not. Mr President, no criticism is directed in Mr Terrenoire's direction. Clearly, Mr Terrenoire has a right to disagree, but that has nothing to do with the behaviour of the Commissioner or his officials — in this Mr Terrenoire is completely off target. And the Commissioner is to that extent right in saying: Do you want me to speak clearly? But of course! But I would simply like to tell him that we also appreciate his representatives speaking clearly, because otherwise we get into the difficulties that we have been in today.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I quite understand the spirit in which we are discussing the matter, and that it is not a matter of blame or attack; it is simply a matter of trying to evolve a satisfactory procedure and I would like to thank Mr Terrenoire for his comments.

I have now had an opportunity to seek further advice on the question and I would just like to say two things. First of all, let me repeat what I said before, that I think that a Commissioner must be able to maintain an open mind for as long as possible and that the final place in which the final decision should be reached is the plenary session of this House. The committees are important, but they are branches of the tree; they are not the trunk itself. This is the place where it really matters, and it is here that I should make the clear absolute recommendation. If need be, in committees the position should, to some extent, be left open.

Now a real problem arises in committees: sometimes, for the reasons which I have just described, matters arise at short notice, they arise unexpectedly. They might arise on the basis of documents which officials have not seen beforehand. They might arise before the Commission itself has had an opportunity to take a final decision, and I think it is much better to resolve here the sort of difficulty we have just run into than for somebody to commit himself absolutely in a committee. As I understand it, whatever impression may have been given in the committee about what the Commission would finally do, the matter was not finally resolved. I do apologize if any misunderstandings have occurred, but I would like to reiterate the point of view that I feel that everything before the plenary session is a preparation for that session, and this is the place in which the final decisions should be taken both by the House and by the Commission.

President. — This matter is now closed.

8. *Regulations on the processing of agricultural products originating in the ACP States or the OCT*

President. — The next item is a vote without debate on the report (Doc. 131/77) by Mr Martinelli, on behalf of the Committee on Development and Cooperation, on

the proposal from the Commission of the European Communities to the Council for a regulation amending Regulations (EEC) No 1599/75 and No 706/76 on the arrangements applicable to agricultural products and certain goods resulting from the processing of agricultural products originating in the African, Caribbean and Pacific States or in the overseas countries and territories.

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

The resolution is adopted.¹

9. *Community policy on the use of solar energy*

President. — The next item is the report (Doc. 120/77) by Mr Noè, on behalf of the Committee on Energy and Research, on

the need for a Community policy on the use of solar energy.

I call Mr Noè.

Mr Noè, rapporteur — (I) Mr President, Mr Brunner, ladies and gentlemen, the subject of the report. I am presenting on behalf of the Committee on Energy and Research and about which I am also speaking on behalf of the Christian Democratic Group, is the identification of the main sources of energy that can be used as alternatives to oil.

In this document we have made a study of solar energy, reserving for the future the possibility of considering other sources of energy, with two precise aims: firstly to define the action that needs to be taken to develop the Community's energy resources and secondly to arrive at an objective evaluation of the contribution that such alternative sources are capable of making so as not to fall into the dangerous illusions that are so often fostered by the press in this connection.

Twenty minutes is a very short time for an overall introduction to a subject of this kind and I will therefore confine myself to the main applications taking my cue from another energy sector — hydroelectric power. It is my conviction that, in the Parliament, it is first and foremost necessary to consider the practical implications of an application, and since we already have a wealth of experience in the hydroelectric field this sector provides us with a model for establishing the path to be followed for the application of solar energy.

¹ OJ C 163 of 11. 7. 77.

I shall therefore begin by saying that there is an analogy between here two forms of energy in that both depend on meteorological phenomena. The production of hydropower depends basically on two factors: the fall — a topographic factor — and rate of flow which is continuously variable in any given impounded part of a river. Early in the century, as far as geodetic energy is concerned, the position was the same as that in which we are now with regard to solar energy, that is to say the large number of rate of flow measurements for the sections it was intended to impound were not available. We had only a few years' experience of direct measurement but, on the other hand, rainfall data — in other words indirect data — could be used.

In the last decades a large amount of work had to be done to reconstruct, on a day by day basis, the flow rates of certain river sections such as they could be deduced from rainfall data because of the absence of direct measurements.

The analogy between solar and hydroelectric energy is perfect because we also lack, for solar energy, any direct measurements of radiation for all areas in the Community. It will therefore be necessary, for several years to come, to use traditional meteorological data (percentages of clear sky, temperatures, relative humidity and wind) as a basis for calculating radiation — the life force for all applications of solar energy.

The task of one of the working parties of the OECD Energy Agency in Paris is precisely to study these correlations and to work out these numerical factors for converting conventional weather data to solar energy data.

Of these there are two kinds: total radiation which includes radiation from a cloudy sky which always exists in daylight hours and has many applications — for heating water for domestic use and for space-heating — and direct solar radiation, which is that available when the sky is clear and is essential for generating electrical energy by the reflection of mirrors. These two types of data can be measured by instruments called pyranometers in the one case and heliometers in the other, but such instruments are frequently not available and in such cases the information can be arrived at by a process similar to that used at the beginning of the century to determine rates of flow; this is the first analogy.

Moving on now to consider possible applications I shall dwell — as I have already said — on three of them: the first and only viable application of those possible at present is the heating of water for domestic use in housing, offices, swimming-baths and wherever warm water is required at not too high a temperature. The process is very simple. The sun's energy is collected by panels with a black-painted and therefore absorbent metallic surface. These panels then have to be insulated from above with panes of glass and from below with insulating materials. Through nests of

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tubes in which a heat-conducting liquid is made to pass, the energy is transferred, for example, to a water-heater producing hot water for domestic uses. In periods of unfavourable weather conditions an electric resistance-type heater can be used to supplement the installation so that the panels do not have to be made big enough to collect energy in the worst conditions but only in the most convenient circumstances of average weather conditions. The resolution makes the point — and I strongly urge all Members to take steps to convince their national parliaments of this — that this type of application, which is already possible, is economically viable and particularly to be recommended for one-family housing where its application is very simple. Its wider use is to be encouraged in that it is one of the few fields in which fuel savings can be made in the very short term and it is also the simplest application.

The second application I shall now go on to consider is that of space heating or air-conditioning using solar energy. Let me say straight away that, in this case, we are not yet in a competitive situation and the reason is very simple: it is the fact that heat is available in summer whereas the need for heating is felt in winter. In other words there is a seasonal out-of-phase between the period when heat can be stored and that in which heat needs to be used. This situation is just like that in the Alps or Pyrenees where the flow-rate of watercourses is greatest when the snow begins to melt, in other words in the months of May, June and July, the same watercourses being dry in the winter months (January, February and so on) when the rivers in the plains are at a low level as well. For this reason it was necessary to provide costly reservoirs, built by constructing high-cost barrages, precisely so that water could be accumulated in the summer and used in the winter. In this way, the energy potential was transferred from one season to another.

For space heating the problem is the same and, in order to explain the difficulties, I shall describe very briefly a demonstration house built at Aquisgrana by the Philips company with backing from the German Minister for Research. This is a one-family house equipped with panels which have heated water in a basement tank to 90° during the summer. In other words, at the end of the summer the tank contained 25 cubic meters of water at a temperature of 90° for gradual use during the winter. However, from the information given by the engineers who designed the experimental house and who are carrying out the test, we understand that the insulation of the house and the tank was three times that stipulated by German standards, in other words an exceptional cost and investment was necessary to achieve the objective of heating the house throughout the winter by solar energy. In addition, since these 90° I have referred to fall during the winter and eventually reach, for

example, a figure of 60, below which the heating is no longer effective, the tank was fitted with a heat pump which, by lowering the temperature further artificially, pumped heat into the water circulating in the radiators in order to get through to the end of winter. This involved further expense on the heat pump and on the power to operate it. This solution, therefore, is not economically viable.

Let me say at once that as soon as chemical substances are found — and research on this subject is going on at the Ispira Joint Research Centre — that can be added to the water and act as multipliers, in other words having the effect that each cubic meter of water would no longer have the heating power of 1, but of 2, 3 or perhaps even 10 cubic meters, then — with this multiplying factor available through the addition of a chemical to the water — the quantity of energy necessary would be less, and perhaps increases in traditional fuel costs might be kept within bounds. For this reason the system might prove to be viable. It is clear that further work will have to be done in this direction if satisfactory results are to be *obtained*.

The most fascinating application from the technical standpoint, although in this area we are still very far from achieving results, is the production of electrical energy from solar energy. There are two ways of doing this. The first is to use semi-conductor materials. In this case advantage is taken of the fact that, when light impinges on them, these materials create voltage differences between their two sides, and in this way produce energy directly. This is known as the photovoltaic production of energy, already used in space vehicles to provide the energy astronauts need for survival. The process is not the most convenient but it can be extremely valuable in some cases, for example in Africa, in places that are far from power stations and difficult to connect via transmission lines that would be excessively expensive. The system can be used to improve the standard of living of small settlements by the building of small-sized plants. Photovoltaic-powered pumps have also been built for irrigation.

But the system currently being studied and regarded as the most suitable is that in which mirrors are used to reflect the rays of the sun. This system, of course, operates only when the sky is clear. The sun's rays are reflected onto a boiler which would be heated and then act as any steam-raising system in a traditional thermal power station.

Experiments along these lines were begun, about 1960 I believe, near Nervi, by a professor from Genoa University. Other experiments are under way in the Pyrenees and the Community itself has a project — as Commissioner Brunner knows, because it comes within his responsibility — an experiment for a one megawatt power station that may possibly be built in my country, but I do not know whether the decision

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has been taken. I believe that France is planning a 10 megawatt power station of this kind. I must, however, admit that what seems to me to be the most complete programme is that being prepared by the Swiss who have commissioned a general study from the Battel Foundation in Geneva, of which I shall give you a brief outline, because it allows comparisons with hydropower for which I have a great liking because of their practical nature. This general study, therefore, based on meteorological data, came to the conclusion that the Swiss Confederation, like other countries, needs a large quantity of daytime energy during the winter. This being so, Alpine sites were selected, where such power stations might be located, at altitudes of around 1800-2200 meters, because, in the valleys even at an altitude of 900 meters, there could be winter, fog, so that this vital production of daytime energy would not be possible in winter days.

This, in my view admirable, meteorological study having been completed with great care, the Swiss (the Battel Foundation for the moment in view of the fact that the Swiss government has not yet adopted the project) made a detailed study of applications and, in this connection, a comparison between the cost per kilowatt-hour produced by this system with the cost of traditional electricity generation is interesting. I am sorry that Mr Hougardy is not here because he, together with Mr Osborn, asked me a highly relevant question, in committee, on the difference in cost between a kilowatt-hour produced by the solar technique types one generated by traditional methods. The qualitative conclusions to be drawn regarding the two types of energy seem to me to be particularly interesting. The figures I shall produce go back to the second half of 1976 and are therefore fairly recent.

The figures, in Swiss centimes, are 9.35 centimes per kilowatt-hour produced in a conventional thermal power station operating 6 600 hours a year, and 5.50 centimes for a nuclear plant running for 6 500 hours a year. Naturally, if these stations were operating fewer hours a year the cost would go up from 5.50 to 7 centimes. For their comparison, the Swiss chose a hydro-electric kilowatt-hour, that is to say a kilowatt-hour produced by the Mattmark power station, unhappily familiar for the disaster that occurred when the dam was being built and the glacier broke away from the mountain killing many of the people working on the project.

This station produces valuable energy 2 400 hours a year at a cost of 14 centimes per kilowatt-hour.

Solar energy produced at high altitude — and therefore in difficult conditions (the Swiss have envisaged structures 9 meters high off the ground so as to keep them out of the snow and drifts) costs 23 centimes.

I have quoted these figures in reply to Mr Osborn and also to draw certain conclusions which seem to me to

be highly important. The energies I have referred to have different values. Why is the Mattmark energy so valuable? Because it is available when it is wanted. It is water enclosed in a reservoir; the turbines can be started or stopped in a matter of seconds and as desired and in addition this energy is available at any moment.

Conversely, solar energy has an advantage and a drawback. Its advantage is that it is available during the daytime when it is needed and increases during the daylight hours, from dawn up to mid-day when it begins to decrease. Its availability curve is therefore optimum because it matches man's needs. Its drawback, however, is that of being available only when the sun is shining which means that there has to be an alternative source of energy. This is a serious defect. Reading the Battel Institute report I came to the conclusion that an assessment of solar energy is possible only in terms of the alternative sources available in a given country.

In my modest opinion, Switzerland has acted highly intelligently because, with the large water storage capacity it has, it can increase this energy capacity through the use of solar power stations. On sunny days the solar stations would operate and the valves of the hydroelectric stations would remain closed. When it became cloudy, on the other hand, the valves of the hydro stations would be opened. The same reasoning also applies to a large part of my country and to France where there are similar storage capacities in the Alps and in the Pyrenees.

I would like to say two words about environmental conditions. It is wrong for journalists, who have not gone into these problems in depth, to vilify nuclear energy and to write that solar energy is going to be our saviour. Apart from the fact that, unfortunately, solar energy is expected to amount only to 2% of total energy by the year 2000, as confirmed by the recent Salzburg conference, I am convinced that it will be very difficult for us to reach that percentage unless we very quickly roll up our sleeves.

I wholly disagree that you can attack nuclear energy on the basis that, from the environmental viewpoint, solar energy is ideal. This is a lie, Mr President, The Swiss have envisaged setting up 40 stations at between 1 800 and 2 000 meters. Can you imagine all these mirrors erected on steel frameworks in as yet virgin sites? Of course, the Swiss are not going to install solar stations at Davos or St. Moritz but they will put them in what are as yet virgin sites. Mr Jahn will then have to produce another report on the defence of bird life. If a bird flies close to the mirrors it will be hit by a sunray at such a temperature that it will be cooked and ready for serving at table. Even the pilot of an aircraft flying over such power stations could well be affected.

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As regards production with semiconductors I have to tell you that very active research is under way at Stoccarda University, for example, on the use of other materials instead of silicon as a way of reducing costs. In the future, therefore, there may be hopeful prospects in the photovoltaic field as well.

In this speech I have tried to put forward what are purely a few basic ideas. There is no doubt that Parliament will be coming back to this question within a few years because — thank goodness — progress is continuous.

But before I conclude, I would like to refer to another process. A scientist at the Ispra centre has recently completed an interesting study on the production of hydrogen using solar energy whilst at the same time endeavouring to overcome the obstacle of the discontinuity of solar energy.

So, Mr President, there are many possibilities and I am sure that Parliament will continue to concern itself in the future with the use of solar energy.

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

Mr Ellis. — Mr President, on behalf of the Socialist Group I would like first of all to congratulate Senator Noè most sincerely on his report I think it is an admirable synopsis of the state of work in this field, and I am sure it will stand for some time as a kind of reference-book which can be consulted by everyone who is interested in what, as he says, will increasingly become an important feature of our energy supplies. The report is, as I am sure Members will have understood from what Senator Noè has said, very largely technical, and I need hardly say that it displays the expertise and the thoroughness with which we have now come to associate Senator Noè's name, and everything he does for this House.

Of course it is also technical by its very nature. It talks about the early stages of development in what is a technical subject, and I should be very reluctant indeed to follow Senator Noè into its technicalities. Indeed, I admit to him and to the House that I sometimes feel a little discomfited when I go to buy an electric-light bulb in Woolworth's in case the assistant might ask me very difficult questions about whether it's AC or DC, how many volts, and so forth. Therefore I am sure he will appreciate why I am not going to follow him into the technical side of this report.

What I should like to do is to underline one extremely important point he made, and made very fairly, and that is that it's no good anybody using solar energy or any other possible source of energy as an excuse to get away from our need for a heavy reliance on nuclear power, certainly in the short term and the

medium term. If there's anything that's certain in an uncertain world, it is that there is a certainty of increasing demand and, I suspect, a near-certainty of shortfall in supply in the energy field. This imbalance, I am sure, will not be compensated by speculative technological ventures into solar energy or anything else, and therefore I want, and I am sure Senator Noè also would like, the message to go from this Parliament, that if we are intent on maintaining economic growth and all the rest of it, we shall have to rely increasingly on nuclear power and all the problems that ensue.

The report shows however, that there are a number of fields, marginal perhaps, where solar energy can be of use. Solar energy is not at the moment amenable to large-scale collection or suitable for transformation into other forms of energy like electrical energy, but there are a number of fields which might be regarded as marginal at the moment where solar energy could play a significant role. I was particularly intrigued, and indeed pleased, to see the reference to the direct conversion of solar radiation into electricity by means of the photovoltaic process, and on page 17 of the English version of his report he speaks of stations in the longer term of between 1 and 10 megawatts being constructed. They are fairly large stations, I suppose, in one sense, and he says that the first phase will not make an impact on energy supplies as a whole, but may very well suit local needs and the needs of developing nations. I find this a particularly interesting point, because so many of the developing nations are in climates which have a great deal of sun.

Therefore I welcome the report and I welcome research into this field. I might conclude by saying, in a personal capacity, that I very much regret the unfortunate petty-mindedness, as I see it, of one Member State jeopardizing the budgetary provisions for Community research into solar and also other forms of energy. I had the good fortune, with some of my colleagues on the Energy Committee, of visiting Ispra and seeing for myself some of the research work into solar energy that was going on there, and I couldn't help but feel astonished yesterday when I heard the President-in-Office of the Council trying to justify the decision not to unfreeze funds with the argument that there was a need to correlate fusion research at the JRC with the JET project when, of course, as most of us know, fusion research, like solar energy, forms but a small part of the total field of research of the JRC. Speaking on behalf of my group, I am very grateful to Senator Noè for what I consider to be a definitive assessment of the state of play, as it were, in this field, and I am sure it will be useful for workers and onlookers into this solar-energy scene for some time to come.

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

Mr Bersani. — (*I*) Mr President, I would first like to thank Mr Noè for the initiative he has suggested, which the Commission has noted, and for the report he has presented, full of thought and particularly proposals, precise pointers, providing a valid basis for defining a policy stand by our Institutions on a problem bound up with the basic question of energy.

Having said this, and without wishing to become involved in questions regarding which I have absolutely no technical qualifications, I would like to emphasize, apart from the importance of the thinking and proposals put forward by the Committee and by Mr Noè on its behalf, what the rapporteur proposes in paragraph 14, and that is the need to set in motion, in the framework of a policy of Community collaboration, specific co-operation with the developing countries regarding the use of solar energy.

I have to tell you that, in the last few days when the annual conference was being held in Luxembourg, various delegates from the Associate Countries asked for clarification and in particular voiced the wish to be informed immediately of our documents and also of developments in our debate.

So this problem is of obvious interest to the Associate Countries of the European Community, all located in geographical areas — as Mr Ellis, incidentally, pointed out — that are particularly suitable for developing initiatives in this field. I therefore feel that we should indeed give the impression that our research takes the interests and hopes of these Associate Countries into account.

Perhaps it would be advisable for the Joint Research Centre, in the framework of its general programmes, to identify straight away a number of particular aspects where technologies now under experimentation fit in with the specific conditions of most of our Associate Countries. In view of the specific interest that has also been shown by these countries in this way, I feel it would be a good thing to give it a special outlet. I do not know how this might be done but I feel, for example, that an invitation to our Associates to appoint a group of experts so that they might inform themselves at closer hand of research efforts in this sector, could well have not only a practical but also a political significance in the framework of the increasingly close co-operation that we all desire.

President. — I call Mr B. Nielsen to speak on behalf of the Liberal and Democratic Group.

Mr B. Nielsen. — (*DK*) The energy question has, quite justifiably, a very important place in the debate on our present and future problems, including both conventional energy sources and the problems of nuclear energy. Solar energy merits objective appraisal,

and Mr Noè's report is therefore to be welcomed. It is a job well done, and I agree with Mr Noè that it can be used as reference material in the work that now has to be done on the use of solar energy.

The public, and young people especially, have great faith in this source of energy and this, to my mind, is quite understandable since solar energy is already used in systems for collecting solar heat or indirectly through wind power; it is a clean source of energy — a point we should stress in view of our present environmental and pollution problems which, as we know will not become less in the future. Practical applications must be found for solar energy. According to information available, the earth receives 20 000 times its present energy requirements from the sun. The known methods of using solar energy to meet our requirements are not particularly efficient, however, and it costs a lot to convert solar energy into energy we can use. It is thought, however, that the cost of the various systems for using solar energy could be reduced through research and development.

The first thing we must do is provide more information about these systems by setting up experimental and demonstration plants and publishing the results as widely as possible. We must put the applications into practice by developing production techniques. We must make use of the energy potential available since there is every indication that there could be a serious shortage of energy in the next 10 or 15 years.

We must use the conventional sources of energy, but my group feels that the use of nuclear energy is unavoidable and that new sources of energy, especially solar energy, will gradually become very important. Mr President, I am one of the many who view various aspects of nuclear energy with apprehension. I therefore recommend all the more strongly that an effort be made to encourage the development of new sources of energy that are less injurious to the environment than the conventional ones. I also think that these new sources of energy have enormous potential if the technical skill and imagination that have brought us so far are used to exploit the different forms of energy available in our environment.

It is our political duty to support and stimulate such developments and I think we in Parliament can do so by adopting Mr Noè's motion for a resolution.

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

Mr Osborn. — Mr President first of all I'd like to congratulate Senator Noè, on not only the free and easy manner in which he has demonstrated his very full knowledge of this subject as a parliamentarian here and a Senator, but on the very thorough and

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easily read survey of techniques for harnessing solar energy. They justify the need for a strategy, perhaps a policy, for the exploitation of solar energy, firstly, I would say, Community-wise, but secondly on a world-wide scale.

It so happens that in Sheffield there is a Professor Page who is chairman of the British Society. He has written a number of documents and I've had conversations with him. I very much hope the Commission will take the advice of the academics who have been looking at this subject and consider the determination and drive of the industrial bodies who wish to apply what the academics conceive.

In an article in *Coal and Energy* two years ago he said we needed to start any rational consideration by assessing how much energy is actually available. The solar energy reaching the earth's surface is made up of two parts: that received directly from the sun and that received after scattering and diffusion through the atmosphere. The two components are scientifically known respectively as direct radiation and diffused radiation. About 60% of the solar energy on a horizontal plane in the northern hemisphere, in Britain for example, comes diffusely from the sky and the total amount of energy available varies greatly from month to month. But that is a statistical background.

In offering the support of the Conservative Group to what Senator Noè has put forward, I am convinced the Commission must develop a policy for harnessing novel energy sources. This is required by all Member States, and perhaps more particularly in Denmark and Britain, where there is continuing inflation and unemployment.

There is now a social obligation to seek elemental savings in energy and elemental additions to energy generation, provided that this search fulfils sound financial conditions. Solar energy can provide the sought-after elemental contribution to the Community's, and, for that matter, the world's energy needs, but these contributions are elemental, and I would like to touch on this again.

The problem is whether the solar heating effect of roof-mounted solar heaters can satisfy economic criteria, whether their widespread application in public buildings, factories, whether their installation in suitable houses and apartments and new buildings would additively assist the Community to balance energy supply with demand. There is doubt at the moment about the extent to which this can be applied.

I think I would like to add in parenthesis, that in many of the British technical publications as well as normal newspapers, companies are advertising solar heating. I very much hope two summers from hence that those who invested thousands of pounds in heating their swimming-pools and homes will be satis-

fied and not disappointed. National governments, particularly in the north of the Community, and the Community itself, must be certain that what is being advertised is being advertised on a sound basis and that there is adequate consumer protection. Nevertheless I welcome the industrial initiatives that are already being taken and I very much hope the Commission and the Community will as well. There are many international organizations such as the OECD and the International Energy Agency, which can support the scheme.

I would like to add that inventiveness is difficult to plan and anticipate. It is important that the continued Community finance for the research and development of known and new techniques for harnessing solar energy should enjoy the wholehearted support of this Parliament and public opinion. But I think we must be cautious, because the exploitation of existing techniques does not yet offer hope that solar energy can or even will make significant contributions to energy supply in the next two or three decades. We want clarification on this. The energy needs of the Community will continue to be met in large measure by oil, coal and nuclear-generated electricity. Public opinion accepts these technical and economic statements as facts of life. Factories and power stations may not be pretty, but there are other aspects of life which are uglier still, and others which are mercifully beautiful. Our expectations of solar energy at this stage must be sober, and we can perhaps leave environmentalists to bask in the sunshine of their unrealism.

But, Mr President, scientific and engineering skills are expensive. The table of research and development activities which we have at the back of this report is useful, but to a certain extent incomplete. Work is being carried on in the United States, Canada, Australia, Israel and Japan on solar energy, and this has not been adequately investigated from the Community point of view.

In any Community strategy for the exploitation of solar energy, there is a need for COST agreements, not only among Member States, but also with other countries such as the United States, Australia, Israel and Japan, which I mentioned. Such agreements might embrace the commercial exportation of solar energy, electricity generated from this, as well as the research and development of methods which at the moment seem esoteric. A Community policy for the application of solar energy techniques — and I hope the Commission will address a reply to Senator Noè in this direction — requires the right fiscal incentives for manufacturer and consumer to make the desired investments. The Commission might report to Parliament and Council on the present range of incentives in use in the Member States and then prepare a proposal or, perhaps, a regulation enabling similar incentives to be offered to all citizens and firms. We have

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the Carter incentives, and perhaps the Carter tax disincentives, against oil. We have to consider whether it is right to have an import levy, or perhaps a production levy on oil, whether from the North Sea or overseas, to give reduced tax rates, loans or other schemes to provide incentives to bring in these new devices to provide alternative sources of energy.

Perhaps the Commission will present a document indicating the contribution of solar energy to the Community in perhaps 1985, or the year 2000. But it will be small compared to the total consumption of energy. Perhaps we can look ahead economically on the application of solar energy over this time. But in the early days, solar schemes, except for the few enthusiasts, are going to be uneconomical; at least, I suspect they are. But how do you encourage something that gives saving, and gives us independence from outside supplies of oil, for instance? Of course, there is a whole field of wider development. Perhaps we should not look at it too ambitiously. Accounts of micro-wave transmission of electrical energy caught from the sun from satellites, tens of thousands of miles up have been published in the popular press. They are a concept; it is possible they could be applied early next century. But for the meantime, there is a need for realism and a practical approach.

I would like to thank Senator Noè, on behalf of my group, for this study — it's an own initiative report — and say that future generations will be grateful to him for providing a start, and an incentive for the Commission to harness the brains of the Community, take note of what is going on elsewhere in the world, to determine to what extent solar energy can make a contribution to our energy needs.

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

Mr Veronesi. — (1) Mr President, we agree with the need for a Community policy on the use of solar energy. The Communist and Allies Group will therefore vote in favour of the motion for a resolution.

We do not think that much comment is necessary on the definitive document of the Committee on Energy and Mr Noè's report. From the general standpoint, this document reflects the need for efforts by the Community and the individual Member States towards a policy for the integrated and economic use of all possible sources of energy.

Forecasts for energy consumption and estimates of reserves of traditional resources, the difficulties experienced in the development of nuclear energy and the uncertainty about the future of nuclear fusion are compelling reasons why we need to assess and work on solar energy. It is not a new source. One has only

to think of Archimedes defending Syracuse from attack by the Romans by setting fire — so the story goes — to their boats. We also make liberal use of solar energy through various cycles — the weather-cycle, for example, which supplies us with hydroelectric power. But what we are concerned with here is a new, more intensive and, so to speak, less spontaneous, more organized, use of solar energy.

The explanatory statement with the motion for a resolution, apart from the wealth of data and references, has the merit and intellectual integrity of excluding fairy tales and illusions from its treatment of the problem.

At a time when emotions seem to have dominion over reason we need a bath of rationality, we must look at the facts with the utmost objectivity. The report, therefore, tells us clearly what and how much we can expect from solar energy in the short, medium and long term. This factual and realistic approach should become a cultural attribute of all public opinion if we want our people to have a true understanding of the future awaiting them, and here an initiative promoted and managed by the Commission could well be opportune. So we need to mount a national and Community effort on what can and should be done immediately and to intensify research as regards what can and should be done in the future.

Paragraphs 2 and 13 of the motion for a resolution deserve special note. They relate to co-operation between the Member States in spite of the many disappointments that have dashed so many hopes (yesterday we spent one hour in extraordinary debate discussing the Joint Research Centre programme and JET). As members of the Committee on Energy we stress paragraphs 2 and 13 and the recommendation for close collaboration between the Community countries. Mr Osborn has, quite rightly, just referred to prospects of extending collaboration to other countries interested in this kind of question and I am completely in agreement with him.

Some people could dismiss this insistence of ours as weary repetition of empty wishes but this is not so. For us Communists, this is an essential and unrelinquishable principle if we really want to give life to the plan for a political Europe.

I would also like to draw Parliament's attention to paragraph 14 of the motion for a resolution to which Mr Bersani referred as well. This speaks of co-operation with the countries of the Third World and with the emergent countries. We agree completely and would even ask for an intensification of this co-operation and efforts to establish machinery providing a better guarantee of co-operation itself. To this end, we consider that those countries that are particularly interested in studies in this field could become involved

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by having engineers and scientists present at the level of both Community and national research programmes. We already put forward this recommendation in connection with the changes to the research programme of the Ispra Joint Research Centre. If we directly involve the countries that are interested and not merely offer them our findings, we will be able to give substance and content to this effort of co-operation. In short, therefore, we confirm our readiness not only to approve the report but also to support any initiative in the direction we have described.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, this is one of the rare occasions when the experts and officials present here have practically an absolute majority in the House and so it is possible to speak with particular confidence, having such backing.

I would like to thank Mr Noè very much indeed. He has done a great deal of work. He has worked solidly on this report for nearly six months and has given us a wealth of technical data. People who know something about solar energy have told me that this is an outstanding piece of work, and I feel that Parliament, and we too in the Commission, owe him a big debt of gratitude.

(Applause)

You know, Mr Noè, that it is not least because of your efforts that (comparing the last programme with the present one) we have tripled our own with regard to solar energy. We have allocated 14.5 million u.a. to this subject in the programme of the Joint Research Centre. We have now gone over from pure fundamental research to testing the quality of collectors and solar cells. We are therefore about to take the step, vigorously advocated by Mr Osborn, that will bring us closer to industrial application.

I feel that this, together with the programme of indirect action is a substantial achievement. For indirect actions, that is those in collaboration with industry and laboratories in the Member States, we are spending 17.5 million u.a. on solar energy. Here too we have taken a further step forward. We have now reached the point of embarking — as Mr Noè said — on the interesting experiment of supporting an experimental solar energy power station. It is only a small one, producing something like one megawatt, but it is, nevertheless, an attempt to go forward.

I do not think that, all in all, we can say that in solar energy we have a form of energy that could one day close the gap if we encounter difficulties in oil supplies because of price or other circumstances. That cannot be said. What Mr Noè says in his report,

namely that application will be limited, is right. His calculation that, by about 1985, it might be possible to cover between 2 and 4% of energy requirements from solar energy is correct. We should not therefore overestimate the scope of the whole idea. We should not pretend to the public that here we have found the philosopher's stone. Even so it is worthwhile working on it not only because of our co-operation with the developing countries and our external relations, it is also worthwhile within the Community itself.

Looking outward, we already have an excellent degree of co-operation with the developing countries. We have agreements with the Lomé Convention countries; we have agreements with India and we have one with Jordan. We shall be taking part in the United Nations Conference in November 1979 where solar energy will be a key subject and we have also done everything we could in the past as well to further our relations with third countries in this respect. We are also holding talks with Malta on the subject. I feel that the overall conclusion is that this is of interest to experts from third countries, not purely for research or educational reasons but also because they will discover developments in European industry that may well be applied in the long run, in their own territories. We therefore have a twofold interest — foreign policy and research policy — and ultimately a third interest in some cases — the possibility of trade.

It is worth working on. It will not be easy to produce what Mr Osborn would like, namely a wide-ranging prospective study. We could make the effort to do this but in the present state of the art it is not easy to prepare such a forecast. However, it is my belief that if we persevere in this direction during the coming years and strive to apply both photovoltaic and electrodynamic methods and if, on top of present applications, namely heat storage, we were able to make an attempt at space heating and then at industrial utilization, then it will have been worthwhile for Europe and worthwhile for third countries. Within the limits imposed on us by nature we intend to do the best we can. Suggestions and stimuli like those put forward by Mr Noè are of very great value to us and we are grateful for them.

(Applause)

President. — I call Mr Noè.

Mr Noè, rapporteur. — (I) I would like to thank Mr Brunner and the Members of Parliament for their kind comments.

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

10. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Friday 17 June 1977 from 9.00 a.m. to 12 noon, with the following agenda.

- Procedure without report;
- Decision on urgency in respect of the Früh report on aid to hop producers;
- Baas report on the treatment and use of sewage sludge;
- F. Hansen report on the sulphur dioxide content of wines (*without debate*);

- De Koning report on the common organization of the market in cereals (*without debate*);
- Martens report on surveys in the field of bovine animal production (*without debate*);
- Laban report on suspending the autonomous CCT duties on certain agricultural products;
- Hughes report on the control of fishing operations;
- Liogier report on the common organization of the market in wine.

The sitting is closed.

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

SITTING OF FRIDAY, 17 JUNE 1977

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IN THE CHAIR: MR MEINTZ

(Vice-President)

(The sitting was opened at 9.05 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes are approved.

2. *Documents submitted*

President. — I have received the following documents:

(a) from the Council, requests for opinions on the following Commission proposals:

— a directive on the performance, maintenance and regulation of heat generators and the insulation of the distribution system in new buildings (Doc. 161/77),

which has been referred to the Committee on Energy and Research;

— a directive on energy savings from the modernization of existing buildings in the Community (Doc. 162/77),

which has been referred to the Committee on Energy and Research;

— a regulation laying down conditions for the post-clearance collection of import duties or export duties which have been underpaid on goods entered for a customs procedure involving the obligation to pay such duties (Doc. 163/77).

which has been referred to the Committee on External Economic Relations;

— transfers of appropriations between chapters within Section III — Commission — of the general budget of the European Communities for the 1977 financial year (Doc. 166/77),

which has been referred to the Committee on Budgets;

(b) from the committees, the following reports:

— report by Mr Früh on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation laying down, in respect of hops, the amount of aid to producers for the 1976 harvest (Doc. 164/77);

— report by Mr Aigner on behalf of the Committee on Budgets on

I. the accounts of the European Parliament and the discharge in respect of the 1975 financial year

II. the discharge to be granted to the Commission in respect of the implementation of the budget of the European Communities for the 1975 financial year and on the report of the Audit Board (Doc. 523/76)

III. the motion for a resolution embodying the comments accompanying the decision granting a discharge in respect of the implementation of the budget of the European Communities for the 1975 financial year (Article 92 of the Financial Regulation of 25 April 1973)

IV. the motion for a resolution on the granting of a discharge to the Commission of the European Communities in respect of the activities of the first, second and third European Development Funds in 1975

(Doc. 165/77).

(c) from Mr Noè, a motion for a resolution, pursuant to Rule 25 of the Rules of Procedure, on fire regulations in hotels in the European Community (Doc. 167/77).

which has been referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible, and to the Legal Affairs Committee for its opinion.

3. Verification of credentials

President. — At its meeting of 16 June 1977, the Bureau, pursuant to Rule 3 (1) of the Rules of Procedure, considered the appointments of Mr Lemp and Mr Jung and of the delegation from the French National Assembly, which were announced at the sittings of Monday, 13 and Tuesday, 14 June 1977. The Bureau has determined that these appointments conform to the provisions of the Treaties and proposes that they should be confirmed.

Are there any objections?

The appointments are ratified.

4. Membership of committees

President. — I have received from the Liberal and Democratic Group requests for Mr Zywiets to be appointed as a member of the Committee on Energy and Research, and for Mr Jung to be appointed as a member of the Committee on Regional Policy, Regional Planning and Transport, to replace Mr Zywiets, and also as a member of the Committee on Development and Cooperation and of the ACP-EEC Consultative Assembly.

Are there any objections?

The appointments are ratified.

5. Procedure without report

President. On Monday, 13 June I announced the proposals from the Commission to the Council in respect of which the procedure without report had been proposed, pursuant to Rule 27A of the Rules of Procedure. Since no member has asked leave to speak and since no amendments have been tabled I declare the following proposals approved by the European Parliament:

— proposal from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of Community tariff quotas for certain wines of designation of origin, falling within heading No. 22.05 C of the Common Customs Tariff, originating in Algeria (1977/78) — (Doc. 86/77);

— proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 471/76 in respect of the period of suspension of the application of the condition on prices governing the importation into the Community of fresh lemons originating in certain Mediterranean countries (Doc. 105/77).

6. Decision on urgency (Regulation on hops)

President. — I shall now consult Parliament on the adoption of urgent procedure in respect of the report

(Doc. 164/77) by Mr Früh, on behalf of the Committee on Agriculture, on aid to hop producers.

I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President, ladies and gentlemen. I should like to oppose most strongly this request for a decision on urgency. There is not the slightest reason for us to debate this matter in the absence of an opinion from the Committee on Budgets. Because of unfavourable circumstances, the Committee on Budgets was unable to discuss this matter this week, but apart from that there is another reason why we should reject this request for a decision on urgency. Lawyers acting for both Commission and Council are putting forward a curious reason for insisting on urgency. From 1 July 1977 there is to be a new regulation on aids, and the lawyers feel that if we were to take a decision on this matter after 1 July 1977, that is, during the July part-session, our decision would have to be taken according to the new regulation. I consider this to be wrong. 1976 cannot be subject to the regulations of a law entering into force on 1 July 1977; on the contrary, the old system, the old regulation on aids, is valid for 1976. And so I cannot see why, in the light of this bizarre legal interpretation we have heard, we must endorse this decision on urgency under any circumstances. The opposite is the case; as I said, I consider this legal interpretation wrong. We shall consider the matter, in the Committee on Budgets next week, and in any case Parliament should not take any decisions with financial implications without an opinion from the Committee on Budgets. Therefore, Parliament should reject the request for urgency in this case.

President. — I call Mr Hansen.

Mr F. Hansen, deputy rapporteur. — (F) Mr President, as acting rapporteur I should like to explain why the Committee on Agriculture has called for the adoption of urgent procedure.

First, the aid granted to hop producers for last year's harvest is calculated on the basis of the number of hectares and paid direct to producers.

On 17 May this year the Council adopted a regulation, amending the basic regulation, which will enter into force on 1 July. But unlike the present system, this regulation provides that for the regions of the Community in which recognized producer's organizations are able to guarantee their members a reasonable income and to organize supply in a rational manner, aid will be granted only to these producers' organizations.

According to the Commission's legal experts, this regulation would also be applicable to aid in respect of the 1976 harvest if the regulation in question was adopted after 1 July.

Hansen

Furthermore, the new regulation provides that aid will no longer be determined according to the different varieties but according to groups of varieties; this would mean that under the new system, the Commission should withdraw the proposal that has been submitted to us and adapt it to the new rules. On the basis of the Council's timetable, this could delay the payment of aid by several months.

Mr President, the Committee on Agriculture cannot agree. It therefore considers that the regulation granting aid for 1976 should be adopted before 1 July this year, in other words during this part-session.

President. — I call Mr Vernaschi.

Mr Vernaschi. — (*I*) Mr President, after what Mr Hansen has just said there is little for me to add because the reasons he has given are well-founded. Moreover, Mr Lange's doubts regarding the legal interpretation do give rise to fears that hop growers risk being placed at a disadvantage.

Furthermore, if we do not agree to this proposal today the matter will be put back to the July part-session. Yesterday the enlarged Bureau adopted a heavy agenda which will take up that entire part-session. So in all probability there would be no opportunity to debate this issue then, with all the risks already referred to. I therefore fully associate myself with the rapporteur's reasoning and I propose that we agree to the request for urgency.

President. — I have heard one speaker for and one speaker against the adoption of urgent procedure and I therefore put the request to the vote.

Urgent procedure is adopted.

I propose that the report be included in today's agenda.

I call Mr Laban.

Mr Laban. — (*NL*) Mr President, it has now been decided that this report will be placed on the agenda, but yesterday I understood that the Bureau was proposing the procedure of a vote without debate. I should like to have further information on this point since, although the Committee on Agriculture did decide to give this proposal early consideration at a special meeting, in view of the discussions which took place within the Committee on Agriculture and the uncertainty as to whether the Committee on Budgets was to deliver an opinion, the Committee on Agriculture certainly did not decide to rule out a debate. I should like to know who it was outside the committee responsible who decided that this report should be placed on the agenda without debate. I also happen to know that there are people who wish to speak on this subject. I should, therefore, like to ask you not to place this item on the agenda without debate.

President. — Mr Laban, the Assembly has simply decided to include the item on today's agenda. No one has said that it will be taken without debate. In any case you already seemed to have opened the debate yourself.

Mr Laban. — (*NL*) Mr President, I raise this point because when the today's agenda was read out at the close of yesterday's proceedings, it was stated that this item would be taken without debate. That is why I raised this.

President. — Mr Laban, even if the procedure without debate had been laid down for this document — and it has not been — you could always have asked to speak when the item was called.

I call Lord Bruce of Donington.

Lord Bruce of Donington. — Mr President, I should be grateful if the House could have your guidance on this whole matter, and upon the ruling that you have given. Is the House to understand that whenever the enlarged Bureau makes a decision to have an item put on the agenda and that whenever the House decides to take the debate and decision on a matter that has financial implications, which in the normal way would go to the Committee on Budgets, am I to understand that this applies in the future to any item or proposal having financial implications? Because one of the functions of Parliament, through its Committee on Budgets, is to safeguard the finances of the Community and to subject them to due and proper financial examination. Are we to take it that whenever the will of the producers prevails, whenever the will of the farming lobby can make itself effective, items can go through this Parliament without any scrutiny, examination or recommendation by Parliament's own Committee on Budgets?

President. — The Assembly is the master of its own agenda and it has just decided to adopt urgent procedure for Mr Früh's report. It also at liberty to adopt the appropriate procedure for referral to committee.

I call Mr Hughes.

Mr Hughes. — Mr President, is this the time to get into the actual content of the Früh report on hops? We have not yet heard other than a very brief explanation from my friend Mr Hansen, acting as rapporteur in place of Mr Früh of what is contained, but if it is the opportune moment I would wish to speak on the content of the Früh report. Could I have your guidance whether I may now do so?

President. — I have not yet formally called the report, because a decision has still to be taken about its place on the agenda.

I call Mr Fletcher-Cooke.

Fletcher-Cooke. — Mr President, we were presented a quarter of an hour ago with a report which clearly involves, as Lord Bruce has said, a great deal of public money. The amount of money is not even quantified in that report. We don't even know how much it is going to cost, and nobody has told us. Until somebody tells me how much this is going to cost, I don't see why I should vote in favour of it, or indeed why we should discuss it, until we are given that simple piece of information.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President, I would ask that this proposal be dealt with as the first item. Then we can comply with all the requests that have been put forward, and hold an immediate debate on this matter.

President. — Are there any objections to Mr Lange's proposal?

That is agreed.

7. Regulation on aid to hop producers

President. — The next item is the report (Doc. 164/77), by Mr Früh, on behalf of the Committee on Agriculture on the

proposal from the Commission of the European Communities to the Council for a regulation laying down, in respect of hops, the amount of aid to producers for the 1976 harvest.

I call Mr Hansen.

Mr F. Hansen, deputy rapporteur. — (F) Mr President, each year before the end of April the Commission submits a report on price trends and developments in hop gardens, production and requirements. The amount of aid per hectare for the previous year's harvest must, if necessary, be fixed before the end of June each year. Even though this year the prescribed deadline was not fully adhered to, it should be noted that the report and the proposal for a regulation were forwarded to Parliament by the Council in early June, which I feel should be emphasized. The purpose of the aid is to enable hop producers to achieve a fair income.

It is clear from the data compiled by the Commission that the trend towards surplus production, first noted in 1972, coupled with an accumulation of reserve stocks on the world market, and to a certain extent on the Community market as well, has more or less persisted. This is chiefly attributable to the following causes: first the sharp increase in the areas under hops from 1970 to 1973, encouraged by good prices in 1971 and 1972, caused production to outstrip demand; second, the increased conversion to varieties rich in alpha acids has meant an increase in supply in terms of bitter content, and a corresponding decrease in demand; third, a decline due to technical and consumer factors, in the quantity of hops required to produce a unit of beer.

However, as a result of last year's drought in the hop-growing areas of the Community the harvest was smaller, with the result that stocks in the Community have attained a relatively normal level. Nevertheless, since it proved impossible to achieve satisfactory prices last year in the face of rising production costs in the Community, the Commission proposes that this year again aid should be granted on a per hectare basis for 20 varieties comprising approximately 90 % of the total hop acreage, in order to guarantee a fair income for producers.

There still remains, however, the question of reaching agreement with the other producing areas in the world, particularly the United States of America; we have discussed this point at length in committee and our motion for a resolution has been amended with a view to arriving at an agreement establishing basic priorities, so that the voluntary restriction of production by Community producers is not partly invalidated by a lack of discipline outside the Community.

Your committee thus takes the view that the effects of the poor harvest in 1976 and the endeavour to achieve a better adaptation of production to the trend of demand justify the proposal made by the Commission for aid on a per hectare basis. The committee therefore recommends that Parliament adopt the proposal for a regulation.

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President, ladies and gentlemen. When justifying my vote against the decision on urgency, I referred to the fact that the Committee on Budgets, for reasons which are apparent to us all, has been unable to consider this matter this week. But there is another reason which I also mentioned previously. The Commission and Council have tossed a bone to the Parliament and our Members are tussling for it, because the Commission and the Council maintain that if we take a decision on this matter after 1 July, then the regulation on aid for hops would have to be settled according to the new regulation of 1 July 1977. I consider this to be pure legal nonsense. They are trying to tell us that this legal sharp practice is policy and pressurize Parliament. We know the Commission's methods, and we know the Council's methods. When we consider that something is urgent, then they have no time. But that's just by the way.

What is important here is that Parliament must beware of allowing its regular procedure to be put out of joint by flimsy legal arguments advanced by the other institutions. The hop farmers will get their money, they will get it even if we don't take our decision until July, because 1976 is covered by the regulation which remains in force until 30 June of this year. In this way the interested parties and those who believe, for example, that they must do justice to the farmers need have no fear at all. We want to do them justice as well, there's no question about that.

Lange

I shall make no comment now on the matter itself, but only on these very odd justifications we have before us. I should like to add Mr President, that when in 1978 we have to decide on aids to hop farmers for 1977, then the first half year of 1977 will be governed by the regulation which remains in force until 30 June 1977, and the second half can only be subject to the regulation which enters into force on 1 July. This is a very simple matter. That is how the laws work, unless a specific decision is taken to make them retrospective, which is not the case here. Furthermore, retrospective action would be very awkward from a legal point of view, because until 30 June the hop farmers have certain rights on the basis of this regulation and these would be annulled if we acted differently. And so there is not the slightest cause for concern that the farmers could not obtain what was really necessary if we didn't decide on this matter before July. If the Commission feels it would then have to act according to a different procedure, then it would have to justify that to us on legal grounds. On the other hand, I should like to hear in due course what the Court of Justice has to say about such strange justifications with reference to the application of regulations. But that again is a different kettle of fish.

On the grounds of all these considerations, Mr President, without wishing to express an opinion on the matter itself, I would ask for the report to be referred back to committee so that we can discuss this matter at our leisure in July.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, I would ask you to call on the Commission to speak, because we can only assess the procedural question objectively if we know whether the Commission agrees with Mr Lange's legal interpretation. For my part — and I am sure that this applies to other Members — it would depend on this whether we should refer back to committee or whether the House must decide today. This is the reason for my request that you ask the Commission to speak on this legal dispute.

President. — I call Mr Vouel.

Mr Vouel, Member of the Commission. — (F) Mr President, the Commission does not agree with the legal points raised by Mr Lange. On the contrary, it considers it essential for the Council to take a decision by the deadline laid down in the document submitted to Parliament.

President. — I call Mr Fletcher-Cooke.

Mr Fletcher-Cooke. — Mr President, I support the proposal, that this matter be referred, and particularly to the financial committee responsible. We are presented this morning with a written report — the

acting rapporteur has done his best to explain it to us and I mean no disrespect to him when I say that he has really done no more than read out bits of the written report. Nobody has attempted to answer the question how many units of account this is going to cost? Is it going to cost more or less than last year and if so, by how much? How can we judge on the merits of a subsidies scheme until we know the price? Nobody has told us, and until someone has I suggest it be referred to the Committee on Budgets.

President. — I call Mr Broeksz.

Mr Broeksz. — (NL) Mr President, we are now discussing whether this matter can be referred back or not. Firstly, it is only possible to refer a matter back to the committee which considered it. It would be difficult to refer a matter back to a committee which is only asked for its opinion, for that is not usual practice. Secondly, it is not a question of cost, since when commitments have been entered into, they must be met whatever the cost. I therefore find it totally wrong that people make the whole matter dependent on the question 'how much does it cost?', as Mr Fletcher-Cooke does. For whatever it may cost, we have entered into commitments, and I stress that we will therefore have to meet those commitments.

Then there is another point. When people ask: 'will it be the same in the future?', then I say 'no, certainly not'. This is a special case, since in this case a decision must be taken by Parliament before 1 July. I am always inclined to agree with Mr Lange, but in this particular case, since a decision has to be taken or else small hop-growers would be victimized, I am opposed to this idea. This has nothing to do with the farming lobby. I am concerned with the commitments entered into by this Parliament and by the EEC, and for this reason a decision must be reached by 1 July.

Mr President, I am therefore in this particular case opposed to referring this matter back.

President. — I put to the vote Mr Lange's request that the report be referred back to committee.

The request is rejected. We shall continue the debate. I call Mr Hughes.

Mr Hughes. — Mr President, can I now turn to the actual content and explain to those who have only recently received the papers that some long time ago the Committee on Agriculture felt properly unhappy at the method by which aid to hop-growers was being provided under previous regulations in this Community. Unfortunately, between Commission and Council, no decision on the introduction of this new and modified method of arranging aid to hop-growers has been introduced, and therefore this proposal has got to utilize a method which already, by the Commission's own acknowledgement, needs to be changed. Why? Because, given the various different varieties —

Hughes

some are more in surplus than others — it then in its wisdom says that those varieties which commercially are the least desirable, to those shall we give the biggest aid for their production. Should you have a hop mountain, the less desirable a particular variety of hop in that mountain, you say: Give them more aid per hectare for producing it.' Now, we have already debated that in this Parliament, and said we want it changed. We have already agreed that this procedure needs to be changed, and yet we are asked this morning to pursue it for another year in a form which this Parliament has already said is a piece of nonsense. Can any Member of this House persuade me of a reason that I can pass on to others, why my taxpayers' money should be paid to those hop-producers who wish to continue to produce a variety that no brewer wants to buy, whereas if they try to convert to a variety that a brewer might want to buy, they are not allowed to get any aid at all? That is why I would urge every Member of this House to vote against the substance of the proposals, because then the Commission and Council will be forced against the reality of coming to a decision to implement for the second half of this year, which is when this aid is paid, a more rational and effective method of aiding the hop-growers. It is no good the Commission coming up to us and saying: 'This cannot be done, we haven't the time', because in any case the aid to be paid under these present proposals is paid in the latter four or five months of this year and it is for the Council and Commission between them to act on a proposal which Parliament has already given its views on. If I were for a moment to stray into the grounds of procedure, Mr President, I would ask how, when we have as a Parliament already approved another method of giving aid to hop-growers, we can approve using a method which by inference we have already disapproved of, but I would not venture into that as a procedural motion. All I would urge every Member of this House to do is to vote against the substance of this report.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, we are considering a proposal from the Commission, Document 160/77 dated 15 June, comprising some 26 pages, at least 10 of which contain quite an amount of informative data. The House is asked this morning, without bothering to refer to its Committee on Budgets, to approve an expenditure of 7.8m u.a., an amount which does not appear very large against the mountain of money devoted to the common agricultural policy, but which nevertheless is of significance to Parliament. The question we have to decide this morning is whether, without having adequate time to examine the proposals in detail and without affording our Committee on Budgets the opportunity for exercising its customary cost evaluation or cost-value assessment, we are to pass this on a plea of urgency. My colleague, Mr Hughes, has already shown, and it

will not be denied, that this money is to be spent in respect of hops of a less marketable quality.

I well remember when the new Commissioner, Mr Gundelach, first came to the Committee on Budgets and was dealing with the whole question of the common agricultural policy, he said to us most forcibly, and most members of the Committee on Budgets agreed with him that one of the defects of the common agricultural policy which the Commission would try to remedy was this wretched phenomenon of production for intervention rather than production for consumption. Here we are faced with an essential continuation of exactly the same squalid process that has gone on over these last years, where people are being paid, not to produce for other people to consume, but to produce for intervention and the accumulation of stocks. It is this that has made certain aspects of the common agricultural policy the laughing-stock of Europe, and I marvel at the audacity of the Commission's coming to this House at this late stage on a spurious plea of urgency, in an endeavour to rush through a 26-page document on the basis that it hopes that these in this House who can see their European Parliamentary duty in terms of protecting a particular section of the farming industry will be able to muster up sufficient majority to get it through.

I should like to be able to consider these proposals on their merits, I should like to do so within the Committee on Budgets in conjunction with my colleagues. I should like to hear the detailed explanation of the Commission, I should like argument and debate upon it: It may be that, after that, I might be persuaded that the proper thing to do in all the circumstances was to support the proposal, much against my information though that is. But we are not going to be afforded this opportunity, and therefore I regret that I personally shall have to vote against it, and I must protest against the way in which the commonly understood operation of Parliament through its Committee on Budgets has been jettisoned in this particular instance.

President. — I call Mr Broeks.

Mr Broeks. — *(NL)* Mr President, I must say a few words on this matter. I believe that both Mr Lange and the last speaker fully agree that it would have been better if the opinion of the Committee on Budgets had been heard. And when Lord Bruce speaks of the sloppy way these matters were handled during the year, then we can possibly agree with him. But the question is whether people who have received a specific promise from the EEC should or should not be victimized. I have opposed this from the beginning. If the way in which the Committee on Budgets is treated is sloppy, unfair or whatever, then that committee must object. It has every right to do so. But when I now hear Lord Bruce saying that it should, if necessary, do so to the detriment of people who have received a promise, then I no longer agree.

Broeksz

And there is a further point. I consider that even if the report is not now referred back, we can still invite the Commission and the Committee on Budgets to speak in broad terms about this matter. That is normal procedure. But I am opposed to holding the matter up and not giving people the money they have been promised, and I consider that Lord Bruce has every opportunity to bring the matter up again in the Committee on Budgets. He can count on the help of Mr Lange and on that of his Conservative friends. All that is possible. And then we can talk about the procedure as much as we like, but the matter will have been settled. I shall not even take up what the Commissioner said about whether the date of 1 July must definitely be adhered to and whether that is legally valid. I cannot form a judgement now. I only know that if the Commission interprets it in this way we will have the greatest difficulty in changing anything. We can talk to the Commission later on the question of whether its legal interpretation was correct or not but it has already taken a decision in the meantime and to oppose it now would be very much to the detriment of the people concerned.

Mr President, although Mr Lange and his Group are perhaps quite right, I will vote for this proposal for the reasons I have given.

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President, honourable Members, there is another aspect of this that I should like to raise. What the lawyers acting for the Commission and the Council are saying is that, if the new basic regulation comes into force on 1 July, the old basic regulation will thereby be repealed and there will thus be no legal basis for 1976 and the first half of 1977. All we can say to that is that if there is a loophole in the law, then it must be filled. There is in fact no real problem, because the lawyers acting for either the Commission or the Council would not really be so stupid as to want to bring a single instrument into force as from 1 July, and in so doing simply annul every other provision governing the preceding period. That simply will not do. It would be out of the question in legal terms alone, not to mention the overall political implications. In other words, the basic regulation due to enter into force as from 1 July must be extended. The deficiencies must be made good, and if that is felt to be impossible, then the only solution is for the Commission to act immediately and submit a lightning proposal on which we can deliver an opinion in July.

As Members of this Parliament, we cannot allow ourselves to be pressurized by the Commission and the Council in this undignified fashion, whatever reasons may be given.

President. — I call Mr Vouel.

Mr Vouel, Member of the Commission, — (F) Mr President, I should like to comment on certain criti-

cisms which have been levelled at the Commission and also on what Mr Lange has just said. The Commission still believes that legally it is absolutely essential for the Council to take a decision before 20 and 21 June. If it does not take a decision, the Commission will have to withdraw its proposal and the payment of aid to producers will be considerably delayed.

Furthermore, as regards the delay that has been noted, I admit that there has been a slight delay in submitting these documents but the Commission did not wish to place Parliament in a situation where it had to adopt urgent procedure. I should also like to point out this delay is largely due to the fact that the Member States did not provide us with the information we needed to be able to draw up our proposal.

President. — I call Mr Hansen.

Mr Hansen, rapporteur.— (F) Mr President, may I add two further comments.

First, I should like to point out that the President of the Council had already stated in his letter that he appreciated the difficulties caused by the delay in referring the matter to Parliament. I should also like to say that we discussed in committee all the arguments that have been outlined today in the Assembly and that our committee adopted this motion by twelve votes in favour with two abstentions.

May I point out to Mr Fletcher-Cooke that the document that has been submitted to us is accompanied by a financial statement. I am therefore surprised that some Members have complained of having no information about the financial implications of this regulation.

The budget for this year provides for 8m u.a., and, as my honorable friend on the Committee on Budgets said a short while ago, the estimated cost is 7.8m u.a. However, there will be a considerable reduction in the next few years as a result of the Commission's measures.

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

The resolution is adopted.¹

8. Decision on the treatment and use of sewage sludge

President.— The next item is the report (Doc. 123/77) by Mr Baas, on behalf of the Committee on the Environment, Public Health and Consumer Protection on the

proposal from the Commission of the European Communities to the Council for a decision adopting a research programme in the field of treatments and use of sewage sludge (concerted action).

I call Mr Baas.

¹ OJ C 163 of 11. 7. 1977.

Mr Baas, rapporteur. — (NL) Mr President, the pollution of surface water in the Member States of the Community is everywhere a serious matter. In some cases, and in some rivers, there is imminent danger for both men and animals and ecological balance is clearly threatened. Official administrative measures to combat this pollution are actually in hand, although there are many technical and financial problems for which, fortunately, practical solutions appear to exist. No satisfactory solution, on the other hand, has yet been found for the problem of sludge, which, because of the great differences in waste water, has a wide range of properties.

In the first programme, for which the Community also provided money for co-ordination, the main idea was to incinerate the sludge. Afterwards, in the second programme, the main emphasis was put on applications for agriculture and, if necessary, dumping of the sludge. This method is still under discussion. The question now is whether the conclusions are correct, and I believe that it is too early to judge. The application of sludge to agriculture is financially attractive and relatively cheap, but if the risks of heavy metals in pesticides are recognized as hazards to public health, then I think the suitability of this method must be called into doubt. We must welcome the fact that member countries of the Community are collaborating on study and research in this field with non-member countries.

The responsibility of the Community is clear, and the fact that co-operation has arisen naturally also be explained by the fact that many stretches of water cross national boundaries. We have some doubts as to whether the Community can ensure co-ordination of this project. To co-ordinate research from the operational point of view demands more than administrative support, however excellent our administration in Brussels may be. Co-ordination means more than merely acting as a letterbox. I should like to have the Commissioner's view on whether the funds being requested will be adequate for administrative and technical co-ordination, since it is a four-year project and we cannot rule out the possibility that, during implementation, the need for better co-ordination will arise. I should like to ask the Commissioner whether, in view of the uncertainty as to clear and effective co-ordination it is to be expected that supplementary funds will be made available during the period of the implementation of this project. Parliament attaches particular importance to an integrated horizontal and vertical analysis of this project.

Mr President, I believe that the conclusions of our report are self-explanatory. But there is a problem, which has been discussed at length in committee, namely whether, in connection with the conditions of discharging waste, it was not to be expected or was not desirable for recommendations to be put forward at Community level, since, if we know what the sludge does not contain, the co-ordination of research is much more effective. That is the tenor of the report.

Mr President, we believe that the second programme can take us one step nearer to a satisfactory solution to this thorny problem of sludge. I believe that we cannot reach a conclusion here in the short-term, but that in the medium-term some conclusions are possible. The Committee on Budgets, Mr President, has made a comment to which I should like to add something. It states that whenever this sort of proposal comes up it has certain problems and that, in its view, such projects should be considered once a year, when determining priorities. Mr President, I am partly in agreement with this but, on the other hand, I believe that Parliament should be supple enough to be able to reach a decision and deliver an opinion, even a positive one, whenever, and for whatever reason such a proposal comes up.

Finally, Mr President, I should like to ask the Commissioner if, during the period of implementation of this project — which is three years, although a report probably cannot be expected until the fourth year — he can and will keep Parliament informed so as to give us the opportunity to discuss, where required the new developments which are surely to be expected in the field of sewage sludge treatment.

I request Parliament to approve the report I have had the honour of presenting to you and the budget appropriations requested.

President. — I call Mr Vouel.

Mr Vouel, Member of the Commission. — (F) Mr President, the Commission's proposal for a research programme in the field of treatment and use of sewage sludge which has been referred to Parliament is the first proposal for concerted action which on the basis of the Council resolution of 14 January 1974 on a programme of Community action in the field of science and technology, should in future supplement direct and indirect Community action. Concerted action means co-ordinating nationally-financed research at Community level. The ultimate aim, as you know Mr President, is the effective co-ordination of all Community research. The environmental problems caused by the disposal of sewage sludge are well known, and I shall merely point out that the main aim of the proposed research is the use of sludge in agriculture and the elimination of the problems that have so far hampered its use on a large scale. Sewage sludge should be regarded as a valuable raw material rather than as waste to be disposed of.

Mr President, perhaps I should remind Parliament, in reply to Mr Baas, that the financial cost of research in the Member States is estimated at 6m u.a. over three years, that the 140 000 u.a. appropriation provided for in the Commission budget is earmarked for the co-ordination of the programme and that the Commission will be inviting the third countries that are signatories of the COST agreement to participate.

Vouel

To reply to Mr Baas's other questions, if co-ordination does not work satisfactorily the Commission will certainly take steps to ensure that projects are implemented in the appropriate manner and without undue delay. I would add that the Commission sees no reason why Parliament should not be kept fully informed of the progress of the work and the research projects.

I shall conclude, Mr President, by saying that the Commission welcomes the draft opinion adopted unanimously by the Committee on the Environment, Public Health and consumer Protection and hopes that the opinion will also be adopted by your Assembly.

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

The resolution is adopted.¹

9. Regulation on the sulphur dioxide content of wines

President. — The next item is a vote without debate on the report (Doc. 147/77) by Mr F. Hansen, on behalf of the Committee on Agriculture, on the

proposal from the Commission of the European Communities to the Council for a regulation amending Regulations (EEC) Nos. 816/70, 2893/74 and 817/70 as regards the maximum total sulphur dioxide content of wines other than liqueur wines.

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

The resolution is adopted.¹

10. Regulation on the common organization of the market in cereals

President. — The next item is a vote without debate on the report (Doc. 128/77) by Mr De Koning, on behalf of the Committee on Agriculture, on the

proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No 2727/75 on the common organization of the market in cereals.

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

The resolution is adopted.¹

11. Directive on surveys in the field of bovine animal production

President. — The next item is a vote without debate on the report (Doc. 133/77) by Mr Martens, on behalf of the Committee on Agriculture, on the

proposal from the Commission of the European Communities to the Council for a directive laying down additional provisions concerning the surveys to be carried out by the Member States in the field of bovine animal production.

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

The resolution is adopted.¹

12. Regulation suspending the autonomous CCT duties on certain agricultural products

President. — The next item is the report (Doc. 153/77) by Mr Laban, on behalf of the Committee on Agriculture, on the

proposal from the Commission of the European Communities to the Council for a regulation temporarily suspending the autonomous Common Customs Tariff duties on a certain number of agricultural products.

I call Mr Laban.

Mr Laban, rapporteur. — (NL) Mr President, it is with pleasure that I report on behalf of the Committee on Agriculture on this proposal for a regulation. As regards the total or temporary suspension of the Common Customs Tariff, there have been few changes this year for the products concerned. At the request of the United Kingdom, herring fillets were added to the list and frozen turbot at the request of the Federal Republic of Germany. As this proposal actually comes back each year and should meet a number of wishes expressed during the year by Parliament, on which so far no action has been taken by the Commission or the Council, this report would normally have been considered without debate. But, to our regret a number of desiderata have not yet been met, which therefore compels me to speak at some length about this proposal.

What is in fact involved? The aim is to ensure that the processing industry in the Member States has an adequate supply of raw materials, so that it can compete with third countries where these products are also processed, but more cheaply. Secondly, this proposal aims to maintain activity at a satisfactory level in those regions where businesses are situated which have specialized in the processing of the products covered by this proposal and, lastly, the Commission desires to help fight inflation.

Mr President, we are concerned here in fact with a large number of tropical products which are not produced in the Community at all and which, for the most part, come from developing countries. A number of other products are involved for which demand cannot be met locally, such as dried beans, which are used in the United Kingdom to make baked beans, and, finally, a number of products which are produced in Europe but the gathering or harvesting of which is no longer economic in view of the high labour costs, e.g. bilberries and various wild mushrooms.

¹ OJ C 163 of 11. 7. 1977.

Laban

Mr President, Parliament, on a proposal by the Committee on Agriculture, has already repeatedly asked for the suspension of the Community custom tariffs to be made permanent for tropical products and products for which demand can no longer be met locally. Last year, Mr Lardinois, who was at the time the Commissioner responsible for agriculture, expressed his sympathy for this point of view, but preferred to bring this matter up within the framework of the GATT negotiations.

President, the GATT negotiations have reached a deadlock on this point, but now the Commission says that it is studying the wish expressed by Parliament. I consider this to be too slow, and say on behalf of the Committee on Agriculture that the Commission should speed matters up somewhat. I have already had occasion to point out that a great deal of fuss is being made both by the organs of Parliament and by the customs authorities who should continually review the situation to see if these products meet the conditions of this regulation. I should therefore like to ask Mr Vouel to tell us when we may expect proposals on the permanent suspension of the Common Customs Tariff for a number of products, particularly tropical products, at last to be submitted.

Secondly, we asked for more statistical information. Most proposals are drawn up at the request of the Member States which say that they wish to import so many tons of a given product at a reduced rate of duty. We do not actually know how the proposals are drawn up and we would like to know, since there is no protection for third countries, particularly developing countries. A particular quota is asked for but it is not completely determined, even for the countries who have an interest in the matter, whether such a quota is completely taken up. This can have adverse effects and can cause uncertainty among the countries which supply the Community with these products. Mr Lardinois said that the statistical services in the various Member States were already overloaded. I can sympathize with this situation, but this creates uncertainty among the developing countries, as I have tried to explain. We should invite the Commission seriously to investigate whether more funds cannot be found for statistical data for purposes of fixing the quotas.

Mr President, I should like to raise one last point. In the explanatory statement we say, among other things, that the Member States wish to fix these reduced tariff quotas since developing countries have increasingly taken to processing these products themselves. The Community has, however, concluded all manner of agreements, for example with the Mediterranean countries, which has the very effect of stimulating this local processing. In this proposal it is stated that an increasing number of third countries, particularly developing countries, are processing these products themselves and that we must therefore, if we wish to

remain competitive, attempt to buy certain products in other third countries.

Mr President, we realized that the question of employment must be borne in mind in certain regions. But we must prepare ourselves for a future where it will also be possible for the developing countries, in particular to process these products. Measure must therefore be taken gradually to provide other employment for those people who are working in this field at the present time. The Committee on Agriculture pointed this out in its motion for a resolution, together with the objections which I mentioned concerning the inadequacy of statistical data and our desire that the duties under the Common Customs Tariff for various products should at last be permanently suspended. I ask Parliament to adopt this resolution.

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

Mr Liogier. — (*F*) Mr President, ladies and gentlemen, the aim of the proposal to which Mr Laban's report relates is the total or partial suspension of the Common Customs Tariff for a number of agricultural products which are, according to the experts, unavailable or non-existent in the Community, or products which are in short supply. This applies to most types of fish and certain exotic products and to Christmas trees; and also to other agricultural products which are directly competitive with our own Community products, which should put us on our guard against the generosity of the Community 'Father Christmas'.

According to the Commission — and Mr Laban, in his excellent report, accepts the opinion of the experts without reservations — the aim is, in fact, to provide support and aid for our agricultural processing industries, enabling them to obtain their supplies as cheaply as possible by importing from third countries and hence to increase their competitiveness on the national and international markets.

Such good intentions must, of course, be endorsed. But unfortunately the road to Hell is paved with good intentions and here we have further proof of the truth of that saying.

To take two specific examples: the United Kingdom, as we know, has a high consumption of dried white haricot beans, which could perfectly well be produced in the Community, in France or Italy. Mr Gundelach should bear this in mind in particular when he submits his plan for the conversion of certain vineyards. Such production should be profitable, and there should therefore be a system of safeguards, as with the reference price system. But the United Kingdom prefers to obtain this product from third countries from which it can obtain large quantities at a low price, and I should not be at all surprised if dumping and surpluses do not account for some of these supplies. It is therefore calling for the total

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suspension of customs duties, a request with which the Commission's proposal very generously concurs, to the detriment of the interests of Community producers.

A second example : the Federal Republic of Germany is known to have a high consumption of bilberries ; at least as many are consumed fresh as in the form of processed and deep-frozen produce, jams and preserves and pharmaceutical products. It is asking for the present suspension of customs duties to be extended to 30 June 1978, which the Commission proposal generously grants, claiming that because of the high wage costs involved in picking the fruit they cannot be produced in the Community. This has also been pointed out by Mr Laban. Germany will therefore obtain its supplies from the State-trading countries of Eastern Europe, where there is no danger that high wage costs will restrict supplies, once again to the detriment of Community interests, while bilberries are rotting on the bushes in the French Massif Central in particular.

In the past, the income from the cultivation of bilberries gave thousands and thousands of small farmers the support they needed to earn a living on unprofitable farms in less-favoured or mountainous areas. This crop should at least be protected if not subsidized ; this would be an obvious course of action, if only to ensure that an essential minimum of farmers stay on the land. On the contrary, however, it is being discouraged or rendered impossible because the experts, despite all the serious preliminary studies that should have convinced them of their error, have decided that it should be so, and the Commission's attitude ultimately depends on them.

And after that, they talk about a technocratic Europe. To conclude on a more general note, I must say that I am appalled by what can only be called the negligence of the Community, and the Commission in particular, as regards the negotiation of trade agreements of all kinds with third countries, particularly the Mediterranean countries. With all the extensions and concessions, it seems more and more as though the Commission is never in a strong position in the negotiations, but is always giving way to its partners, who know how to exploit our weaknesses — and interests, which may sometimes appear divergent — to their own advantage. When shall we present the united front that is essential if we want our Community to be aware of its power and its potential, which are after all fairly considerable ? It is up to the Community authorities to answer this question.

For our part, we are regrettably obliged on this occasion to reject the Commission's proposal and the negligent attitude it reflects.

2 **President.** — I call Mr Laban.

3 **Mr Laban, rapporteur.** — (NL) Mr President, one of
4 the first remarks by Mr Liogier obliges me to add a

short comment. If I understood the translation correctly, Mr Liogier said that he regretted that I — i.e. the Committee on Agriculture — swallow everything the Commission experts say and that we could therefore have looked at this report in committee, but that we just accepted what the Commission told us.

Mr President, I must reject that, since, year in year out, these proposals are given very serious consideration by the Committee on Agriculture. Its members are in general people who know something about the subject and who are specialists in their own country. We had exchanges of views with the Commission representatives, on the basis of which the Committee on Agriculture formed an independent judgement I defended that judgement of the parliamentary committee here. We decided not to swallow everything.

That gives me the opportunity to quote a comment by the Committee on Agriculture which I forgot in my first introduction on the question of the importation at reduced rates of duty of Christmas trees into the Federal Republic of Germany.

Mr President, I must tell you that that really has nothing to do with agriculture. It has been pointed out that as a result, Christmas trees should be cheaper, particularly in Germany. After conversion, that turns out to be an import duty of 2 % — but everyone knows that in the Christmas tree sector prices are determined by the market. Anyone who buys Christmas trees early has to pay a high price, but anyone who waits for the right moment, i.e. when Christmas is drawing near, can get a tree at a much lower price. We therefore find it absurd that Christmas trees should be covered by these provisions each year. I should like to hear the Commissioner's answer on that point.

President. — I call Mr Vouel.

Mr Vouel, Member of the Commission. — (F) Mr President as you know the aim of this proposal is to help to ensure satisfactory supplies to the Community's processing industries of basic agricultural products exempted from customs duties, agricultural products which are not produced, or are produced only in small quantities, in the Community. These measures are intended to promote the competitiveness of the processing industries concerned and to curb the increase in the prices of certain processed products. I do not think, Mr President, that I need explain any further, given that Mr Laban and Mr Liogier have already dealt with other aspects of this proposal at length.

However, I must reply to certain questions raised by Mr Laban and Mr Liogier. Mr Laban first discussed the

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replacement of the temporary suspension of Common Customs Tariff duties, which has already been in operation for some time, by a permanent reduction in duties. My answer is that the Commission is considering this possibility in conjunction with the Member States, and if necessary intends to put forward such a proposal in the GATT negotiations. So far, the products concerned have not been dealt with in these negotiations. Mr Laban and Mr Liogier also felt that Parliament should be supplied with more detailed statistics. May I repeat that neither the Commission nor the Member States have the relevant figures at the moment, since for the products concerned, apart from a few exceptional cases, no import statistics are kept because it is generally parts of tariff headings that are involved. The Commission has tried to comply with Parliament's wishes as far as possible by collecting figures and estimates from the firms asking for the suspension of duties. However, the figures compiled relate only to a section of the Community market. More detailed statistics are unfortunately not available.

Finally, Mr President, on the important question of Christmas trees, I shall not fail to report Mr Laban's remarks to the member of the Commission responsible.

President. — I call Mr Laban.

Mr Laban, rapporteur. — (NL) Mr President, I have in fact a comment to make on the Commissioner's answer which I, and I assume all members of the Committee on Agriculture, consider quite unsatisfactory. The fact is that we deal with this matter every year and that we always get the same answer. But I should like to ask the Commission a question as regards the statistical data. When the Commission proposes to Parliament and Council that duties be reduced on certain products, broken down by country and expressed in so many thousand or so many hundred tons, is that quota determined in a particular way? So far as I know, quotas are requested by Member States and not by the processing industries. In addition, we want to abolish controls on customs duties by permanently suspending them for certain products, but then the customs must monitor somehow or other what percentage of the quota is really taken up. That must usually be checked in this system. And I also pointed out that when an opinion is given by the Council or this Parliament on the fixing of quotas for certain tropical products, account should be taken of the developing countries which supply them. But if it then turns out that the quotas requested are not taken up at all, or only very partially, then repercussions on these countries are unavoidable. That is one of the important reasons why we want some insight to be obtained now into the quantity required, and thus the actual use made of the quotas. The possibility must exist — certainly if it is

done by the customs — of establishing how much of the quotas is taken up, and it will not be necessary to go to the processing industries for this information.

As regards the Christmas trees, I am glad to learn from the Commissioner that he will again bring this matter up in the Commission as his predecessors did. I hope that that will finally produce an answer. I am not very satisfied with the answer we have been given today, but we will have to make do with it. We will certainly return to this matter in committee, with the Commissioner concerned, in order to discuss it further. I do not want to hold the meeting up any longer, since I believe that there is little point in doing so, since no answer is forthcoming from the Commission.

Mr Vouel, Member of the Commission. — (F) In order not to give Mr Laban the impression that the Commission is being unco-operative, I must stress that we are still prepared to review the question of statistics with Mr Laban and the appropriate committee. But at the moment I gather that it still technically impossible to obtain the necessary information.

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

The resolution is adopted.¹

13. Regulation on the control of fishing operations

President. — The next item is the report (Doc. 150/77) by Mr Hughes, on behalf of the Committee on Agriculture, on the

proposal from the Commission of the European Communities to the Council for a regulation laying down a licensing system to control the fishing operations of non-member countries in the maritime waters coming under the sovereignty or falling under the jurisdiction of Member States and covered by the Community system for the conservation and management of fishery resources.

I call Mr Hughes.

Mr Hughes, rapporteur. — Mr President, some long time ago when this Parliament was debating both the internal and external fishing policy, we agreed that licensing, along with quotas and other provisions, was the essential instrument whereby effective conservation of fish resources could be ensured. Quotas alone had historically failed to secure adequate conservation of fishing resources for all the countries who wish to exploit the resources of the sea. A licence related to the catching capacity of each vessel becomes an essential tool in ensuring adequate conservation of the resources available. This Proposal from the Commission is dealing exclusively with licences for third countries fishing within the 200-mile zone of the various Member States.

¹ OJ C 163 of 11. 7. 1977.

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I turn first to certain very difficult matters of international law and I must confess not to be an international lawyer. Although, for internal and negotiating purposes, the sea of all the Member States to 200 miles is now considered as 'Community waters' in one sense, there are nonetheless very considerable international legal problems as to who actually has powers of surveillance, etc. within those 200 miles. When I look through certain of the amendments which I shall be turning to later, this problem is raised again and again because, at the moment, the Community does not have a fishery protection vessel; the Community does not have, *qua* Community, fishery protection aircraft and so forth. It is therefore relying upon the national Member States acting on behalf of the Community to do that policing, because in physical terms it has not the resources to do it itself. Even if it had the resources there are certain legal problems until such time as what is called the Community clause in the International Law of the Sea Conference is fully accepted and the international legal position of the Community accepted throughout the world, rather than this question being a matter of the internal political and legal relationships between the Nine.

These proposals provide that after 1 July this year no vessel belonging to a third country shall fish in the waters up to 200 miles from any Member State unless it has a licence. That licence is granted by the Community; it is not granted by the individual nation state. It is not up to Great Britain to grant a licence to, let us say, an Icelandic vessel bilaterally; the Commission and the Community grant that licence. This is where there is a massive Community element, whereby the Community is the conservator of the resources of the sea and the licence is a Community responsibility. If you would look at the Annex to the Commission proposals in detail you will see that very many characteristics of the vessel are included in the licence. In the committee discussions for example there was a strong move that we should use the waterline length of the vessel as one of the criteria rather than the overall length, because for marine surveying purposes it is usually the waterline length that you use as a calculable entity. It was pointed out by the representative of the Commission that much of the surveillance may be done from the air and that aerial surveillance would only show up the overall length. Therefore, although, it is not shown in the report, probably both overall and waterline length should be included, because waterline length is the usual marine surveyor's concept but if you are using surveillance from the air then you would probably need to use overall length as a means of identifying the ship involved. The type of gear is also to be indicated, whether it is a stern trawler or a side trawler, all the details of which will enable the Community's officials to determine the catching capacity of that vessel. We lay down that a log-book should be kept from the moment the vessel enters Community waters, stating where it is every time it

hauls its nets in, what species and weight of fish of different sorts are put into its hold and so forth.

Insofar as those bits of information are essential for the keeping of the licence, we are placing upon the vessel's master and crew the obligation to do their own policing to some extent, because their livelihood, their continued fishing in Community waters, is going to be put at risk if the Community can withdraw the licence on the grounds that the conditions have not been met. These conditions do not merely therefore relate to the catching capacity but the catching activities of these third country vessels. Once a vessel has been caught in the act of catching wrongly and falsely recording that information, then at least such action would be sufficient grounds, one hopes, for the licence to be withdrawn. One is not so naïve as to believe that there will be a perfect record kept by every fisherman of every fish that he has caught. One regrets to say that experience suggests that there will be a certain number of curious, if not false, entries made in such a log-book.

Once a vessel leaves Community waters it is also incumbent upon its master to inform the appropriate authorities of its movement and even if it moves from one designated fishing area to another the Community, all such movements must be noted. These essential transfers of information should make it easier for the very incomplete protection vessel resources of the Community to deal with the whole 200 miles, at least to know where to start looking for the needle in the particular haystack. At least that information ought to have been passed on and one need not sweep the whole of the North Atlantic looking for the odd trawler — the odd trawler ought to have told you broadly where it is, and even if it is not where it said it was, it gives you some chance. I do not, however, imagine that this is going to be wholly foolproof and work one hundred per cent at all times. I anticipate that in the course of time there will be a number of infringements, difficulties which will crop up, and there will be a need for additional changes and regulations to be brought by the Commission to Parliament and the Council.

When we discussed this in the Committee on Agriculture I put forward the proposal as an individual — not in my capacity as rapporteur — that a licence should be something granted free, gratis and for nothing by the Community. This was accepted by the committee and therefore I am in a position to put it into my report. In its fishing resources the Community has an asset of very considerable but diminishing value unless it is properly conserved. In order that it should not give that asset away we suggested in the Committee on Agriculture that a payment of a fee should be made. We purposely left it in that general phrase and the proposed amendment by the

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Committee on Agriculture to Article 4 of the Commission proposals simply says the Commission shall issue licences 'on payment of a fee'. We do not, and did not in the Committee on Agriculture, stipulate how large a fee, what sort of fee, how it would be based and so forth. We purposely left this unclear, and vague, simply indicating that an asset should not be frittered away for nothing unless there is an adequate control over it.

It would, I think, be for the convenience of the House. If I went through the amendments as I go through my speech. Amendment No 1 by Mr Kofoed and Mr Vandewiele suggests that the fee should cover only administrative costs. Now I ask them firstly if that is an accurate translation of the amendment that they have put down. Unfortunately I see neither of the proposers in the House at the moment, but does administration cover the cost of fishery protection and conservation? If it means that the fuel for every aircraft flying the North Atlantic in search of fishing vessels should be paid for as an administrative cost of the Community fishing policy, then that is a very large fee indeed going to be charged on foreign vessels. I do not believe that is what they intended and therefore I would urge that that particular amendment be withdrawn.

I turn to Amendment No 2 which is again by the same gentlemen. In spirit I would accept this and that there is a need for the Member States to establish close co-operation between their sea and air patrols. I think it is fair to say that there is already very close co-operation and that to some extent this amendment is superfluous, but nonetheless if the honourable gentlemen wish to press this to a vote I would be reluctant to vote against it. I do not think, however, it necessarily helps.

Amendment No 3 calls for a distinctive Community emblem to be displayed on all vessels and aircraft responsible for patrolling the Community fishing zone. I must say I have very grave reservations on this indeed and would wish to reject it, largely on the grounds that many of these vessels and aircraft are unlikely to be used exclusively for protection purposes. If there is a mid-Atlantic collision of vessels and a fishery protection vessel carrying a Community emblem is the nearest vessel and takes a damaged vessel in tow, does the Community assume certain responsibilities and rights, etc. in that action? There are considerable difficulties on this. If aircraft or vessels are required to switch roles at short notice from exclusive fishery protection to other activities, I fear there could be great difficulties. Therefore, while having some sympathy with it, I think it is ill-founded.

Amendment No 4 contains a phrase which, if it had been put into the mouth of certain of my British

colleagues, I would readily have understood. It contains the phrase 'conducted to the nearest port even if it is outside'... and then the lovely phrase: 'the national fishing zone of the Member State'. If we are saying, as this amendment does, that you have a national fishing zone of 200 miles, I suspect that my friend Mrs Ewing would be delighted, but that is not actually what the Community has been arguing for. We are arguing that there is not a national fishing zone of the Member State, but that there is a Community zone within which the Member State acts on behalf of the Community up to 200 miles. Therefore I would urge the wholehearted rejection of Amendment No 4 on the grounds that we are not talking about national fishing zones: that is the one thing that this Parliament has steadfastly set its face against. If one is saying that the ship boarded should be conducted to the nearest convenient port and leave it at that, there may be some case for it, but again I would like very careful legal advice.

On Amendment No 5 I would ask the Commission representative to confirm my understanding that to treat fines paid by any captains of vessels boarded as Community own resources would require alterations of certain basic Treaty texts, but it is not open to this House to recommend a change in the Treaty because that is a matter outside the particular competence of this House.

Amendment 6, I would accept wholly so that the position of canning vessels, and so forth is made explicit rather than, as I understood it, implicit in the proposals.

I now turn to Amendments 7, 8, 9, by Mr Nyborg, which in various forms are wholly opposed to the concept of both licensing and fees. Mr Nyborg apparently does not like the idea of licences, if I understand his position from his amendments correctly, and would much prefer bilateral quota arrangements between individual Member States and the third countries themselves. All I can say is I understand his viewpoint. It is one that is common among certain people in my own country. My own view is that, either as rapporteur for the Committee on Agriculture, or privately as a citizen, I cannot agree with him, and therefore I must ask this House to reject all those amendments.

I would ask that as regards the revenue from the licence, we do leave this somewhat vague in the report because time is short and I accept that the Commission itself will have considerable difficulty in getting a licensing arrangement of any sort operable by 1 July. But I think it is essential that we put a clear bench mark down that a licence should be required. The only other changes to the Commission's proposals that I would draw to the attention of the House are

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that we have asked for the inclusion of the name and address of the owner and/or the charterer of any vessel, because the existing proposals specified just the owner or the charterer, and we feel you must have both of them to make it absolutely tight. And finally, there is the obvious proposal that this Parliament should be consulted on any changes and so forth that might be required. Throughout the lengthy debates in this House on fishing and the politically sensitive and economically vital question of conservation of the fishing resources of the Community, the vast majority of this House has come down ultimately, if a little reluctantly, to the idea of a licence as an essential tool in such conservation measures. This is the first concrete proposal from the Commission for the utilization of that tool on its behalf, and it is on those grounds that I warmly recommend the proposals to the House.

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

Mr Nyborg, — (DK) We have just heard the rapporteur and the rather strange procedure whereby he feels he can reject proposed amendments even before they have been explained. He must be clairvoyant if he thinks he knows why I tabled them. But I shall come back to that shortly.

The Council resolution of 3 November 1976 on the establishment of a 200-mile Community fishing zone has, as we all know, created problems for the creation of a common fisheries policy, especially its internal aspects. If a system is to be introduced that allows third countries to fish in our waters, it must be easy to manage, and that cannot be said of the Commission's proposal.

The Community should not be responsible for issuing licences. It should be the contracting country that carries out the administrative work involved in implementing any licensing system. The rapporteur will now understand that it was not my intention to reject a licensing system. What I do disagree with is that the Community should suffer the inconvenience and bear the costs of administering it. Why not make the people who are going to benefit from it responsible for it? Nor do I think we should charge any fee for issuing licences. It is up to the country that issues them to do that.

I do not think either that a reciprocity clause on the control of catches landed will be particularly effective; provision should be made for the Community to make spot checks on ships in Community waters. National control arrangements must be co-ordinated so that control is effective and simple. In other words, the Commission must co-ordinate the movements of and work on individual countries' patrol vessels, whether they be ships or aeroplanes.

But there are other important points to bear in mind in this discussion. We must realize that for every obligation we impose on the fishermen of third countries in Community waters a corresponding obligation will in all probability be imposed on our fishermen when they are fishing in third-country waters. Fishermen are not people that are particularly fond of book-keeping, but now we are trying to impose an office job on them and they would more or less have to employ a clerk who would have to be on board to keep statistics and lists of fishing grounds, shipping routes and so on and so forth. Fishermen already have to keep a logbook. But if it comes to the stage where they have to note down all catches, species caught, number of kilos of each species and so on, we are asking them to do something that we know in advance neither can nor will be done. And it is always rather stupid to draw up a regulation or rule that we know in advance will not be respected.

In conclusion, I think that the proposed amendments I have tabled are well justified. I hope they will be adopted, partly to protect our own fishermen and partly to protect our administrative apparatus from growing out of all proportion, and so that we do not have to create a huge administrative apparatus, as the Commission proposes, to cope with a licensing system. Let the contracting countries take care of that.

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

Mr Rippon. — Mr President, I warmly welcome this report and the manner in which it has been introduced by Mr Hughes. Quotas clearly can't provide the protection that we must ensure for our fishermen, so I think we ought all to be agreed that a licensing system on the basis proposed in this report is absolutely essential, and must be reinforced if necessary by other strict conservation measures. That is essential, I believe if the Community is to protect its fishermen, and I think one must emphasize that this is a matter which is essentially a Community interest and not just a national interest. It may be — in fact I think it's certain now — that exclusive national zones, no matter what limits are fixed, cannot alone provide the ultimate answer to our problem. It's not merely that the fish won't regulate their movements in order to satisfy our legislative provisions, the real problem is that there is already an extremely serious depletion of fish stocks. 20 years ago there were total herring stocks of some 2 million tons in the North Sea; today there are reckoned to be about 150,000 tons, so that there is already a serious risk that one bad winter might eliminate the entire stock. And herring are not the only fish that are a matter of concern; similar considerations apply, for instance, in the case of mackerel.

Rippon

On an issue on which there really should be little difference of opinion between any of us, we have to accept, certainly as far as the United Kingdom is concerned, that much confusion has resulted from what I was always prepared to describe as simply a regrettable coincidence, that the Community of six chose to adopt originally a fishery regulation in the middle of our negotiations for enlargement, which was manifestly unsuitable for a Community of ten. We hoped then of course that Norway would be included, but the fisheries regulation drove Norway out of the Community, and seriously undermined public confidence in the United Kingdom.

That is why I would like to take this opportunity to try and put this report, which I believe to be of major importance, in a broad perspective. The original fisheries regulation was a tragedy, for the reasons I expressed. I think it drove Norway out, and it was, in its original form, an act of selfish, senseless folly insofar as it related to access, although in the end the United Kingdom have virtually secured the maintenance of the status quo for 10 years, and the promise of an open review during that period.

I felt that while General de Gaulle might have delivered a series of hammer blows against the Community, unfortunately the ministers of agriculture have all too often acted like termites in the structure. With some difficulty the United Kingdom secured arrangements which protected their immediate interests on the basis of the existing 12-mile limit, within which we retain full jurisdiction, even where we generalize the historic rights. And I think it is significant that those arrangements were never a matter of renegotiation by the Labour government; they are satisfactory as far as they go. But our concern then, and our concern now is for the future. We never sought permanent arrangements, and I think we were right in thinking that they would have been premature but we sought arrangements that were more than simply transitional.

So, Mr President, it will be recalled that we agreed that, following the opening of the Conference on the Law of the Sea, there should be a Community review of conservation of the biological resources of the sea at the earliest possible moment, but before 1979 at the latest. We further agreed that before the end of 1982, the enlarged Community should carry out an open review in the light of the then prevailing social and economic circumstances, and the state of the stocks, before determining future arrangements. And we indicated that in any such review, so far from talking about fishing from the beaches we would be considering the need for far more extensive limits. It may be, now that the Community have settled on the 200-mile limit, that the argument for national limits is not as strong as it used to be. Certainly national limits are

not enough, certainly conservation measures are the most important necessity, but once Norway had been driven away from the Community, and therefore moved away from the 12-mile to the 50-mile limit, it became inevitable that British fishermen would press for the same arrangements. That's a perfectly understandable and natural point of view.

We also indicated at that time that we thought action on all these matters would have to be taken well before the end of the 10-year arrangement we negotiated, and that of course is proving to be the case. I may say — and I don't often recall my own speeches — that before the United Kingdom joined the Community. I told the House of Commons on 15 December 1971 that :

If, contrary to all practice and precedent, the members of the enlarged Community fail to reach agreement on the arrangements which could follow the present derogation, there would clearly be a major crisis involving the coherence of the Community itself.

Now I didn't then, and I don't now, think such a situation will ever arise, and I said then, and I say now, that I do not believe, when a review of those arrangements comes to take place, that there will be a cry of 'back to the beaches'. I did, however, Mr President, make it plain on behalf of the British Government — and I am sure this is a matter upon which the House of Commons as a whole would be unanimous — that no future British Government could in practice be forced into arrangements which, in their judgement, failed to safeguard our vital fishing interests as they then defined them. Now I may say there was no other issue in the whole of the negotiations to enlarge the Community on which I felt it necessary to make such a specific and firm declaration. Fisheries proved to be the most sensitive and the most difficult issue in the whole of the enlargement negotiations, and it was simply because the agricultural ministers made such a hash of the whole business. But do not in any way underestimate the strength of feeling that was aroused by what was felt to be an extremely regrettable coincidence; that this should be done at that time.

Now I think it's obvious to all of us that action, in the interests of the Community as a whole, on fisheries is urgent. I believe that the proposals of the Committee on Agriculture in this report, and the manifestly greater degree of understanding on the part of the Commission of the need for conservation measures, do represent a very considerable step forward, but I do want to emphasize today that this is a matter of very real urgency and importance, and that we look to the Council of Ministers to do their duty by the Community at their important meeting at the end of this month.

(Applause)

President. — I call Mrs Ewing.

Mrs Ewing. — Mr President, I would certainly go along with the view that quotas have been shown to be inadequate on their own, and the fishermen are the first people to agree with that proposition. And on the face of it, it is tempting to agree, in a blanket sort of way, with Mr Hughes's report. Mr Hughes is, as we know, knowledgeable and concerned on the subject. But I am afraid I have to rise to say that I cannot go in support of Mr Hughes today. It's tempting just to say this is a very sensible document, but I think it's very hard, though the principles are sensible, to separate the principles from the practice. In other words, I think I really would have to know how many licences would be issued, and to whom, before I could go with the principle.

I have nothing in particular against the principle, but as a fishing MP, I have grown increasingly suspicious of the arrangements that seem to be made, leaving our fishermen — in the inshore waters right around the United Kingdom, and very particularly in Scotland, where fishing is such a big proportion of our industry — almost desperate. Don't underestimate how desperate these men are and how let down they feel by the Community. I am glad to see that Mr Gundelach himself is coming, as I said already this week, to the meeting in the north of Scotland, to try to satisfy all the interests represented there, and we know there is to be another meeting after that. Perhaps some good will come out of that.

But I would be very reluctant to see this Parliament rush into agreeing now in a blanket way to licences, until we really have some idea how many licences are going to be dished out. The minute our fishermen hear of our passing such a resolution, their suspicions are going to come right back to the forefront, and they are already very angry about the botched-up common fisheries policy Mr Rippon so excellently referred to in his speech. I noted one or two of his phrases. He called it 'senseless' and 'selfish' — and that's indeed what it was. And he did say that national zones, whatever the limits, are not enough in themselves. Well, I agree with that too. But I would suggest that if the 50 miles the inshore fishermen request were to be conceded to states with this large coastal element, it would go a long way to solving the problem. But it's a bit like fiddling while Rome burns, because so far as conservation is concerned the real question for us all, I think, is to get on with banning industrial fishing and restructuring the fleets which, unfortunately and in many cases for social reasons, have become dependent on industrial fishing. That is, perhaps, the tragedy for Denmark, but it must be faced, and Denmark, of course, has a large interest in industrial fishing. It happens that the inshore fishermen round the shores of the United Kingdom and Ireland do not go in for industrial fishing very much, but that is why they feel even angrier when they think

that out of their control would be some proposal which could end up giving licences to people without really much say on the part of the coastal state. At a time when the maritime nations of the world accept that the coastal states are the best policemen, having the greatest interest in policing, when the coastal states of the world are getting 200 miles, it is ironic, that precisely at this moment things seem to be getting worse and worse for those of us from the United Kingdom, where we have such a big inshore fleet.

So for the reasons I have given, I should be unable to support this proposal. I am not saying there is anything wrong with the principle of licensing: I just feel that the practical side of it would have to be spelled out before we adopted the principle.

May I echo my support for the sentiments expressed by Mr Rippon? I believe that this matter of fishing has caused more heart burning on the question of Europe than any other matter. Certainly, where I come from and in my constituency it is not a coincidence. Of the 11 of my party — and I am happy to say that 2 of them are over here following this Parliament with great interest and a great deal of sympathy for it — it is no accident that 7 of these 11 represent strong fishing communities. What these fishing communities feel is that they were misled by their own government in Britain in the referendum information, because they believed the assurance given that the fisheries policy would be re-negotiated, and re-negotiated in such a way as to protect these vital interests. I have already said many times in this Chamber that many towns would literally become ghost-towns with no other jobs, and I cannot think that any of you, no matter what country you come from, would really sit back and let that happen. So some solution has to be found. You know that 50 miles is our particular solution, although it is not a solution to everything.

I suggest that until we know just what this is going to mean in practice and whether any other Member States are going to get dished out with all sorts of privileges while our men cannot get a living — until we know that, I really do recommend that we do not pass this today. I shall therefore be supporting Mr Nyborg's amendment, because it seems to me at least not to go so far.

President. — I call Mr Prescott.

Mr Prescott. — Mr President, I had no intention of speaking and I do not intend to take very long this morning, but in view of a number of comments that Mr Rippon has made, I think it is necessary to reply in the briefest possible way within the limits of the paper we have before us. I think Mr Hughes well presented the arguments involved in the paper and

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some of the arguments we have had on a considerable number of occasions here in this Chamber.

At the heart of the matter, of course, is conservation — the point Mr Rippon himself and every other speaker has made. How does one best prevent the continuing decline of fish-stocks? Even though it may only be a small point that Mr Nyborg made about the fisherman's constantly having to fill in quotas or quantities of fish for the authorities, however burdensome that may be to fishermen, let me tell Mr Nyborg that he must know that, because of the lack of controls and the way we have been dealing with fish, fish-stocks have continued to decline at an alarming rate. If one wishes to control limited resources and share them out, it is inevitable that at the point where the fish is collected, the people involved have to bear some administrative burden. That really is one of the consequences of attempting to introduce some form of control over conservation, which is the essential need of all fishermen and the fishing industry.

The report we have before us this morning mentions one of the matters which we had in the compromise solution we gave to the Assembly some months ago, namely the concept of licensing: we now not only license captains, a case of which came out in the Iceland-British negotiated deal, but we license vessels, because owners can quite easily get rid of captains, as has always been the procedure in the past, and the vessel continues to fish. This is a much better course, I am bound to say, for, quite frankly, trawler-owners as described to me are the nearest survival I have seen in our industrialized society to pirates. There is very little sense in having controls unless you enforce them: the people concerned bleat and complain when fish go down, but do very little. The British fishing industry is, quite frankly, not very different from some of the other fishing industries in the Community. We have all been involved in plundering resources, and herring is a classic example. No one who is acquainted with what has happened to the herring industry can maintain with a clear conscience that the British fishing industry has behaved very differently from its counterparts in a number of other European countries.

The point about licensing is absolutely crucial, and the idea that we impose this on third countries — those who are not members of the Community — is absolutely vital. I have some reservations which we have discussed within our group about the idea of fees — I can see the attractiveness of this, but if other countries, Norway for example, wish to fish a lot, if we impose certain licences on them and then they impose them on our fishermen fishing in their waters, that would mean, depending on the kind of port and where the fishermen got their fish, that certain ports — in this case those in Britain — would be penalized by a levy, whereas other fishing nations would not face the same levy. One would have to balance the

political consequences of that action against the advantages of having a source of income for some general funding.

With regard to some of the amendments, I think it must be said that where on the one hand they say, 'Let's give the vessel an insignia and call her a Community ship' Mr Hughes answered that argument reasonably well and raised a considerable number of doubts — in fact he raised some excellent points about that.

The other matter is that it seems that, if we are to recognize that conservation and the implementation of some form of regulation is to be carried out by the nation-states immediately concerned, because they are the ones who have huge areas of water to police under the present interpretation, then there might be the argument that some of these funds should be provided to help those countries which have an extraordinary burden in policing these fishing-grounds in the name of those who believe in a Community fishing policy.

My final point, Mr President, concerns the core of the argument raised by Mr Rippon. I think the Assembly will excuse me for one or two minutes if I make one or two comments which may seem to relate to what is a British affair. Frankly, the problem about the system of conservation and fishing at the moment is how we conserve fish. Mr Rippon, it is not right to suggest, in my opinion, that the national exclusive zone would not solve the problem or provide a better solution. I am bound to say that the Conference on the Law of the Sea has arrived at that conclusion. It was the justification for the Icelandic action, and the exclusive limits of 200 miles which they are now attempting to implement, possibly by convention in a few months' time, have been adopted because they have arrived at the view that only the nation-state with the most immediate interest is best able to conserve that fish. That always has been the argument and it is a far better solution, but unfortunately, if we adopt that point of view, we find ourselves back to the argument about the Community. Whether our country should leave or stay in the Community is an argument that has clearly opened up, and I have made my point of view about that quite clear. It cannot be denied that the exclusive argument is far better, and I am bound to say in that connection, that if this was so foreseen, as stated by Mr Rippon, then perhaps either they should have said. No, we will not sign the Treaty if you sign that Fishing Agreement at this stage, or you change it, which meant equal right of access to the beaches by 1982. That was the idea embodied in that particular negotiation. Alternatively, they could have done what Norway did and made it the subject of a national referendum. I took a great interest in that referendum in Norway and also pointed out the fishing policy at that time. The people of Norway rejected it. Unfortunately, the people in Britain were not given that opportunity until my own government and my own party gave them the chance to renegot-

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iate. It is a fair point that Mr Rippon makes, that we did not make it a condition of the renegotiation — but, Mr Rippon, five major areas of renegotiation by a country which, as a member of the Community, was already committed by a Treaty ratified by the Parliament created considerable political difficulties which many in this Chamber are aware of: Britain tried to renegotiate something she had actually signed and ratified by her Parliament. There were considerable political difficulties, but we still gave the opportunity for the people to decide by referendum, and the people decided in a very clear manner. I do not know whether it would be the same decision now, but it was a clear decision then, and under those circumstances I felt bound, Mr President — and I apologize to the House — to put on record some comments in view of what Mr Rippon has said.

It is clear that we are faced in this document, not with attempting to determine a common fishing policy for our internal waters, but with the problem of what we are to do *vis-à-vis* non-Community countries that have fishing rights in our area while we have fishing rights in theirs. We are negotiating agreements on that problem.

This report, as mentioned by my comrade, is an advance towards the concept of licensing. Of course it is not satisfactory, because the very principle embodied in it is that of attempting to find a Community policy which is not based on exclusivity.

President. — I call Mr Vouel.

Mr Vouel, Member of the Commission. — Mr President, I should like first of all to apologize on behalf of the Commission for the delay in submitting the proposal and to thank the Committee on Agriculture, and in particular its rapporteur, for having drawn up a constructive and sound report for Parliament at such short notice.

The Commission hopes to avoid such difficulties in future and notes with satisfaction the invitation to the Council in paragraph 13 of the explanatory statement to 'take all decisions necessary to ensure adequate staffing in the Commission'.

The report proposes a number of modifications to Article 4 of the regulation. The amendments to paragraph 2 concern the information to be shown on the licences to be issued. The Commission has no objection to these amendments and will consider how they can best be incorporated. However, the proposed amendment to paragraph 1 of this article presents certain problems.

Its aim is to make the issue of a licence subject to payment of a fee. In fact, the granting of fishing rights to third countries is generally based on reciprocal agreements which must be definition, be equally balanced.

In the Commission's view neither third countries nor Member States should be required to pay a fee for the issue of licences which are essentially a means of monitoring compliance with the conditions on which the fishing rights have been granted.

The Commission has submitted a request for a supplementary budget to subsidize the management of fishery resources and hopes that Parliament will give this request favourable consideration. This will provide it with sufficient funds to administer the licence system.

In answer to certain points raised by Parliament, I can also say that the Commission is intending to submit, in the near future, proposals for the granting of Community aid to improve control procedures and organization.

Finally, to reply to Mr Hughes's question as to whether the fines paid are to be considered as own resources of the Community or whether the Treaty is to be amended, I would say that there is no *a priori* need to amend the Treaty so that these fines can be paid into the Community budget, but that appropriate regulations would be sufficient.

Mr Hughes will appreciate, however, that the Commission cannot enter into a formal commitment on such a delicate legal point at this stage. I therefore propose to refer this matter to our legal services and inform Mr Hughes of their decision in due course.

I shall conclude by thanking, in addition to the rapporteur, all the speakers who have taken part in the debate.

President. — Before considering the motion for a resolution we must vote on an amendment to the proposal for a regulation.

On Article 1, paragraph 3, I have Amendment No 6 by Mr Corrie and Mrs Kellett-Bowman, calling for this paragraph to read as follows:

3. The term 'fishing activities' used in this regulation refers to catching, processing, freezing, *canning* and transporting of fish in the waters referred to in paragraph 1.

I put the amendment to the vote.

Amendment No 6 is adopted.

We shall now consider the motion for a resolution.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have Amendment No 7 by Mr Nyborg, calling for this paragraph to read as follows:

1. cannot approve the Commission's proposal;

I put the amendment to the vote.

Amendment No 7 is rejected.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

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On paragraph 2, I have Amendment No 8 by Mr Nyborg, calling for this paragraph to read as follows :

2. considers that any licence provisions should be left to the country contracting with the Community and at the same time the country concerned should be placed under an obligation to give the Community details of the fishing vessel concerned (registration number), its tonnage and the quotas for which this vessel has been authorized by its own country to fish in the Community's territorial waters. This information must be in the hands of the Commission at least 30 days before the entry into force of the licence ;

I put the amendment to the vote.

Amendment No 8 is rejected.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

On paragraph 3, I have Amendment No. 1/rev. by Mr Kofoed, on behalf of the Liberal and Democratic Group and Mr Vandewiele, on behalf of the Christian Democratic Group, calling for this paragraph to read as follows :

3. considers a fee should be charged by the Commission for such licences and that the revenues derived from them should cover the administrative costs ;

and Amendment No 9 by Mr Nyborg, calling for this paragraph to be deleted.

The two amendments are mutually exclusive, but can be considered together.

I call Mr Klepsch to speak in support of Amendment No 1/rev.

Mr Klepsch, — (D) Mr President, I don't know in which order you want to take a vote on the two amendments, but my group would be glad if we could vote first on Mr Nyborg's amendment. We would endorse this. If it were not adopted then we should like to have a vote taken on our own amendment.

I must first refer to a technical problem. Our amendment was submitted in English. The translation into German is correct, but in the other languages a mistake has occurred in translation which I should like to point out. It ought to say : 'should cover the administrative costs', and not, as it says in some languages : 'should be used to cover the administrative costs'.

We have two objectives in submitting this amendment. We want to limit the amount charged as a licence so that it equals the administrative costs ; this should prevent third countries charging high licence fees to Community fishermen fishing in their territorial waters. We also want to prevent any reference in the resolution to the licence fees being used solely for the fisheries policy. This would cause budgetary problems. What we are saying is that the revenue derived from the fees should cover the administrative costs. We do not say that they should be used to cover the administrative costs. There is a slight difference

here in budgetary terms. I hope the interpreters have been able to explain the nuance in our request. Let me reiterate that the central request in this amendment is that we are thinking of the measures others might take against Community fishermen as a reaction to the measures we take.

President. — What is Mr Hughes's view ?

Mr Hughes, rapporteur. — I am grateful to Mr Klepsch for making clearer exactly what he envisaged. What we were trying to ensure in the Committee on Agriculture was that this licence fee, however large or small, should not be swallowed up into the great maw of the Community's budget and lost from sight for fishing. That is why we put in that the revenue derived from the licences should be earmarked for common fisheries policy activity. There is, of course, a budgetary problem about doing that. May I ask Mr Klepsch whether he would accept the spirit of the proposal, because we are very close together on this, that paragraph 3 simply stop at the first word in the second line of the English text and read : 'Considers that a fee should be charged by the Commission for such licences ? Then we should not be involved in the whole problem of whether it is to cover administrative costs or whether it is to be exclusively for fishing.'

President. — I call Mr Klepsch.

Mr Klepsch. — (D) We are inclined to agree with the rapporteur's proposal, but I should like to reiterate that we also wish the licence fees to be pitched at a reasonable level. I did explain that before, but I agree with the rapporteur's proposal.

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

We shall now consider Amendment No 1/rev. Mr Hughes has submitted an oral amendment to this amendment.

Are there any objections ?

That is agreed.

I put the amendment to the vote.

Amendment No 1/rev. as modified orally, is adopted.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

On paragraph 5, I have Amendment No 2/rev. by Mr Kofoed, on behalf of the Liberal and Democratic Group, and Mr Vandewiele, on behalf of the Christian-Democratic Group, calling for this paragraph to read as follows :

5. earnestly requests the Member States immediately to establish the closest possible co-operation between their sea and air patrols responsible for the Community fishing zone ;

I call Mr Klepsch.

Mr Klepsch. — (D) The justification for our amendment No 2 is that we feel that the extension of the Member States' fishing zones from 12 to 200 miles raises considerable problems of patrolling these zones. In order to achieve maximum efficiency from the Community's sea and air patrols which now have to cover the new 200-mile zones, we think it would be useful for the Member States to co-operate closely with one another so that those countries with insufficient means at their disposal can be assisted in ensuring effective supervision of their fishing zones. Such a measure can only be advantageous to the Community as a whole, because above all, it involves the protection of the Community's fishing zone from uncontrolled exploitation of its fish stocks by third countries. Our amendment therefore aims at achieving co-operation between the Member States so that they can jointly patrol the protected zone.

President. — What is Mr Hughes's view?

Mr Hughes, rapporteur. — Mr President, I accept the spirit of this only if Mr Klepsch, on behalf of his colleagues, would add it to the existing paragraph 5, instead of replacing paragraph 5 by it. Because what was quite clear in the Committee on Agriculture was that we were not, at the moment, in possession of enough information on the effects of the extension to 200 miles and we needed that. If he will allow this to be added to paragraph 5, I would welcome it and recommend it to the House.

President. — I call Mr Klepsch.

Mr Klepsch. — Agreed!

President. — I put paragraph 5 to the vote. Paragraph 5 is adopted.

I put Amendment No. 2/rev. to the vote. Amendment No. 2/rev. is adopted.

After paragraph 5, I have three amendments:

Amendment No. 3/rev., by Mr Kofoed, on behalf of the Liberal and Democratic Group and Mr Vandewiele, on behalf of the Christian Democratic Group, calling for the addition of a new paragraph worded as follows:

5a. Invites the Commission to propose to the Council that the ships and aircraft responsible for patrolling the Community fishing zone should, in addition to national colours, display a distinctive Community emblem in order to demonstrate to the ships of third countries the Community's specific identity as regards the policy of conservation and management of fishery resources;

Amendment No. 4/rev. by Mr Kofoed on behalf of the Liberal and Democratic Group, and Mr Vandewiele, on behalf of the Christian Democratic Group, calling for the addition of a new paragraph worded as follows:

5b. Invites the Member States, on the basis of a common agreement, to establish more firmly the identity of the Community as regards the policy of conservation and management of fishery resources by allowing third country ships boarded to be conducted to the nearest port even if it is outside the national fishing zone of the Member State whose officers have boarded them;

and Amendment No. 5/rev by Mr Kofoed on behalf of the Liberal and Democratic Group, and Mr Vandewiele on behalf of the Christian Democratic Group, calling for the addition of a new paragraph worded as follows:

5c. recommends that fines paid by the captains of ships boarded should be treated as the Community's own resources;

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, we have already recognized that all these amendments aim at stressing the Community character of the measures and making this as obvious as possible. A mistake has occurred in Amendment No 4. The rapporteur has quite rightly objected that in it we talk of national fishing zones. Of course we mean the fishing zones administered by the Member State. In the last three lines of Amendment No 4 the phrase 'the national fishing zone of the Member State' must therefore be replaced by 'the fishing zone administered by the Member State'. I do apologize.

The rapporteur has already expressed his opinion on Amendment No 3, which aims at inserting a new paragraph 5a. I should like to restrict myself briefly to the justification. We believe that by confirming the presence of the European Communities in this way, the Member States will be stating their intention of considering their contiguous national fishing zones as one Community zone, and will strengthen the Community's position and, as a consequence their own position, in future negotiations with third countries. That is the idea behind the new paragraph 5a.

The justification for the new paragraph 5b in amendment No 4 is virtually the same. As you can see from the text, it makes the same request.

I should like to justify as follows the new paragraph 5c which we wish to insert. Insofar as the supervision carried out by a Member State in its national zone is advantageous to the Community as a whole, it seems logical that, just as customs duties became the Community's own resources by virtue of the existence of the Common Customs Tariff, the fines imposed by national courts on the captains of ships violating the law should also be considered as the Community's own resources and go towards financing the Community policy on the preservation and exploitation of fish stocks. And so in this amendment we have stressed that fines paid by the captains of ships

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boarded should be treated as the Community's own resources.

President. — What is Mr Hughes's view?

Mr Hughes, rapporteur. — On paragraph 5a, amendment No 3, may I take as an example of the difficulty the fact that many of the fishery protection vessels operating in the North Sea from Britain, on behalf of the Community, can simultaneously operate from Britain on behalf of Britain round the North Sea oil rigs, and there would be an overlap of problems if they appeared at an oil well carrying a Community emblem. I do not in any way want to undermine the importance of their acting on behalf of the Community, but I think we would want to register that point because they do two roles independently. The same vessel, when it hasn't got time to go back to port and paint the Community emblem off, could give rise to confusion.

As regards conducting to the nearest convenient port, I am not certain — and this is where I would ask for this amendment to be rejected — whether a British vessel has the power to maintain a suspected vessel in arrest if it takes it to a non-British port. Let us say the nearest port is in the Irish Republic, and a British frigate takes the vessel into an Irish port. Doesn't that trawler then have the right to just skip off because there is no legal provision for this?

(Laughter)

If the spirit is that it ought so to happen, that is a different matter, but my fear is — not as an international lawyer — that the British captain doesn't have the power to maintain the arrest if he does not take it to a British port. Therefore I would ask for that point to be rejected.

With regard to fines, I am not certain whether, let us say the High Sheriff of Shetland has the power, without alteration to British law, to transfer fines which he levies under British law directly to the Community.

I think while we might accept the spirit of all these amendments — that you want to involve the Community in doing it — insofar as I see legal problems, I would ask this House to reject them on the grounds that when we further look at the fishing policy as it evolves, I would prefer to have adequate legal advice on these complex issues.

President. — I call Mr Laban.

Mr Laban. — *(NL)* Mr President, I should like to hear the Commission's views on Amendments Nos 4 and 5.

President. — I call Mr Vouel.

Mr Vouel, Member of the Commission. — *(F)* I have already dealt with this point in my reply to Mr Hughes.

I have nothing to add.

President. — I call Mr Klepsch.

Mr Klepsch. — *(D)* Mr President, the problem here of course is that the Commission's reply was quite unsatisfactory. I heard earlier that the Commission cannot at present answer this question, but intends to undertake a legal consideration of the substance. I am now in a somewhat difficult position because I must make a decision for those colleagues who carefully considered the text and drew up the amendments. I am not quite sure how to proceed. In view of the Commission's answer we could of course say: 'Let's ask the committee to consider the issues'. Perhaps the rapporteur could make a compromise proposal which I could support.

President. — I call Mr Hughes.

Mr Hughes, rapporteur. — Mr President, if I understand correctly, we will very shortly be getting in the Committee on Agriculture, the first of a series of bilateral agreements between the Community and, for example, the Faeroes, Sweden and other third countries. I will certainly undertake that when the first of these actual agreements is brought before this House, the Committee on Agriculture will consider this whole area, and if necessary have the opinion of the Legal Affairs Committee so that we have a concrete case law on which this House can judge. I hope Mr Klepsch is prepared to accept that as the means of proceeding. When we get an actual example, before this House, of where the legal rights run, then we will have a full examination of this by both the Committee on Agriculture, the Commission, I trust and, if necessary, the Legal Affairs Committee.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — I believe there is a procedure which this House has adopted once or twice recently, whereby the rapporteur or the chairman of the committee responsible for the report can refer back an amendment to the committee if he so wishes. This would seem an adequate way of doing it this time. These particular three amendments would not then be voted upon by this House; they would be referred back to the Committee on Agriculture, the report would continue to go through, the amendments would still be there, and we could examine them at our leisure at a later stage.

President. — I call Mr Klepsch.

Mr Klepsch. — *(D)* Mr President, I am prepared to accept the proposals from Mr Hughes and Mr Scott-Hopkins, especially so as to give the Commission the opportunity of considering the legal position and of reporting on the matter to us in committee. In these

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circumstances I shall act as the rapporteur has proposed.

President. — I call Mr Hughes.

Mr Hughes, rapporteur. — I formally move that these three amendments be referred back to the Committee on Agriculture.

President. — The three amendments will be referred back to the Committee on Agriculture.

I put paragraphs 6 to 8 to the vote.

Paragraphs 6 to 8 are adopted.

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

The resolution is adopted.¹

14. *Regulation on the common organization of the market in wine*

President. — The next item is the report (Doc. 149/77) by Mr Liogier, on behalf of the Committee on Agriculture, on the

proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 816/70 laying down additional provisions for the common organization of the market in wine.

I call Mr Liogier.

Mr Liogier, rapporteur. — (F) Mr President, ladies and gentlemen, the text proposed by the Commission is not particularly ambitious in nature. This is stressed at the beginning of its explanatory memorandum. It merely seeks to make certain technical adjustments. The Commission's proposal comprises seven points. First, the establishment of a 'weighted average price'. The Commission considers that the weighted average prices fixed according to the old method did not reflect the actual market situation. To ensure greater accuracy, the Commission proposes that when weighted average prices are being fixed for the more common types of table wine, a weighted average price should be fixed for the Community, taking into account the actual production of such wines in each of the Member States concerned.

Second, storage aid for grape must. With a view to ensuring greater flexibility, the Commission is proposing a long-term system. When preventive distillation measures are being decided upon for wine, short-term storage contracts for must are automatically entered into, to prevent the conversion of must into wine and the disruption of a market which is already unfavourable. When long-term storage contracts are entered into in respect of wines, nine-month storage contracts may be concluded for must, so that the must which is used to enrich wines can be preserved from one wine year to the next. In this way the Commission hopes to assist producers in safeguarding the capital represented by grape must stocks.

Third, preventive distillation. Under the present system, preventive distillation can be decided upon when the quantities of table wine of all types under storage contracts total 10 million hectolitres or more. Experience has shown that the threshold was fixed at too high a level, so that preventive distillation was usually begun too late. The Commission has therefore decided to reduce the threshold to 7 million hectolitres. Furthermore, since it is likely that problems will arise in regard to red wines alone or white wines alone, it is proposing, for the other thresholds for preventive distillation measures, 5 million hectolitres in storage for red wines and 2 million hectolitres for white wines. This will increase the flexibility of the wine market and make it possible to take appropriate measures in good time.

Fourth, the report on developments in planting. Experience shows that the viticultural land register is no longer up to date, since the discrepancy between the intended development and the actual development of vineyards is increasing. The Commission is therefore working on the reform of the land register which would enter into force in 1978. The aim of the proposed amendment to Regulation No 816/72 is to take account, when the report on the relation between production and utilization is submitted to the Council, of both the estimated figures and the latest figures given in the viticultural land register.

Fifth, the conditions for acidification. The Commission proposes that :

- for wine-growing zones C Ia and C Ib the acidification limit should be raised to 1.50 g per litre ;
- the limit should be increased from 1.50 to 2.50 in areas C II and C III, provided that the natural acidity of the must, wine, etc. is not less than 3 g/l expressed in tartaric acid, and that this acidification is authorized throughout the year ;
- the acidification of table wines from areas C II and C III should be authorized throughout the year on condition that it is authorized in each of these two areas.

Although your rapporteur approves the proposed measures in principle, he considers it regrettable that the Commission has not stipulated that acidification be carried out by the producers themselves, which would prevent the possibility of fraudulent practices. If acidification is carried out by the wine-merchant, it is difficult to ensure the necessary surveillance. It is also to be regretted that the Council has not yet adopted the oenological processes proposed by the Commission in 1973 and approved by the Committee on Agriculture in 1974, on the basis of an excellent report by Mr Baas.

¹ OJ C 163 of 11. 7. 1977.

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Sixth, the improvement of the wording of Article 24 (2). This amendment merely involves clarification of the wording and there is no fundamental change.

Seventh, administrative simplification of the rules for importing certain products. In the case of wines such as port and sherry the Commission considers it unnecessary for importers to produce a certificate of origin issued by the country in which they originate or an analysis report to prove that they are suitable for human consumption, since these documents overlap with the certificate of designation of origin accompanying such wines, which is compulsory.

In conclusion, your rapporteur recommends that you should approve the Commission's proposal, subject to the comments on the acidification of wines and oenological practices.

Finally, your rapporteur regrets, as with the beef and veal sector, that the Commission has not yet published a digest of the regulations relating to the wine sector. This would be a great help to those responsible for implementing the extremely complex rules. It would also be useful in eliminating the fraudulent practices indulged in by certain people who take advantage of loopholes in the regulations. I would point out, finally, that the report before you was adopted unanimously by your Committee on Agriculture.

But the crisis that the wine sector has long been facing will not be resolved by a few technical measures proposed in the light of experience. The Commission realizes this. The matter should be debated in full in the next few weeks, after the meeting of the Community Ministers of Agriculture on 17 May 1977. Mr Gundelach has announced that in July, after making a general study of the present situation, the Commission will be submitting structural proposals in accordance with the major objectives already established: a policy to restrict production and promote quality, together with measures to convert certain wine-growing areas. It is to be hoped that this general analysis will suggest solutions to other crucial problems such as the harmonization of excise duties and the extension of the deadlines for the grubbing up of temporarily permitted varieties of vine.

On this point, I should remind the Commission that the temporary authorization of hybrids expires on 31 December 1979, while the other varieties eventually to be phased out will be authorized until 31 December 1983. Many wine-growers in the less-favoured regions of the Community have vineyards that are almost exclusively planted with hybrids, and in fact some of these plants produce excellent table wines for which there is a ready market. The conversion that is

currently in progress, as a result of the subsidies to encourage them to grub up the hybrid varieties and replant pure varieties, will of necessity be a long-term operation if they are to obtain a minimum income now and in the near future, since it will be five years before the new plants properly replace the grubbed-up plants, especially as the subsidies will not bring the wine-growers any extra income since the money will have to be used for the purchase and planting of new plants and the work involved. The deadline for grubbing up must therefore be extended, otherwise the livelihood of the small growers will be gravely jeopardized.

President. — I call Mr Vouel.

Mr Vouel, Member of the Commission. — (F) The rapporteur has given us a thorough and extremely lucid outline of the subject. It only remains for me to thank him for the excellent work he has done on the Commission's proposal.

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

The resolution is adopted.¹

15. *Dates of next part-session*

President. — There are no further items on the agenda.

I should like to thank the representatives of the Council and the Commission for their contributions to our proceedings.

The enlarged Bureau has proposed that Parliament should hold its next sittings from 4 to 8 July 1977 in Luxembourg.

Are there any objections?

That is agreed.

16. *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 this sitting which were written during the debates.

Are there any comments?

The minutes of proceedings are approved.

17. *Adjournment of the session*

President. — I declare the session of the European Parliament adjourned.

The sitting is closed

(The sitting was closed at 12 noon.)

¹ OJ C 163 of 11. 7. 1977.

