

Annex

# Official Journal

of the  
European Communities

No 186  
February 1975

English edition

## Debates of the European Parliament

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1974-1975 Session  
Report of Proceedings  
from 17 to 21 February 1975  
Europe House, Strasbourg

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## NOTE TO READER

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

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

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## IN THE CHAIR: MR BERKHOUWER

*President*

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

**President.** — The sitting is open.

1. *Resumption of the session*

**President.** — I declare resumed the session of the European Parliament adjourned on 17 January 1975.

2. *Apologies*

**President.** — Apologies for absence have been received from Mr Amendola and Mr Calewaert who regret their inability to attend the next sittings.

An apology for absence has been received from Mrs Walz who regrets her inability to attend Friday's sitting.

3. *Verification of credentials*

**President.** — On 16 January 1975 the German Bundestag appointed Mr Walter Suck Member of the European Parliament to replace Mr Kater.

At its meeting of 6 February 1975 the Bureau verified the credentials of Mr Suck and found that the appointment complied with the provisions of the Treaties.

It therefore asks the House to ratify this appointment.

Are there any objections?

This appointment is ratified.

I heartily welcome Mr Suck to our midst.

4. *Congratulations*

**President.** — Mr Bourges has been appointed Minister of Defence in the Government of the French Republic. We wish him good luck in his appointment.

Mr de la Malène has been appointed chairman of the Group of European Progressive Democrats to replace Mr Bourges.

We wish Mr de la Malène luck also in his appointment.

5. *Texts of treaties forwarded by the Council*

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

- Agreement between the European Economic Community and the Republic of India on the supply of skimmed milk powder as food aid;
- Agreement between the European Economic Community and the Republic of India on the supply of butteroil and butter as food aid;
- Agreement between the European Economic Community and the office of the United Nations Disaster Relief Co-ordinator (UNDRO) on the supply of skimmed milk powder as emergency food aid for the disaster victims in Honduras;
- Agreement between the European Economic Community and the Islamic Republic of Mauritania on the supply of common wheat and maize as food aid;
- Agreement between the European Economic Community and the Hashemite Kingdom of Jordan on the supply of skimmed milk powder as food aid;
- Agreement between the European Economic Community and the Hashemite Kingdom of Jordan on the supply of flour of common wheat as food aid;
- Agreement between the European Economic Community and the Republic of the Philippines on the supply of skimmed milk powder as food aid;
- Agreement in the form of an exchange of letters amending the Agreement of 25 March 1974 between the European Economic Community and the Democratic Republic of Somalia on the supply of flour of soft wheat and husked rice as food aid;
- Agreement between the European Economic Community and the Democratic Republic of the Sudan on the supply of common wheat as food aid;
- Agreement between the European Economic Community and the Republic of Chad on the supply of common wheat, sorghum and maize as food aid;
- Agreement between the European Economic Community and the United Nations Children's Fund (UNICEF) on the supply of cereals as food aid;
- Agreement between the European Economic Community and the United Nations Chil-

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dren's Fund (UNICEF) on the supply of skimmed milk powder as food aid;

- Agreement between the European Economic Community and the Kingdom of Morocco on the supply of butteroil as food aid;
- Agreement between the European Economic Community and the Kingdom of Morocco on the supply of common wheat as food aid;

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

#### 6. Documents submitted

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

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

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to the rear registration plate illuminating device of motor vehicles and their trailers (Doc. 450/74).

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

- the proposal from the Commission of the European Communities to the Council for a directive on the exemption from taxes on importation of small consignments from third countries of goods of a non-commercial nature (Doc. 451/74).

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

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to head-lights for motor vehicles emitting an asymmetrical passing beam or a driving beam or both, and to incandescent electric lamps for such head-lights (Doc. 452/74).

This document has been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Legal Affairs Committee and to

the Committee on Regional Policy and Transport for their opinions;

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

- I. a directive on the approximation of the laws of the Member States relating to electro-medical equipment
- II. a directive on the approximation of the laws of the Member States relating to medical X-ray equipment operating at 10 to 400 kV.

(Doc. 453/74).

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

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

- I. a directive on the approximation of the laws of the Member States relating to constructional plants and equipment
- II. a directive on the approximation of the laws of the Member States relating to the measurement of the sound level of constructional plants and equipment

- III. a directive on the approximation of the laws of the Member States relating to the permissible sound level for pneumatic concrete-breakers and jackhammers

(Doc. 454/74).

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

- the communication from the Commission of the European Communities to the Council containing new proposals concerning the revision of the multi-annual research and training programme of the Joint Research Centre and new activities for the Petten establishment (Doc. 455/74).

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

**President**

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to the roll-over protection structures of wheeled agricultural or forestry tractors (Doc. 456/74).

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

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to side lights, rear lights and stop lights for motor vehicles and their trailers (Doc. 457/74).

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

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to ceramic articles intended to come into contact with foodstuffs (limitation of extractable quantities of lead and cadmium) (Doc. 458/74).

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

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

- I. a directive on the approximation of the laws of the Member States relating to appliances using gaseous fuels, to safety and control devices for these appliances and to methods for inspecting these appliances

- II. a directive on the approximation of the laws of the Member States relating to appliances using gaseous fuels for the instantaneous production of hot water for sanitary purposes (Doc. 459/74).

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

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws, regulations and administrative provisions of Member States relating to the classification, packaging and labelling of pesticides (Doc. 460/74).

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

- the proposal from the Commission of the European Communities to the Council for a regulation providing for exemption from duties and charges on importation in respect of goods sent by a private person from a third country in small consignments of a non-commercial nature to another private person living in the customs territory of the Community (Doc. 461/74).

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

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to towing hooks on motor vehicles (Doc. 462/74).

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

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to the type-approval of motorcycles (Doc. 463/74).

This document has been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Legal Affairs Committee and the

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Committee on Regional Policy and Transport for their opinions;

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

I. a directive on the approximation of the laws of the Member States relating to safety belts and restraint systems of motor vehicles

II. a directive on the approximation of the laws of the Member States relating to head restraints on seats of motor vehicles

(Doc. 464/74).

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

- the communication from the Commission of the European Communities to the Council concerning an action programme in favour of migrant workers and their families (Doc. 465/74).

This document has been referred to the Committee on Social Affairs and Employment as the committee responsible and to the Committee on Cultural Affairs and Youth for its opinion;

- the communication from the Commission of the European Communities to the Council on the Programme of Pilot Schemes and Studies to combat poverty drawn up in accordance with the resolution of the Council of 21 January 1974 concerning a Social Action Programme (Doc. 466/74).

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

- the proposal for the transfer of appropriations between chapters in Section III—Commission—of the General Budget for the financial year 1975 (Doc. 470/74).

This document has been referred to the Committee on Budgets;

- the proposal from the Commission of the European Communities to the Council for a decision concluding the European Convention for the protection of international watercourses against pollution (Doc. 471/74).

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

- the proposal from the Commission of the European Communities to the Council for a directive on the reduction of water pollution caused by wood pulp mills in the Member States (Doc. 472/74).

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

- the proposal from the Commission of the European Communities to the Council for programmes of research and development actions in the field of energy (Doc. 473/74).

This document has been referred to the Committee on Energy, Research and Technology;

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1052/73 on the supply of sugar to UNRWA as food aid pursuant to the Agreement with that Agency dated 18 December 1972 (Doc. 474/74).

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

- the proposal from the Commission of the European Communities to the Council for a programme on radioactive waste management and storage (Doc. 475/74).

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

- the proposals from the Commission of the European Communities to the Council for a decision empowering the Commission to issue Euratom loans with a view to a Community contribution towards the financing of nuclear power stations (Doc. 480/74).

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

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- the proposal for transfers of appropriations between chapters in Section III—Commission—of the General Budget for the financial year 1975 (Doc. 481/74).

This document has been referred to the Committee on Budgets;

- the proposal from the Commission of the European Communities to the Council for a regulation laying down general rules for the supply of skimmed milk powder as food aid to Somalia (Doc. 484/74).

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

- the proposal from the Commission of the European Communities to the Council for a regulation on the transfer to the European Regional Development Fund of 150 million units of account out of the appropriations held in reserve by the Guidance Section of the European Agricultural Guidance and Guarantee Fund (Doc. 491/74).

This document has been referred to the Committee on Budgets as the committee responsible and to the Committee on Agriculture and the Committee on Regional Policy and Transport for their opinions;

- the following document:
  - recommendation for a Council Regulation (EEC) concluding an agreement extending the Association Agreement between the European Economic Community and the Tunisian Republic
  - recommendation for a Council Regulation (EEC) concluding an agreement extending the Association Agreement between the European Economic Community and the Kingdom of Morocco (Doc. 496/74).

This document has been referred to the Committee on External Economic Relations.

## (b) the following oral questions:

- oral question with debate by Mr Glinne, Mr Dondelinger, Mr Cifarelli, Mr Broeks, Mr Seefeld and Mr Leenhardt on behalf of the Socialist Group to the Council on the deplorable failure of the Community to adopt a common position at the UN vote on the Charter of Economic Rights and Duties of States (Doc. 443/74);
- oral question with debate by Mr Glinne, Mr Dondelinger, Mr Cifarelli, Mr Broeks, Mr Seefeld and Mr Leenhardt on behalf of the Socialist Group to the Commission on the deplorable failure of the Community to adopt a common position at the UN vote on the Charter of Economic Rights and Duties of States (Doc. 444/74);
- oral question with debate by Mr Pisoni, Mr Girardin, Mr Ligios, Mr Vernaschi and Mr Rosati to the Commission on the return of migrant workers to Italy (Doc. 445/74);
- oral question with debate by Mr Scott-Hopkins on behalf of the European Conservative Group to the Commission on a sheep meat regulation (Doc. 446/74);
- oral question with debate by Mr Cousté on behalf of the Group of European Progressive Democrats to the Commission on the Charter of Economic Rights and Duties of States (Doc. 476/74);
- oral question with debate by Mr Adams, Mr Albertsen, Mr Broeks, Mr Carpentier, Mr Della Briotta, Mr Dondelinger, Mr Glinne and Mr Kavanagh on behalf of the Socialist Group to the Commission on unemployment among young people (Doc. 477/74);
- oral question with debate by Mrs Orth on behalf of the Socialist Group to the Commission on the improvement of safety conditions in coal mines (Doc. 478/74);
- oral question with debate by Mr Hill, Mr Dykes, Mr Martens, Mr Gerlach, Mr Delmotte, Mr Starke, Mr Johnston and Mr Scholten to the Commission on the Channel Tunnel project (Doc. 479/74);
- oral question with debate by Mr Lücker on behalf of the Christian-Democratic Group, Mr Spénale on behalf of the Socialist Group, Mr Durieux on behalf of the Liberal and Allies Group, Mr Kirk on behalf of the European Conservative Group and Mr de la Malène on behalf of the Group of European Progressive Democrats to the Commission on the political situation in Portugal (Doc. 490/74);
- oral questions by Mr Radoux, Sir Douglas Dodds-Parker, Mr Fellermaier, Mr Patijn, Mr Blumenfeld, Mr Herbert, Mr

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Cousté, Mr Hougardy, Mr Härzschel, Mr Noè, Mr Scott-Hopkins, Mr Kirk, Mr Brewis, Mr Johnston, Mr Hansen and Mr Laban pursuant to Rule 47A of the Rules of Procedure for Question Time on 19 February 1975 (Doc. 492/74);

(c) from the committees, the following reports:

- report by Mr Marcel Vandewiele on behalf of the Committee on Energy, Research and Technology, on the Communication from the Commission of the European Communities to the Council: 'Energy for Europe: Research and Development' (Doc. 447/74);
- report by Mr Klepsch on behalf of the Committee on External Economic Relations, on the recommendations adopted on 11 October 1974 by the Joint Parliamentary Committee of the EEC-Turkey Association in Istanbul-Tarabya (Doc. 448/74);
- report by Mr Edgar Jahn on behalf of the Committee on Public Health and the Environment on Petition No 8/74—'Save the migratory birds' (Doc. 449/74);
- interim report by Mr Horst Gerlach on behalf of the Committee on Regional Policy and Transport on regional policy as regards the regions at the Community's internal frontiers (Doc. 467/74);
- report by Mr Ralph Howell on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for
  - I. a regulation on the common organization of the market in eggs
  - II. a regulation on the common organization of the market in poultrymeat (Doc. 468/74);
- report by Mr Cornelis Laban on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for
  - I. a regulation laying down conditions for applying protective measures in the market in pigmeat
  - II. a regulation on the common organization of the market in pigmeat (Doc. 469/74);
- report by Mr Harry Notenboom on behalf of the Committee on Budgets on the proposals from the Commission of the

European Communities to the Council for

- I. a directive on the exemption from taxes on importation of small consignments from third countries of goods of a non-commercial nature
  - II. a regulation providing for exemption from duties and charges on importation in respect of goods sent by a private person from a third country in small consignments of a non-commercial nature to another private person living in the customs territory of the Community (Doc. 482/74);
- report by Mr Georges Spénale on behalf of the Committee on Budgets on the letter from the Council of the European Communities on the draft joint declaration by Parliament, the Council and the Commission on the establishment of a conciliation procedure (Doc. 483/74);
  - report by Mr Lucien Radoux on behalf of the Political Affairs Committee on the Conference on Security and Cooperation in Europe (CSCE)—(Doc. 485/74);
  - report by Mr René Pêtre on behalf of the Committee on Budgets on the Computer Centre (Doc. 468/74);
  - interim report by Lord Mansfield on behalf of the Legal Affairs Committee on the protection of the rights of the individual in the face of developing technical progress in the field of automatic data processing (Doc. 487/74);
  - report by Mr Erwin Lange 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 regulation amending Council Regulation (EEC) No 907/73 of 3 April 1973 establishing a European Monetary Cooperation Fund (Doc. 489/74);
  - report by Mr Nicola Cipolla 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 359/67/EEC on the common organization of the market in rice (Doc. 493/74);
  - report by Mr Horst Seefeld 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 Regulation (EEC) No 1052/73 on the

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supply of sugar to UNRWA as food aid pursuant to the Agreement with that Agency dated 18 December 1972 (Doc. 494/74);

- report by Mr Horst Seefeld on behalf of the Committee on Development and Co-operation on the proposal from the Commission of the European Communities to the Council for a regulation establishing the general rules for supplying food aid to Somalia in the form of skimmed milk powder (Doc. 495/74);
- report by Mr Gabriel Kaspereit on behalf of the Committee on External Economic Relations on
  - the recommendation for a Council regulation (EEC) concluding an agreement extending the Association Agreement between the European Economic Community and the Tunisian Republic
  - the recommendation for a Council regulation (EEC) concluding an agreement extending the Association Agreement between the European Economic Community and the Kingdom of Morocco (Doc. 497/74);
- report by Mr Renato Sandri on behalf of the Committee on Development and Cooperation on the outcome of the Eleventh Annual Meeting of the EEC-AASM Association Parliamentary Conference (Abidjan, 27-29 January 1975)— (Doc. 498/74);

(d) the following motions for resolutions:

- motion for a resolution tabled by Mr Springorum on behalf of the Committee on Energy, Research and Technology, with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure on the present position regarding the Community energy policy (Doc. 488/74);
- motion for a resolution tabled by the Committee on Regional Policy and Transport with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure on the Channel Tunnel Project (Doc. 499/74).

#### 7. Decision on urgent procedure

**President.** — I propose that Parliament deal by urgent procedure with reports not submitted

within the time-limits laid down in the rules of 11 May 1967.

Are there any objections?

The adoption of urgent procedure is agreed.

#### 8. Order of business

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

At its meeting of 6 February 1975 the enlarged Bureau prepared a draft agenda which has been distributed. Since then some amendments have been made to it.

The report by Mr Aigner on the draft supplementary and rectifying budget No 1 of the European Communities for the financial year 1975 and the report by Mr Mitterdorfer on the proposals from the Commission of the European Communities to the Council on the removal of technical barriers to trade have been taken off the agenda.

The report by Mr Pêtre on the Computer Centre has been put back to the March part-session by arrangement with the rapporteur.

I call Mr Kirk.

**Mr Kirk.** — Mr President I hesitate to propose an addition to an already overloaded agenda but there is one matter which perhaps Parliament might be prepared to take on Friday morning.

That is a report by Lord Mansfield on behalf of the Legal Affairs Committee, on the protection of civil liberties in connection with technical developments in the field of data processing. I mention this because, unfortunately, this will be the last part-session at which Lord Mansfield will be a Member of this Parliament and I am sure Parliament would wish him to present this report for himself. I do not think it will be highly controversial. I hope, therefore, that Members will be willing to allow him to make his swan song on Friday morning with this very important report.

**President.** — I call Mr Schuijt.

**Mr Schuijt.** — (NL) Mr President, as chairman of the Legal Affairs Committee I am well aware how much effort Lord Mansfield has put in to get this report ready. I should also like firmly to support Mr Kirk's request.

**President.** — The report by Lord Mansfield on protection of the rights of the individual in the face of developing technical progress in the field of automatic data processing is therefore placed on the agenda for Friday.

**President**

Since the report by Mr Sandri on the outcome of the Conference at Abidjan was not submitted within the regulation time limit, and since the agenda for Thursday is very full, the only possibility is to place this report on the agenda for Friday as well.

I call Mr Deschamps.

**Mr Deschamps.** — (*F*) Mr President, could the report by Mr Sandri on the outcome of the EEC-AASM Association Parliamentary Conference in Abidjan be included on Thursday morning's agenda? After that date there will be no point in discussing the report because, as you know, the agreements are to be signed on February 28 in Lomé. It would therefore be regrettable if Parliament were to continue discussing a conference held in preparation for this signing. On behalf of our committee, I therefore ask for this report to be included on the agenda for Thursday, if possible in the morning, as I believe that the rapporteur has to leave at midday on Thursday.

**President.** — Mr Deschamps, we shall do everything possible to include this report as the final item on the agenda for Thursday, or possibly on Friday's agenda. That is the only way we can satisfy you. If the rapporteur himself cannot present his report, it is always permissible for him to appoint a deputy.

I propose the following agenda for this part-session:

*This afternoon:*

- Commission statement on action taken on the opinions of Parliament;
- Oral question with debate on the Channel Tunnel project;
- Report by Mr Concas on amnesty for war criminals;
- Report by Mrs Walz on home study courses.

*Tuesday, 18 February 1975:*

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

- Presentation of the Eighth General Report and the annual programme of work of the Commission;
- Statement on the social situation in the Community;
- Oral question with debate on the return of migrant workers to Italy;
- Oral question with debate on safety conditions in coal mines;

- Oral question with debate on unemployment among young people;
- Report by Mr Brewis on the liberalization of co-insurance;
- Report by Mr Lange on the European Monetary Cooperation Fund;
- Report by Mr Klepsch on the Community's relations with COMECON;
- Report by Mr Klepsch on the recommendations of the Joint Parliamentary Committee of the EEC-Turkey Association;
- Report by Mr Baas on the tariff classification of certain cheeses;
- Report by Mr Kaspereit on the extension of the Association Agreements with Tunisia and Morocco;

*Wednesday, 19 February 1975:*

*11.30 a.m.:*

- Question Time;
- Statement on the economic situation in the Community;

*3.30 p.m. and 9.00 p.m.:*

- Report by Mr Spénale on the joint declaration on the establishment of a conciliation procedure;
- Joint debate on
  - the report by Mr Radoux on the results of the Paris Summit Conference of December 1974, and
  - the Eighth General Report and the programme of work of the Commission;
- Oral question with debate on the political situation in Portugal.

*Thursday, 20 February 1975:*

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

- Joint debate on
  - the oral question by the Socialist Group to the Council on the Charter of Economic Rights and Duties of States,
  - the oral question by the Socialist Group to the Commission on the same subject, and
  - the oral question by Mr Cousté to the Commission on the same subject;
- Possibly, report by Mr Aigner on the transfer of an EAGGF appropriation to the European Regional Development Fund;

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- Motion for a resolution from the Committee on Energy, Research and Technology on the present position regarding energy policy;
- Report by Mr Vandewiele on the Communication from the Commission relating to the energy sector;
- Report by Mr Liogier on the allocation of EAGGF funds;
- Oral question with debate on a sheep meat regulation;
- Report by Mr Cipolla on the common organization of the market in rice;
- Report by Mr Sandri on the Eleventh Annual Meeting of the Parliamentary Conference of the EEC-AASM Association.

*Friday, 21 February 1975:*

*9.30 a.m. to 12 noon:*

- Possibly, continuation of the agenda for Thursday, 20 February;
- Report by Mr Howell on the common organization of the markets in eggs and poultrymeat (without debate);
- Report by Mr Laban on the common organization of the market in pig meat (without debate);
- Report by Mr Notenboom on tax exemption for small consignments of goods from third countries;
- Interim-Report by Lord Mansfield on the protection of the rights of citizens with regard to automatic data processing;
- Report by Mr Walkhoff on certain dangerous substances and preparations;
- Report by Mr Jahn on the campaign to save the migratory birds;
- Report by Mr Seefeld on the supply of sugar as food aid to UNRWA;
- Report by Mr Seefeld on food aid for Somalia (without debate);

Are there any objections?

The agenda is so agreed.

*9. Limit on speaking time*

**President.** — In accordance with the usual practice I propose that speaking time be allocated as follows for all reports:

- 15 minutes for the rapporteur and one speaker for each political group;

— 10 minutes for other speakers;

— 5 minutes for speakers on amendments.

On the other hand I propose that speaking time be allocated as follows for the oral questions:

— 10 minutes for the author of the question;

— 5 minutes for other speakers.

Are there any objections?

That is agreed.

*10. Decision on urgency in respect of a motion for a resolution—Inclusion in the agenda*

**President.** — I have received from Mr Hill, on behalf of the Committee on Regional Policy and Transport, a motion for a resolution on the Channel Tunnel (Doc. 499/74) with a request for urgent procedure pursuant to Rule 14 of the Rules of Procedure.

I therefore consult Parliament on the adoption of urgent procedure.

Are there any objections?

The adoption of urgent procedure is agreed.

The motion for a resolution will be placed on the agenda after the oral question with debate by Mr Hill and others on the Channel Tunnel.

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

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

I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities.** — (I) Mr President, ladies and gentlemen, on 15 October last, in giving its opinion on Miss Flesch's report on the revision of the Staff Regulations, Parliament submitted a series of amendments relating to 14 different items. I am delighted to tell you that this week the Commission will present the Council with an amended proposal which fully takes account of Parliament's suggestions. However, there were three amendments which it was not possible to accept. The first concerns Article 30 of the Staff Regulations and stipulates that, in future, the appointing authority shall draw up the list of suitable candidates in descending order of merit. The second concerns the Commission's proposal, op-

**Scarascia Mugnozza**

posed by Parliament, to increase the maximum overtime allowed over a 6-month period to 175 hours, and even to 200 hours for certain posts. The third amendment embodies Parliament's suggestion to extend the right to be reimbursed for first-class rail travel to all officials. In addition, the Commission has not yet been able to take a stand on the amendments tabled to Articles 63 and 64 of the Staff Regulations concerning the currency in which payments are made. The Commission feels that it is only prudent to withhold judgement until the Court of Justice has pronounced on a case which is connected with this question.

I also have pleasure in informing you that the Commission has been able to follow up Miss Flesch's suggestion, presented in her report, relating to the procedure for applying certain provisions of the financial regulation and will take the suggested amendments into account when it definitively adopts the text of the regulation, after the current Council consultation is concluded.

In addition, taking account of Parliament's requests, the Commission has amended its proposals for harmonizing excise duties on mineral oils, covered in a report by Mr Pêtre, and its proposal for a three-year plan of action in the field of information and documentation in science and technology, covered by Mr Petersen. The Commission has accepted most of the amendments proposed by the European Parliament on the basis of Mr Brégégère's report on yeasts. Since there are so many of them, I shall not go into details but simply assure you that a revised proposal will be sent to the Council.

Following Mr Müller's report on gas cylinders, the Council was presented with another proposal amended so as to take Parliament's vote fully into account.

Mr President, I think that, over all, we have every reason to be satisfied with the work achieved by Parliament and the Commission over these seven months.

**President.** — Thank you Mr Scarascia Mugnozza.

*12. Oral question with debate: Channel Tunnel project - Adoption of a motion for a resolution*

**President.** — The next item is the oral question with debate by Mr Hill, Mr Dykes, Mr Martens, Mr Gerlach, Mr Delmotte, Mr Starke, Mr Johnston and Mr Scholten to the Commission of the European Communities. (Doc. 479/74.)

The questions is worded as follows:

Subject: Channel Tunnel project

The Commission is asked, in view of the decision of the United Kingdom government to withdraw from participation in the Channel Tunnel project:

1. Whether they would agree that the construction of such a tunnel would be for the benefit of the Community as a whole?
2. Whether they will give urgent consideration to the possibility of discussions taking place with a view to continue the project with financial support or guarantees from Community sources?

I call Mr Hill to present the question.

**Mr James Hill.** — Mr President, I can declare many interests in this matter. One interest in the Channel Tunnel obviously concerns transport. I have an interest also because it concerns regional policy, an interest as a Member of the European Parliament who believes in the goals and ambitions of the European Economic Community, and also an interest as a member of the British delegation.

Therefore, the implications of whether or not to construct a Channel Tunnel are, I believe, far-reaching for the Community as a whole in terms of its specific and acknowledged policies in the fields of both transport and regional policy. Indeed, the Channel Tunnel will have a profound effect not only on the United Kingdom and Northern France, but on Holland, Belgium and Germany, and will aid such areas as the depressed south-west region of France.

The principles of a common transport policy are expressed in Mr Mursch's excellent report which was adopted by the European Parliament last year. It stated that the European transport policy specialists must make clear to the population at large and to the export interests that, as customs and monetary barriers are removed, so the obstacles to transport now hidden behind these barriers will become increasingly apparent. Therefore, transport costs will become of major importance and this will be the only variable in the area of competition policy. For example, Britain in exporting to France without the Tunnel would be at a greater disadvantage in terms of cost than would Germany exporting to France where no major traffic barriers are encountered. These natural traffic barriers, many of which I quoted in Document 319/74 on permanent links across certain sea straits, contain in themselves inequalities and distortions to free trading patterns and competition.

I have read in Hansard dated 20 January 1975 the Channel Tunnel statement and the following debate in the House of Commons. I do not think

**Hill**

any serious arguments, either in technical or in commercial viability terms, were advanced to support the arbitrary cancellation of this vital Community project. Indeed, the counter-argument would be that the Tunnel would protect the environment on the British side of the Channel and assist in the expansion of regional development on the French side of the Channel, coupled of course with the new motorway that would link the United Kingdom with Spain.

First, why was the Channel Tunnel project cancelled before the report of the Cairncross Committee was completed? That report would have included Tunnel traffic and revenue estimates and would also have examined alternative rail options as to whether or not it was more costly to proceed with the Tunnel.

Secondly, British Rail were reviewing their estimates on costs, and I have been given to understand that the new rail plan was almost ready to be presented to the Minister. The original cost of the high-speed rail link, estimated at £373 million, had been pruned to save at least £100 million. That would have involved using existing track except for the new tunnel into Croydon. Apparently, surveys had shown that the existing track would be wide enough for the continental container wagons and all passenger coaches.

Thirdly, the consortium had, rightly, implemented its side of the contract to serve a notice of abandonment. But that had been forced on the consortium, because on 9 January a new timetable was proposed that would have meant that no decision would be taken until the summer of 1976. The notice of abandonment had to be served by the consortium so that it would receive the compensation due to the delay on the contract. It was fairly obvious that the last people concerned who would wish completely to abandon the Tunnel would be the consortium which had gone to so much trouble to obtain the contract and to recruit the labour force required. Indeed, the consortium has been exonerated by the British Government.

Fourthly, what effect will this cancellation have on the environment of Kent? In his statement the Minister gave several pledges on various motorways, notably the M2 and the M20, and there were many requests from other British Members of Parliament for bypasses and roads in their constituencies which will obviously be needed to take the increased lorry and holiday-maker traffic.

When the Minister was asked whether he would give an assurance that in principle the British Government was still in favour of the Channel Tunnel, the answer was 'No'. The Minister went on to say that what the government had con-

sistently sought to do was to keep open the options until we had a sufficient volume of evidence and information on which to base a sensible and rational decision.

The British Minister's action does not match up to his words. Certainly, the Commission and this Parliament have been given little or no commercial detail to justify the cancellation. In this vacuum it is difficult to escape from the nagging thought that this decision, which will cost the taxpayers of Britain and France about £40 million in compensation, was a political decision and was associated with the referendum campaign. Whether or not that is true, it is obvious that this decision was taken in haste and may well be repented at leisure.

The oral question with debate is in two parts. We are asking:

Does the Commission believe that this will be a major project of benefit to the Community as a whole?

In my submission, the Commission can answer only 'Yes'. In that case the second part of the question is whether, in conjunction with the two Member States concerned, there can be any possibility of financial support or guarantees from Community sources?

The Commission will probably try to make the same case as it did in my committee recently, which was that the overall cost of the Tunnel and rail links would be about 3,600 million units of account.

I realized at the time that the Commission had obviously not taken into account the contract which was outlined in my document 319/74. Just to give the background on the financing of the Tunnel to my fellow-delegates I will repeat the appropriate paragraph:

'The British Channel Tunnel Company Limited and the Société Française du Tunnel sous la Manche would raise all the capital required—about 90 per cent through the issue of fixed-interest bonds... and the remainder by the issue of shares in the Companies.'

This private investment would therefore be repaid through the profits of the Tunnel which during the first 50 years would be shared by the two companies and the two governments. After 50 years, the Tunnel would be handed over entirely to the two governments.

At no time have I heard that the consortium building the Tunnel was running into liquidity problems. Therefore, in this case the only real purpose of the two governments was to guarantee the fixed-interest bonds.

I suggest that this is an area in which the European Investment Bank could take over the res-

**Hill**

possibilities of the two governments. Apart from the proviso that the consortium is entitled to compensation through cancellation, no government money is therefore needed to build the Tunnel.

As this commitment to the consortium would be in a guaranteed form only, it would not place any strain on the Community unless there was a breach of the contract by the Community.

With regard to the expenses that will have to be incurred by British Rail to provide the marshalling yards and rail links to the Tunnel, this could be a commercial proposition between British Rail and the European Investment Bank, but only if the British and French Governments gave their consent.

The European Investment Bank is in a particularly favourable situation to attract the necessary finance, mainly from the Arab petro-dollars in the Community which are seeking a safe deposit—and what could be safer than a bank supported by the nine Member States? This money could be used to finance British Rail in its expenditure at long-term low interest rates and it could be a purely commercial transaction between a nationalized industry and a commercial bank.

Already, as Members will know, the British Steel Corporation has borrowed £90 million from the European Investment Bank. Some of the remarks passed in the House of Commons by certain ill-informed members of the British Parliament have suggested that money from the Tunnel could be saved by cancelling this project and that this money could be used for building hospitals and schools and perhaps even increasing social benefit. It must be made abundantly clear that there are no moneys involved in the guarantee unless the contract is broken. There are therefore no moneys involved if British Rail is able to arrange its own financing in the commercial banking area.

What is involved is a great saving to the British Government on the many motorways and bypasses that will be needed over the next 10 to 20 years to funnel what I sincerely hope is an expanding export market to the Community through some of the more densely populated regions of the United Kingdom.

The Committee on Regional Policy and Transport is not asking anything further than that the United Kingdom or France, if they so wish, can commence discussion with the Commission to see whether there are ways and means for Community funds to be made available to resume the project. This will in no way interfere with the referendum issue, and, with what I hope will be a successful conclusion to

the referendum campaign, these discussions can then be completed and the Channel Tunnel can become a reality.

(Applause)

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza, Vice-president of the Commission of the European Communities.** — (I) Mr President, I should like to thank Mr Hill for his speech. In replying, I shall take account of both his remarks and the discussions held a few days ago in the European Parliament's Committee on Regional Policy and Transport in Brussels. I attended these discussions so that I might acquire a personal impression of Members' attitudes and adequately prepare myself for today's debate.

First I should like to remind you that, by the Council's decision of 28 February 1966, a conciliation procedure was introduced for matters relating to transport infrastructure. This procedure is the only instrument which the Commission can use to coordinate investments in transport infrastructure. Under this procedure, Member States are obliged to inform the Commission of projects of Community interest which, in turn, informs the other Member States and, if thought useful, a joint consultation is held.

In November 1973, the French and British governments informed the Commission of the plan to build a tunnel under the Channel. In February 1974, the Commission consulted the Member States and informed them all of the outcome. On the basis of this consultation the Commission departments carried out a study of the various problems that had emerged during this procedure which had been carried out with a view to obtaining an improved understanding of the question.

On 27 January 1975, in the statement to the British Parliament by Mr Crosland, Minister for the Environment and therefore responsible for this matter, the Commission was officially informed of the British Government's decision not to build the Channel tunnel. It heard this information through the Press immediately after Mr Crosland's statement to the Commons, before the official communication actually arrived.

I should now like to summarize Mr Crosland's statements. He explained that:

1. The British government had realized it would not be possible to meet the deadline laid down for ratifying the Franco-British treaty on the terms for the construction of the tunnel;

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2. The cost of the rail link between the tunnel and London had escalated so much that the project had to be reconsidered;
3. The coincidence of these two factors induced the British government to try to negotiate a delay with the construction companies;
4. The companies had not granted the British government's request and presented a proposal of their own which the government did not find acceptable;
5. Under these circumstances, the British government had decided to abandon the plan;
6. The British government saw no way by which it could order the tunnel to be built as part of a project directly financed by it;
7. The British government was taking no steps which might jeopardize the possibility of resuming work and was discussing with the parties concerned the repercussions of this decision on the development of traditional transport links with the continent. In concluding, Mr Crosland made it clear that he felt that the project should be carried out as soon as possible and added that he thought that it would be possible to achieve this aim during his own lifetime.

This, Mr President, gives you the gist of Mr Crosland's statements to the British Parliament. I do not think that any Member will disagree if I suggest that, as a factor which would bring peoples closer together and contribute to regional development, building the Channel tunnel is a matter of enormous Community interest. From the point of view of transport, the tunnel would be a vital element in developing a Community communications network. Though direct reference was not made to the tunnel, this subject has already been discussed in previous sessions of the European Parliament on the basis of a motion by Mr Hill and, on that occasion, the Commission welcomed all plans which might unite parts of the Community cut off by sea straits. If we turn to consider the advantages which would accrue to the Community from implementing this project, we must immediately admit that they would to a large extent depend on a number of conditions, two of which I should like to outline here by way of example.

The first and most important is that the tunnel be perfectly dove-tailed with the Community road and rail network which would require rationalization of the various means of access to the tunnel (this line of argument fits in with the call for coordinated transport over the whole

Community). The other requirement is that there should be no differentiation of the conditions under which various users have access to the tunnel.

During our consultations with the various Member States referred to above, the two countries directly concerned, France and Great Britain, showed that they were aware of these Community aspects. I am sure that, if it were possible to continue these consultations, they would extend agreement between the nine Member States. The point would then be reached when the Channel tunnel represented a real advantage for the Community in a sense which is not entirely clear in the present situation.

Having said this, Mr President, and made the point that we regard the construction of the Channel tunnel as a subject of major importance from a Community point of view, though recalling that, at the current stage of negotiations, we could not be sure that the tunnel as planned would meet the two basic requirements which I referred to, hence meeting the needs of all the Community Member States, I should like to deal with the second part of the question.

This second part, it seems to me, goes beyond the question of Community finance but also raises the issue of whether the Commission is prepared to commit itself to this project as much as the two governments concerned, hence shouldering the same risks. I should like to remind you all that Mr Crosland unequivocally stated to the House of Commons that this plan was not being abandoned for lack of funds. On the other hand, he did say that he was ready to consider any proposal for reallocating costs and this would seem to constitute an invitation to contribute to expenditure and sink money into the project as well as granting loans.

I really must point out, Mr President, ladies and gentlemen, that the British government has never presented the Commission with any request of the type referred to by Mr Crosland in the House of Commons or asked for an opinion on the chances of obtaining a loan from the European Investment Bank. However, I shall add that at the present time the Commission does not have any means by which it could contribute to this plan—we simply do not have the appropriate funds. I could stop there but I think that it would be better to explain the Commission's position on the project itself.

The Commission has not forgotten that, in its October 1973 communiqué on transport policy which was approved by Parliament, it agreed to take greater responsibility for investments in infrastructure. If the Commission had the

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necessary funds at its disposal and the situation on the capital market was more favourable, it might be worth asking whether it was prepared to involve itself in this joint undertaking, if the countries concerned so wished.

Even under these circumstances, there is no guarantee what the Commission's reply would be. One reason is that we must bear the cost of the project in mind.

I checked the figures after the meeting of the Committee on Regional Policy and Transport last week and the cost amounts to 2,030 million u.a., plus the expenditure required to reorganize rail and road links, amounting to 1,200 million u.a., so that a total expenditure of 3,600 million u.a., or 720 million u.a. per annum, is involved.

In order to make it clearer what this means perhaps I should point out that, in the whole of 1973, the European Investment Bank granted a total of 816 million u.a. loans in all fields.

In addition, in sharing funds between the various areas of interest, the European Investment Bank normally gives about one eighth of the total at its disposal for investment in the transport sector so that, if the bank is operating with about 800 million u.a. (according to the last statement by the President, loans should reach 1,000 million u.a. this year) and only one eighth of this is allocated to transport, the resulting figure of 100 or 130 million u.a. falls far short of the sum I referred to above.

As I have already said to the parliamentary committee, confronted with figures of this size we are bound to ask certain questions. First of all, can such a massive drain on the capital market be justified under present circumstances or is it even possible?

The Community would, in the future, be prepared to involve itself in other interesting projects of similar importance, though it must be admitted that the Channel Tunnel plan is particularly important because it would join seven Community countries with another two.

Turning to the technical side, it is important to stress that, from a Community point of view, the tunnel represents the best of the various possible situations, whether simply considering profits or taking wider economic considerations into account.

I wish to make this last point because certain Members spoke of the economic usefulness of this project. I should like to add that, according to the data at our disposal, the rate of return on the Channel tunnel would be somewhere between 14.5 and 17% which is obviously perfectly adequate.

But it is more important to balance the wider economic costs and benefits for the Community as a whole and we should remember that the British and French governments' decision to build was based on detailed cost-benefit analyses.

According to the studies balancing costs and benefits, the internal rate of return would be approximately 17% which is clearly satisfactory. However, since this was a bilateral project, the estimates of economic benefit did not give sufficient weight to the specific advantages which would accrue to the Community and its various members, particularly those related to the Tunnel's possible economic repercussions which constitute one of the two main arguments in favour of building which I referred to at the beginning of my speech.

It goes without saying that, if the Channel Tunnel were built as a Community project, not only would the funds have to be found and a certain number of forecasts made primarily involving adding a Community dimension to the cost benefit analyses, but agreement would also have to be reached on the conditions under which the Tunnel could be used and the means by which it could be integrated into the Community network.

For these reasons, though Community intervention is obviously not excluded, it is clear that the question is so complex that a reply cannot be immediately given. But, in any case, the exchange of views with the Member States, France and Great Britain in particular, who, whatever arrangements for finance are drawn up, will always be the directly involved parties, represents a first stage in any plan of action.

In this respect, the consultation procedure which I referred to above provides an adequate framework within which discussion may take place. We shall accordingly continue to consult both the Member States as a whole and, above all, the two states directly concerned. For all these reasons, though I feel that, in any case, I have answered this oral question as fully as possible, I should like to stress that I support the part of the resolution which refers to the Commission's current behaviour.

*(Applause)*

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

**Mr Scholten.** — *(NL)* Mr President, I should like to begin by thanking Mr Scarascia Mugnozza most sincerely for the detailed information he has just given Parliament. The matter we have

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been discussing is an important one. The idea of a permanent link between England and the Continent has inspired and stimulated many generations of people. It has been a long cherished wish, an idea which appeals to the imagination of many citizens of Europe. That is why it is so disappointing to see this project being thrown away at the eleventh hour, just when we thought we were on the threshold of accomplishing it. I do not share Mr Crosland's optimism when he says that he will probably see it completed in his lifetime, even though it does not go through now. I think he is over-estimating his expected life span.

There is one positive feature: none of the reports so far have indicated that the British Government's negative decision was taken for political reasons. On the other hand, the discussions and the statement by Mr Hill have not yet clearly brought out all the arguments which led to the British Government's position. One thing is beyond all doubt: the financial aspects of the matter weighed very heavily. The Committee on Regional Policy and Transport very rightly brought out this point and has asked the Commission whether there is any possibility of the Community offering a financial guarantee. This would not be the first such case. There are precedents for Community guarantees for links across sea straits.

The importance of this project cannot be over-estimated. It is especially important not only from the transport and transport policy point of view, but also in connection with the regional policy factors mentioned by Mr Hill and Mr Scarascia Mugnozza. As the latter has just indicated, the sums involved are large. On the other hand, we should also remember that these sums do not have to be spent in a single year. For technical reasons alone they must be spread over a long period. Can Mr Scarascia Mugnozza give us an idea of the probably duration of the financing period? It goes without saying that we cannot squeeze the capital market for the sake of this project. But if the technical aspects of the project mean that the investments can and must be spread over a fairly long period, the pressure the project will put on the capital market will be much smaller than one might think from simply comparing the total amount required for this project with, for example, the total annual expenditure of the European Investment Bank. A comparison like that puts too much emphasis on the difficulties and gives a false picture.

How much time do we have to get this thing going again? Press reports indicate that within a few months the work already done will have to be written off unless it is continued. In asking

the Commission, on behalf of my group, for a very active policy on this point, I do realize that the problem affects not only the initial investment, but also the running costs in later years once the project is in operation.

The Commissioner has just said that as far as that is concerned prospects are perhaps a little less good than originally thought; but I do not understand why they should become negative just at this point.

On behalf of my group I should like to urge the Commission, if at all possible, to take some action to change the decision to discontinue the project reached by the two governments directly involved.

Many people have already said this afternoon that this project does not just affect Britain and France. It is of very great importance for the whole Community. I would therefore ask the Commission if it is prepared, over the coming months, to look very carefully into any possibility of offering the governments concerned a solution, especially as regards the financial problems, and whether it is prepared, say sometime this summer, to give this Parliament a detailed report on what it has done in the intervening months and on its attempts at least to keep the project afloat? In short, is the Commission prepared, say in July, to give Parliament a detailed report on the matter?

My group awaits your answer with interest.  
(*Applause*)

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

**Mr Seefeld.** — (*D*) Mr President, ladies and gentlemen, this Parliament has on several occasions given very clear expression to its great interest in the construction of a tunnel between Britain and France. The decisions of the British Government have done nothing—as my group sees it—to change this. We have expressed the hope that this project will improve and accelerate transport within the European Community. I will spare you and myself a repetition of all the arguments that have been advanced in this connection.

The history of the idea of constructing a tunnel under the Channel could have been written long ago. This is not the first time that hopes have been raised, nor is it the first time that they have been dashed.

At its narrowest point the Channel between Britain and the Continent is 33 kilometers wide. A hundred years ago, the London *Times* described it as the silver ribbon of Britain's safety.

## Seefeld

And when in 1858 a French engineer called German approached the British Government with plans for a Channel tunnel, one peer raged: 'What, you want us to agree to a project whose aim is to shorten a distance which we already find much too short?' Queen Victoria initially said the French engineer should be informed that his project had her blessing and that of all ladies in England. Whatever she may have had in mind when she said this, she went back on it some time later.

Politics and world wars have repeatedly led to the shelving of all plans for a Channel tunnel over the last 100 years. But after Britain had joined the European Community, we probably all thought that the political and even military arguments that had been advanced in the past were no longer valid.

In September 1973, the then British Government stated in a White Paper that the construction of a tunnel had been under study for a century. It felt it right to give the green light now. The project was economically sound. England could not remain isolated economically and socially from the Continent. By 1980 the Tunnel would exist as a factual acknowledgement of England's link with Europe.

But everyone knew that there was more at stake than simply a tunnel. The problems are not how this Tunnel will be built, but how it will be paid for and who will pay for it.

A number of matters have to be considered in connection with the construction of the Tunnel, for example, the arrangements for the link-up on both sides for arriving and departing traffic. To put it in the prosaic language of the transport and communications people, the question is whether, for example, the gauge used by the British railways is different from that on the Continent, and lo and behold, it is narrower than on the Continent. In the case of through traffic between the Continent and Britain—it is to be a railway tunnel—it must be remembered that only British goods trucks can be used on the British section, which is of course an obstacle for through traffic.

On the other hand, the line leading to the French entrance to the Tunnel will have to be improved, questions of the substructure arise and here again the approach will have to be roofed over.

The moment the British Government concluded an agreement with the French Government on the Channel Tunnel project, the pessimists naturally started to boycott the project. It is not surprising that the private ferry companies were in the forefront. They have a natural interest

in retaining their business. The question was also raised as to whether it was a good idea to build a tunnel to compete with air transport at a time when the latter is steadily gaining in importance. To quote a Dutch airline, KLM, there are 100 flights from Schiphol to London a week, and it is not thought that the Tunnel will be able to compete since it will always be quicker by plane than by train. In this connection, a professor at Exeter University came up with the idea that if a tunnel were built, thought must be given to what he called the irresistible attraction for terrorists and guerillas, since a small amount of explosive would be enough to destroy the Tunnel.

We have heard the reasons given by the British Minister, Mr Crosland, and I have every respect for them, since he expressly stated that the decision to withdraw from the project had been taken for economic reasons. I have not only his speech before me, but also an interview which he gave in Britain in which he said that the withdrawal had been for economic reasons and that the political question of whether the Government was for or against Britain's accession or Britain's remaining in the Community had nothing to do with it.

I can only believe him, and I could produce a number of other quotations, given for example by the British Transport Minister, to support him.

On behalf of my group I should like to say that we are grateful to the Commission for the information it has given and sympathize that it cannot give an immediate assurance. We think it right that there should be an exchange of views with the two states directly concerned, but feel that it should be extended to other states as well. We should like to see our Parliament, the appropriate committee or the Commission looking very carefully into the actual costs involved, what these costs include and whether sufficient account has been taken of any rates of increase, and secondly, what benefits this Channel Tunnel can bring not only for Britain and France, but for the whole Community and whether it will also play a role in regional policy. The third question is: Can there be a European Company? Fourthly, should short-term economic policy considerations be included?

I should like to thank the House for the opportunity of speaking on a project that is so important for Europe.

*(Applause)*

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

**Mr Johnston.** — Mr Hill is much to be congratulated for his initiative in raising this matter. Like other speakers, I would like to thank Mr Scarascia Mugnozza for the information he gave. Nevertheless, quite a number of question-marks still hang over this project.

It is perfectly true that Liberals in my own country were concerned about the financial implications and were awaiting with interest the report of the Cairncross Committee which had been established to examine the pros and cons, and were amazed that the government should have made their decision before that committee reported.

Equally, one was very surprised at the apparent disregard for the impact on France of the way in which the decision was made. Apart from that, following what Mr Scarascia Mugnozza has said, it seems to me most regrettable that there was no consultation with the Commission, nor even any advance warning to the Commission of the decision. After all, one of the striking things about this whole project would appear to be that the decision made was not an open decision as one would hope decisions affecting the whole Community would be.

The viability of the project is a matter for argument. The Commissioner dwelt upon the great expense. To some extent he was answered well by Mr Scholten, who pointed out that the large sums involved were not required all at once and that what was basically being looked for was a guarantee. Certainly, liquid money might be required, and you yourself, Mr President, mentioned the possibility of the creation of a fund throughout Europe at the joint meeting of the Council of Europe and this Parliament in this Chamber last month. But one must ask: if this project is so expensive and so uncertain, as the Commissioner has suggested, why was it that the French did not wish to draw out? Why does France appear to be enthusiastic about continuing? If there were some sound agreement that the cost of the project would be too onerous in the present circumstances, one would have expected both France and Great Britain jointly to have reached that conclusion and to have done so at the same time for much the same reason. Yet this did not happen at all.

I am still not clear, even after what the Commissioner has said, nor for that matter after the discussions that we had in the Committee on Transport and Regional Policy, whether or not the work done will be wasted. There appears to be a difference of view on whether or not the work on the French end of the Tunnel—at the Pas de Calais—will deteriorate within a matter of months. This has been sug-

gested. On the other hand, others have said that all the work done may be preserved against the time when the project will be resumed, some time before the demise of Mr Crosland. How long we must wait we do not know, but I hope that it will not be too long.

Basically, therefore, it seems to me that here in this Parliament today, while still pressing the Commission not merely to be available for consultation, as I am sure it always is, but also to take an initiative, in particular with the United Kingdom Government but obviously with the French Government as well, there is an opportunity for Parliament to register its deep disappointment at the fact that this vital link is to be further postponed. In this regard I speak as a Scotsman living a very long way from the Channel and yet fully conscious that the free movement of trade which the Tunnel would make possible would benefit my country very much. I am afraid that the historical arguments on which Mr Seefeld touched, about the insularity and the 'strip of silver', do not weigh with me, and certainly not if Britain's future is to be within the Community as I believe it must. I must register my disappointment at the way the decision was reached.

*(Applause)*

**President.** — I call Sir Douglas Dodds-Parker to speak on behalf of the European Conservative Group.

**Sir Douglas Dodds-Parker.** — I rise on behalf of the European Conservative Group to give the fullest support to my colleague, Mr James Hill, to thank all those who have spoken in support of this resolution and of the Committee on Regional Policy and Transport, and to thank the Commission for what it did not only on this occasion but last December when we discussed this subject.

I have one point to take up with the Commissioner. He said that we must be careful about drawing from the money market. I am no expert on this, but surely with the world as it is today we must look for practical profitable projects to use the growing bank balances which appear to be occurring at the moment. I believe Mr Scholten, for the Christian-Democratic Group, answered that point by saying that the amounts required spread over some seven to ten years are not very great. As I see it—and I was for a number of years chairman of the all-party Channel Tunnel Committee at Westminster—the higher costs in the last year or two have been due very largely to the costs of hiring money until there is a cash flow some seven

**Dodds-Parker**

years from the time that the go-ahead signal is given.

I will not repeat my remarks of December, but merely say that, following the shock decision by the British Government to withdraw from this project, I am delighted Parliament has taken up this proposal. I believe it is one of the most constructive projects with which I have ever been concerned politically. I hasten to add that I have no commercial interest in it—I wish I had. However, I believe we must wherever possible use and develop existing facilities such as railways, which are pollution-free and would draw power from nuclear power generation without the need for more oil.

Those who object to this should look at the alternatives: more roads, more ports, more road traffic, more oil, more pollution and more congestion.

If I may be personal for a moment, my first experience of European interest in this project was when you, Mr President, came to visit us at Westminster in the autumn of 1972. Speaking that evening with all the warmth and emphasis of which you are capable, you said 'Why is it that you British and the French are keeping this Channel Tunnel project to yourselves? Many others are seasick as well. Why should we not have an interest in this and help to overcome this seasickness?'—which, with you, Mr President, I share as a malady. Now there is a chance for all those living on both sides of the Channel to join in.

As I see it, in the light of the work I have done over the last decade or so, not only the Community countries are involved. The Tunnel would be a rail link with Eastern Europe, the Iberian peninsula, Switzerland, Austria and Scandinavia as time went on. I believe that the Community needs constructive, commercially profitable projects such as this to help unite it. For example, we have the proposals for a bridge at Messina and for links between Denmark and the countries of Scandinavia. The Bosphorus Bridge, in which the European Investment Bank played a part, has been more profitable than even the most optimistic forecasts. Therefore, I hope that Parliament and the Commission will give the fullest support to the motion and persuade the Council of Ministers to put forward the Channel Tunnel as a European project with the United Kingdom Government.

*(Applause)*

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

**Mr Cousté.** — *(F)* Mr President, on behalf of the whole group I would like to say that we unanimously support the question which our colleagues Mr Hill, Mr Baas, Mr Dykes, Mr Martens, Mr Gerlach, Mr Delmotte, Mr Starke, Mr Johnston and Mr Scholten have put.

In asking this question they demonstrate once more, through all the different political groups to which they belong, that the Channel Tunnel project is not simply a bilateral problem between France and Great Britain but a true Community problem, a European problem.

This decision by the British Government has not come as a surprise to many of us. We know the British tendency to cast off their moorings but, let us state this clearly, the peoples of Europe are disappointed.

The political meaning and the whole value of this debate depend on our setting the seal on it with the resolution which we hope will be unanimously adopted.

The fact that Great Britain is backing out of a project which is already well under way, could demonstrate a lack of Community spirit on its part. For Great Britain is not a country outside our Community, it is a Member State. This is the problem, Mr President.

This is a political problem, for here we have a non-community attitude in an affair which, for the people and things bound up with it, has a Community character, at the level of the Nine. Although it is disappointing to note in addition that no prior warning was given—as the Commissioner responsible, Mr Scarascia Mugnozza has just reminded us—can we take a provisional look ahead to see if we cannot start again and carry out this project in the proper conditions?

I think that the value of the motion for a resolution which has been tabled is that it asks the Commission and the Council to take the necessary steps to resume this Community initiative.

This is the main point and it also deals with the economic problems because it calls upon the Commission to consider the possibility of financing the Tunnel from Community funds, either the European Investment Bank or, as my colleagues before me mentioned, the Regional Fund which is to be set up, thus highlighting the regional advantages of the development of the Channel Tunnel.

Finally, Mr President, we may well wonder whether, in spite of the efforts of our colleagues in Parliament sitting here today, to whom I pay tribute and whose integrity I acknowledge, the political will has been lacking in Britain.

**Couste**

This must be said, because the political will can be symbolized by the construction of a tunnel, a bridge or any structure which links people and improves communications and trade between them. We know the value of such a symbol and I would simply like to say that there is a risk that suspicions and criticism will be aroused in certain minds about a country which we want not only to remain in the Community at all costs, but to be one of the most active and vital members of the European Economic Community, a Community of solidarity and co-operation working for the well-being of mankind and all Europeans.

For this reason, in spite of our disappointment, which was no surprise, we stress once more our faith in the future, hoping that this incident will be only a momentary halt and that the project will be resumed not merely bilaterally, between France and Britain, but if necessary—and we believe that the dimensions of this project make it necessary—in a Community spirit of solidarity.

*(Applause)*

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

**Mr Lemoine.** — *(F)* Mr President, ladies and gentlemen, I would like to say just a few words on this important subject. Since its first conception in 1802 and the first agreement signed between Great Britain and France in January 1875, the Channel Tunnel project has seen so many ups and downs that some people have spoken of it as a new Loch Ness monster.

In 1971 a new agreement was signed and in 1973 when the treaty was signed the Tunnel was considered as a project of national interest for the two parties. Work was started. It did not last. A few months later the British Labour Government decided to abandon the project. Today the 'Monster' is resurfacing and new efforts, which are mentioned in the question before us, are being made to restart the project with the financial support of the Community's multi-state funds.

This calls for some comment from us. We are not against the Tunnel in principle. It could well be useful for example in developing international transport and trade.

But before attempting to relaunch such a project we should perhaps see where the responsibilities lie.

Today, the Tunnel question is a pointer to the policies of States towards the monopolies even when they concern projects which are of real

interest to the countries concerned. For far from meeting the needs of international cooperation and blending in with harmonious regional development, the project is designed to help the monopolies rather than workers and their regions.

For the Calais region—as the Mayor of that town, Mr Jean-Jacques Barthe has constantly told the people and the authorities—the Tunnel was never a miracle solution to the problem of regional development and in particular the problem of employment and industrial development. The same appears to be the case on the other side of the Channel.

On the other hand, considerable attention was paid to the profits of the large banking groups in this project. Although two companies, one French and one British, were to build the Tunnel, they only provided 10% of the millions necessary to finance the operation. The rest was covered by loans from large multinational banks—French, British and American—and was also guaranteed by the two Governments.

Once obtained, the capital tapped by the banks brought them substantial profits, as our colleague, Sir Douglas Dodds-Parker, mentioned a moment ago: a fixed capital premium indexed on other premiums, plus annual premiums representing 11% of income, with a clause guaranteeing a 3% increase per annum at fixed money rates. In other words, the bankers were protecting themselves against the inflation which they had no hesitation in causing.

The profits which the large financial groups were to derive from the affair were estimated at an initial £95 million and, ten years later, at £252 million. It is easy to see how some people considered the Tunnel to be the new bargain of the century.

Does this mean that the British decision will hurt the interests of big capital? We do not think so.

Because of the economic crisis and the need for ever more profits, this project entailed for these groups an immobilization of funds which, although profitable, were too long term at a time when many other projects are vying for capital, not only private capital but also public funds, needed elsewhere to ensure the redeployment of the sources of monopolistic profit, as has happened in my own country in the Citroën affair.

The agreement of November 1973 provides that, if the project is abandoned, the public funds of the two countries will take over the operation's non-guaranteed shares and funds. That represents for our country between 500 and 600 million francs of the taxpayer's money.

**Lemoine**

This waste of financial, technical and human resources is characteristic of a system based exclusively on the plans of a handful of monopolies and politicians who wish to turn the crisis to the advantage of big capital interests. We are not interested in relaunching the Channel Tunnel project at any price, subsidizing these large groups with multi-state finance, as is proposed here.

The first requirement is to guarantee the regions concerned in both France and Britain the infrastructures they need, and here I am thinking in particular of the Calais region. The real issue is to provide real industrial development to put an end to the persistent underemployment in this region.

For all these reasons, therefore, we cannot support the motion before us, which provides none of the guarantees which workers in these regions have the right to demand. For this reason we will abstain in the vote.

**President.** — I call Mr De Clercq.

**Mr De Clercq.** — (NL) Mr President, at the plenary sitting of 12 December, during the discussion of the report by Mr James Hill on permanent links across sea straits, I pointed out on behalf of the Liberal and Allies Group the great importance of the Channel Tunnel, devoting particular attention to the beneficial effects of the project, especially in reducing regional disparities in the Community. In the transport sphere, the importance of a Channel Tunnel can scarcely be overestimated. I cannot envisage a comprehensive European transport network without a permanent link between the British Isles and the continent of Europe. A project like the Channel Tunnel is, in my view, an indispensable element in the totality of infrastructural measures being taken or considered in the context of a future-oriented transport policy. It is therefore regrettable that the British Government has decided to stop the work. In my opinion, however, there is no point here in making a value judgment on the financial and economic arguments adduced by the Government of the United Kingdom. And I think there is even less point in making emotional speeches here on the alleged anti-European attitude of Great Britain.

The fact that the time when the Channel, as Winston Churchill once put it, 'should be regarded as not just a body of water, more a way of life' is now past is clear from the note by Mr Fred Mulley, the British Minister of Transport, envisaging a possible, but not definite reconsideration of the British decision.

In the first place, therefore, a formula must be sought to put an end to the long tale of woe of the Channel Tunnel project, so that a dream that has been cherished for more than a century and a half can finally become a reality.

Mr Hill's statement leaves no room for doubt on the methods of financing. There are still other possibilities which could be further looked into. From the purely financial point of view, any further postponement in a period characterized by high inflation obviously means only that even more money would be lost. On the other hand, the costs of a definitive termination of the project are estimated at around 40 million. I should like to make special mention of yourself, Mr President. Last month you spoke in favour of the creation of a European consortium to involve as many citizens of the nine Member States as possible.

It is of course in no way my intention to recommend any particular method of financing. I merely wish the various possibilities to be investigated and the most favourable solution speedily implemented.

In this connection, I was delighted that the Committee on Regional Policy and Transport, chaired by Mr Hill, devoted two meetings last week to a thorough exchange of views on this topic, in the presence of the very able Commission Vice-President Scarascia Mugnozza, whom we would also like to thank for the information he has given us today.

It is my belief that a commercially viable undertaking like the Tunnel project, which, moreover, involves few technical difficulties and is of outstanding importance for the economy, for regional development and for the common transport policy, should in no case be sacrificed. I therefore hope that the Commission will make a thorough analysis of the various aspects of the question, formulate specific proposals as soon as possible, and take steps to ensure that a truly European solution is found with the parties concerned in a short time.

As far as I personally am concerned, I can declare my firm support for this motion for a resolution.

(Applause)

**President.** — I call Mr Bourdellès.

**Mr Bourdellès.** — (F) Mr President, Mr Jean Durieux has been held up at the last moment in his constituency and has asked me to speak on his behalf.

I hope—he says—that the authors of this question, who include my friend Mr Russell Johnston,

**Bourdellès**

will bear with me if I say that the first of the two questions appears superfluous since the advantages of the Channel Tunnel for the whole Community and especially for certain regions seem so clear.

This was confirmed during the fascinating and keen debate held in the European Parliament just two months ago.

The improvement of means of communication is essential for the European Economic Community. Bottlenecks must be eliminated: the Straits of Messina, communications with the Faroe Isles and, most important of all, the Straits of Dover.

The British Government's decision to withdraw from the Tunnel project is not, of course, irreversible, since it goes against historical trends. I am convinced that the success of the pro-European referendum next June will confirm this.

We deplore the fact that the Labour Party is ignoring the Community's regional development programme and preventing Britain's membership of the European Communities from receiving this symbolic confirmation. For us the construction of this Tunnel has symbolic value too: this essential link will provide a direct connection between England, Scotland and Wales and the major motorway networks of the continent. I have in mind the planned A 26 Calais-Dijon motorway intersecting the A1 Brussels to Paris near Cambrai.

As an elected representative of this region,—Mr Durieux goes on to say—I can assure you that apart from the general interest which this project has for the Community it would provide an undoubted development axis for the regions through which the motorway from the Tunnel will pass. Forward planning for the Calais region hinges on the construction of this Tunnel.

I think I have shown that this bold initiative is of real advantage for the peoples of the EEC, as the question states. This temporary setback is sure to produce direct repercussions in my own country, because the French Government had already taken many measures: not only had the Council of Ministers decided to build the Calais-Dijon motorway, it had also adopted a bill authorizing ratification of the treaty between the two governments for the operation of the Tunnel. A second bill concerned the creation of the national public body responsible for seeing the work through.

I now come to the last part of my speech dealing with the study by the Commission of the possibilities for continuing this project with the help of Community funds and financial guaran-

tees. This idea, which was first conceived by Mr Berkhouwer, meets with my full agreement: we must make this project into a Community enterprise with the widest possible participation by the citizens of Europe.

It is an interesting idea, provided that proper arrangements are made for the loan: it should not be forgotten that in the present poor state of European economies, loans are not always subscribed; any failure would bury this project for a long time, and that must be avoided at all costs.

Since the British Government has given financial reasons for its withdrawal, I believe with the authors of the question that the Commission should propose realistic alternative solutions.

Could the Commission tell us whether such projects could come to light before June? We hope so, because that would be proof to the British that European solidarity is not an empty phrase and that the EEC is always ready to solve their problems which indeed it shares.

*(Applause)*

**President.** — I call Mr Giraud.

**Mr Giraud.** — *(F)* Mr President, our colleague Mr Seefeld, speaking on behalf of the Socialist Group, expressed our views on the problem raised by Mr Hill and others.

I would simply like to add a few words on behalf of the French members of the Socialist Group.

Parliament showed a few months ago its interest in permanent links between regions of the Community separated by sea straits. The Channel Tunnel is such a project. The French regions near the Pas-de-Calais as well as other European regions had found hope in this project. They thought in particular that it would help to support and develop their economy and improve traffic and transport conditions.

The present economic situation does not perhaps make such large and expensive projects easy.

But I feel, and my French Socialist colleagues have asked me to say this, that Parliament cannot remain indifferent to this situation, because it would have been in favour and still is in favour of any similar project to bring peoples closer together and stimulate their economies.

For this reason I would like to ask Mr Scarascia Mugnozza whether he does not think that, in the expectation that the European and worldwide economic situation will improve, the Commission and Parliament should study immediately any measures to prevent the work being irrevocably abandoned.

**Giraud**

This is not an easy problem. The authority of all the governments concerned must be respected, but it is also true that the peoples of Europe as a whole are concerned with this project which could encourage economic expansion and improve the standard of living of a large number of our fellow citizens.

(Applause)

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities.** — (I) Mr President, ladies and gentlemen, I should like to thank everyone who has taken part in this calmly conducted yet far-reaching debate.

The basic problem is that, faced with an increase in costs, the banks which had undertaken commitments towards the private consortium did not put forward adequate guarantees. In addition, the British government did not feel that, at the present time, it could give more extensive guarantees than in the past.

As I stated in committee the other day, according to our information, the work already done will not be entirely wasted.

Further information which we have recently acquired leads us to believe that, in view of the possible harmful effects on the completed works, the British government has undertaken to maintain their upkeep.

I should like to suggest to Mr Cousté that the plan, in the form hitherto presented, is more national than Community in character. I said myself that we were in the process of studying how to fit this bilateral project into a Community context. However, on the basis of the information at our disposal, we cannot say whether or not the project is of interest for the Community as a whole. As far as continuing and carrying out the project is concerned, the Community would have to give guarantees in order for the national project to become a Community one.

I think that this is the most delicate aspect of the question since, clearly, Member States which are not directly concerned will be unlikely to give guarantees unless they are sure that the project is of Community interest. As I have already said, justifiable doubts have been expressed as to whether it would really be of Community interest.

There is also, as I have already said, the problem of whether or not the funds are available. Can the monetary market be squeezed of even more funds and, if so, is it politically sound to use these funds to build the Channel Tunnel? In

view of current social developments in the European Community, might it not be more useful to invest them in order to ensure that European citizens have new jobs?

These problems involve a choice of principle and a political choice and I do not think that, at the present time, any one of us can give a definitive opinion.

There is, in addition, the problem of the environment, in which the successive British governments have shown particular interest. How is it possible to safeguard the environment when a project requires an enormous infrastructure such as that needed to link the Tunnel with the entire Community road and rail network?

Mr President, the Commission has a duty to consider all these realistic arguments. On the other hand, since there can be no doubt that the plan for the Tunnel is of great Community interest, every possible effort must be made to ensure that, taking account of the needs of the countries and peoples most directly concerned, it is built under optimum economic conditions. This is why, in my previous speech, I came out in favour of the part of the resolution which refers to the Commission of the European Communities.

The Commission has already made contact with the governments concerned and, I should add, we have heard through unofficial channels, from both British and French sources, that the demands of the companies which were to build the Tunnel were, in reality, too severe. This subject therefore covers a wide and complex range of topics.

However, I should like to confirm the Community's interest in the building of the Tunnel and say that the Commission has started and will continue to contact the governments concerned, also sounding out the interests of the other Member States in the context of this consultation. At the appropriate moment, we shall consult the European Parliament about prospects for the future and the possibilities which have emerged.

(Applause)

**President.** — Thank you, Mr Scarascia Mugnozza.

I call Mr Hill.

**Mr James Hill.** — I thank the Vice-President of the Commission for what I believe to be the favourable view of the Commission.

Perhaps I may now repair the neglect of a courtesy that I should have paid to you at the beginning of the debate, Mr President. You

**Hill**

were very helpful from the start of our discussions on this matter. I well recall some of the ideas you put forward at our discussions in Abidjan, and some of them have been incorporated in the motion. I thank you for the work you have done in this matter, if only as the father-figure in the background.

I thank all those Members who took part in the debate. We are perhaps at the start of the detailed work necessary to make the technical and commercial decisions required. If Parliament adopts the motion, the discussion can go on, and no doubt in due course the Commission will bring its findings back to Parliament. I am perfectly prepared in the circumstances, and on behalf of my committee, to accept both amendments.

(Applause)

**President.** — We shall now consider the motion for a resolution. (Doc. 499/74).

On the first four indents of the preamble I have no amendments listed.

I put these texts to the vote.

The first four indents of the preamble are adopted.

On the fifth indent I have Amendment No 1 tabled by Mr Patijn, Mr Radoux and Mr Seefeld, proposing the deletion of this indent.

I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

On the sixth indent I have no amendments listed.

I put this text to the vote.

The sixth indent is adopted.

I put to the vote the preamble as a whole so amended.

The preamble is adopted.

On paragraphs 1 and 2 I have Amendment No 2 tabled by Mr Patijn, Mr Radoux and Mr Seefeld, proposing the inversion of these two paragraphs.

I put Amendment No 2 to the vote.

Amendment No 2 is adopted.

I put paragraphs 1 and 2 so amended to the vote.

Paragraphs 1 and 2 are adopted.

On paragraph 3 I have no amendments listed.

I put this text to the vote.

Paragraph 3 is adopted.

I put to the vote the motion for a resolution as a whole incorporating the various amendments that have been adopted.

The resolution is adopted.<sup>1</sup>

Thank you Mr Scarascia Mugnozza.

13. *Motion for a resolution on amnesty for war criminals*

**President.** — The next item is the report by Mr Concas on behalf of the Legal Affairs Committee on the motion for a resolution tabled by Mr Amendola and Mr Lemoine on behalf of the Communist and Allies Group on the granting of an amnesty for war criminals (Doc. 379/74).

I call Mr Concas.

**Mr Concas, rapporteur.** — (I) Mr President, at its sitting of 11 July 1974, the European Parliament referred the motion for a resolution, submitted by Mr Amendola and Mr Lemoine on behalf of the Communist and Allies Group, on amnesty for war criminals back to the Legal Affairs Committee.

After appointing myself rapporteur, the committee held three meetings.

At its meeting of 22 November 1974, after a far-reaching discussion in which it considered all aspects of the motion tabled by Mr Amendola and Mr Lemoine, the committee adopted, by eleven votes to four with one abstention, the present resolution and explanatory statement. I should also tell you that, on Mr Memmel's suggestion, the vote was taken by roll call. The names of the voters and the results of their vote are included in the minutes of the committee meeting of 22 November 1974.

In considering all aspects of the motion for a resolution, the committee first dealt with the question of its admissibility.

In view of the general principles of the Community Treaties, precedents in the European Parliament and the development of the European Parliament's political role, it decided that the motion could be declared admissible.

I should explain the reasoning underlying this decision. First of all, as I said, the committee referred to the general principles of the Community Treaties, in particular the preamble of the ECSC Treaty which contains the recital: 'considering that world peace can be safeguarded only by creative efforts commensurate with the dangers that threaten it'.

This was broadly interpreted and taken to mean that, in the interest of peace, it was fitting not only to condemn war, with all the practices,

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

**Concas**

instruments and violence associated with it, but also, by way of obviating the dangers that threaten peace, to suggest instruments such as would condemn any act inimical to human rights and operate against all persons who at any time have been guilty of crimes against humanity.

On the basis of this interpretation, the committee declared the motion for a resolution admissible. The committee also based its decision on precedents set by certain parliamentary questions tabled and discussed in this Chamber and statements by the President of the European Parliament, on the basis of notes prepared by the political groups, for example those made on the situation in Chile and the violation of human rights in the Soviet Union at the sitting of 18 September, 1973.

The committee also referred to the motions for resolutions adopted in this Assembly, in particular those condemning the violation of human rights: resolution of 17 October 1973 on the *coup d'état* in Chile; resolution of 14 February 1974 on the arrest and expulsion of Solzhenitsyn; resolution of 14 March 1974 on the execution of Puig Antich, and that of 15 October 1974 on the extradition of the Nazi war criminal, Klaus Barbie.

Another point in favour of declaring the motion admissible is the development of the European Parliament's political role. Undoubtedly, in recent years, the European Parliament has not been slow to take a stand on the most important current political topics. In particular I have in mind the situation in the Middle East, relations between Europe and the United States of America, Greece, Cyprus and the Conference on Security and Cooperation in Europe.

It may therefore be held that, from being a consultative body concerned with the subjects referred to in the Paris and Rome Treaties, Parliament has come to assume the role which naturally befits a parliamentary assembly representing the peoples of the Member States of the European Community. For all these reasons, the motion was declared admissible.

As regards the contents, the committee did not feel that it could accept the first paragraph of Mr Lemoine's and Mr Amendola's motion which referred to various public statements by a German Member of the European Parliament on the desirability of closing the whole chapter of accusations and convictions of persons guilty of war crimes during the last world war. Your committee did not make use of this text and did not wish there to be any such reference in the new motion submitted to Parliament for approval, since it considered that it was not strictly the affair of the European Parliament and that it would not be politically sound to censor state-

ments made by one of its Members in another institution, particularly when such statements are made in a personal capacity or in that of a member of a national parliament.

On the other hand, the committee decided that the request contained in paragraphs 1 and 2 of the motion for a resolution in question could, in general, be accepted, seeing that in the past the European Parliament, in seeking to prevent further crimes against humanity, had condemned the war crimes committed during the last world war.

I feel that it is also part of my task as rapporteur to point out that some committee members considered that the discussion on the last world war should be finally brought to an end, thus enabling the European Parliament to devote all its energy to carrying out the tasks assigned to it by the Community Treaties.

However, the majority of the committee did not hold this view, feeling that there could be no possible justification for war crimes whenever or in whatever field they were committed, and as such they did not merit clemency from anyone.

This stand certainly did not reflect a desire for revenge on war criminals but expressed the attitude that the victims should obtain just redress. The committee was particularly anxious to avoid in any way undermining the principles of cooperation and justice on which this Parliament has said that it wishes to base Europe.

For this reason, Mr President, in addition to deploring the fact that many persons who have committed war crimes have so far evaded justice and escaped punishment, the motion for a resolution contains a condemnation of any general amnesty for war criminals and demands that every possible action be taken to eliminate, as soon as possible, any obstacle to the detection and punishment of war criminals.

In the light of this explanatory statement, the Legal Affairs Committee, for which I speak, invites the European Parliament to adopt the motion for a resolution submitted to it.

*(Applause)*

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

**Mr Giraud.** — *(F)* Mr President, ladies and gentlemen, the Socialist Group will vote for the motion for a resolution tabled by Mr Concas because a democratic parliament representing all the peoples of Europe cannot remain indifferent to the political and moral issues raised in the motion for a resolution by Mr Amendola and Mr Lemoine.

**Giraud**

This is a matter of prime importance. This text has a general and universal significance irrespective of the time and place where these war crimes were committed. We believe, as frequently stated in legal texts, that war crimes are indefensible and that consequently they may be brought up at any time. Perhaps the victims can pardon them but we do not have the right to forget, not only for the past but especially for the future.

For this reason the Socialist Group gives entire approval to the motion for a resolution before us, firstly to express regret that so many war criminals whose guilt has been publicly proven have so far been able to escape justice and punishment. We have irrefutable documentary evidence that some of these people are living quietly and free in some Community countries. We also condemn any general amnesty for war criminals. I wish to make myself quite clear on this: this is not a Franco-German dispute. For us in France there is at present the particularly thorny problem, to say the least, of the war criminal Touvier, whom certain political and even religious authorities are protecting. This is therefore a problem which concerns us as Frenchmen and there is no reflection on any neighbouring country.

We also hope that all obstacles to finding and punishing war criminals will be removed as soon as possible. On this subject I would like to say, I am sure on behalf of French public opinion, how much the recent vote by the Bundestag on the resolution ratifying the Franco-German agreement on this problem was appreciated. This was an obstacle which has now been removed. We must congratulate our parliamentary colleagues in Germany for having the courage to take this decision.

We think that the text which I hope we are about to adopt and which we welcome as a step forward, will help to resolve an extremely thorny problem which could hinder cooperation between the various Community countries. It is not through a desire to rake over the past but because we think that justice must always prevail.

No country in the world, including my own, is completely innocent of war crimes. The various attitudes adopted by this Parliament on this point on both eastern and western countries show that we do not discriminate. There are no acceptable war crimes: all must be equally condemned.

For this reason the Socialist Group asks Parliament to approve this resolution in the name of morality and the defence of the inalienable rights of man and human life.

*(Applause)*

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

**Mr Cousté.** — *(F)* Mr President, our group unanimously recommends that Parliament adopt the motion for a resolution tabled by the Legal Affairs Committee, since we intend the text to be that submitted by the Legal Affairs Committee and not any other, regardless of its origin. We do not want problems of principle—on which I believe we all agree—to be mixed up with personal problems, especially when Members of this Parliament are concerned. It is because we have got rid of the personal aspect, as the Legal Affairs Committee did, that it is easy for us to be very positive and clear.

We feel that war criminals who have evaded justice and escaped punishment should still be sought and tried. We want every effort to be made to remove all barriers in the search for truth and to ensure that no war criminal avoids normal punishment.

We are so firm about this because we are convinced of the need to safeguard basic human rights regardless of the means or the time.

Man's right to live and his liberty are at issue. That is why we are so determined.

Lastly, we believe that in any case—and I, like Mr Giraud, welcome the Bundestag's decision—punishment is just when it has been established that war crimes have been committed.

For that reason we will vote in favour of the resolution, in the knowledge that one of its basic principles is human rights. We will also vote in favour of it because, apart from the past—which should not be regarded as something to be constantly raked up—it is our duty to ourselves and our children to ensure that there will be no more war crimes because we hope quite simply that there will be no more war.

*(Applause)*

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

**Mr Lemoine.** — *(F)* Mr President, ladies and gentlemen, the subject of Mr Concas' report, the motion for a resolution submitted by the Legal Affairs Committee and the very wording of the motion for a resolution tabled by the Communist and Allies Group should—and everyone will find this easy to understand—be discussed with the gravity and dignity befitting our Parliament in such a debate. Subterfuge was neither possible nor acceptable, and I personally have too many painful memories to behave in any other way.

**Lemoine**

I should like to return to our reasons for raising this matter. Last July, when many countries in Europe were celebrating or looking forward to celebrating the thirtieth anniversary of their liberation, a liberation gained after many years of suffering and humiliation, a case was heard in Cologne which once again drew the attention of the world to the fact that many Nazi war criminals were still going unpunished.

Then voices were raised, the voices of responsible people, stating that the desire to bring war criminals to trial was evil and that the past should be forgotten. The same voices proclaimed the need for a general amnesty for all those concerned, in other words, those who arranged mass deportations and war criminals condemned by military courts. Some, and everyone here knows who I mean, opposed ratification of the Franco-German convention on war crimes.

Indignation was expressed everywhere, in France, Italy and Germany in particular. Those who had served in the Resistance movement, those with the most authority, condemned the scandalous verdict and the attitude aimed at clearing criminals who, after organizing the largest campaign of debasement and extermination in human memory, were left in peace to enjoy the rewards of their labours.

It is because we considered the problem to be important and a question which somehow involved the honour of our Parliament—we do not want either a debate about individuals or a procedural debate—that we tabled this motion for a resolution.

The fact that today, some weeks before the thirtieth anniversary of the liberation of concentration camps, we are holding this debate, adds weight to what we have said. Let it be clearly understood that there is no question of hate or of a primitive desire for revenge. What we are concerned with is preventing the memory of millions of innocent victims becoming profaned. The evil that has been done must not be forgotten; there is no past and no crime that does not bear fruit. We believe that forgetting the evil that has been done has never promoted good or abolished the sources of violence; quite the opposite. Throughout the world, as you well know, there are groups and economic or political powers that have never condemned fascism and that hope that there could well be another opportunity for revenge. Care must be taken to prevent any recurrence of the barbarities that steeped Europe in blood barely thirty years ago. There can be no question of pardons: to forget would be to fail, and to pardon would be an offence to the victims. I remember that the inscription on the memorial erected to the memory of those who died in Buchenwald is

‘Nothing and no-one will be forgotten’, just as at Oradour-sur-Glane, the martyr village in Limousin, all the entrances to the town invite the passer-by to remember.

It is because we are faithful to this promise that we have sounded the alarm to our Parliament and our peoples.

We rejoice today that the Franco-German convention has finally been ratified in the Bundestag. All that remains, I understand, is for it to be ratified in the Bundesrat. May I also remind you that the doyen of the French National Assembly, Mr Virgile Barel, and the French people are still waiting for the extradition of Klaus Barbie, the war criminal living peacefully in Bolivia.

Mr President, in the face of so much suffering, the extermination in terrible conditions of thousands of Jews and peoples of so many nations, in the face of torture and execution, in the face of such an excess of violence, should we hide our heads, surround ourselves in silence, let our consciences rest in peace, pardon the guilty and accept that there is a time-limit on charges for war crimes?

There is no time-limit for the millions of dead who will not suddenly come to life when their executioners are declared innocent. We cannot forget all that has been done, because it could all start again in similar conditions. A well-known German author has said in a call for vigilance on our part: ‘The bitch that bore the beast is on heat again’. We therefore welcome the position adopted by the Legal Affairs Committee and approve the wording of its motion for a resolution. The dignity of man is at stake, and it is right that our Parliament should take its decision along the lines recommended by the committee.

(*Applause*)

**President.** — I call Mr Klepsch.

**Mr Klepsch.** — (*D*) Mr President, ladies and gentlemen, it was with some emotion that I read the text of the motion for a resolution tabled by Mr Concas on behalf of the Legal Affairs Committee. After what the previous speaker has said, namely that it is of course a question of whether an amnesty should be granted to executioners of any kind, it is for me both all the harder and easier to say a few words. Like the previous speaker I find my thoughts going back a number of years. Only fifteen years old at the time, I came into contact with the most horrific war crimes, which affected my very family. I recall this situation very well—and I also recall that none of these criminals has as yet faced trial.

**Klepsch**

I say this with such emphasis because I am very grateful to Mr Concas for what he has said on the thoughts that the Legal Affairs Committee have had about the impossibility of dividing man's right to live and to a reasonable existence into categories, since every human being has the right to live and the lives of all men have the same value.

The object of the resolution is to ensure that man's basic right—particularly his right to live—is protected with all the means available and at all times. And we are determined to help facilitate investigations into and the condemnation and punishment of any infringement of these rights. This is a cause—and I should particularly like to stress this—which we must espouse. And I believe there is hardly a parliament in the world that has as much right to do so as this one.

We are in the process today of declaring such solidarity for, I think, the second or third time. The only thing that makes me feel sad is that not everything stated in the motion for a resolution can be taken as it stands, since amnesties for war criminals unfortunately vary considerably from country to country. In countries where war criminals have been granted a complete amnesty, they are never prosecuted. And I assume that in the country of one or other of those who have signed the motion for a resolution, such a decision has perhaps been taken and that it is therefore intended as an indirect criticism of that country's national legislation.

One question moves me particularly, and I should like to put it in all seriousness: for ideological and other reasons I do not feel that it should be possible for war crimes to be evaluated differently from other crimes. Everyone has the same rights, and in my opinion there are no overriding factors that take these rights away from a person whatever ideology may be given as the reason.

I should therefore simply like to say today that if we are given a fourth chance to discuss this matter in the foreseeable future, I shall put forward a number of cases in which I consider it a matter of urgency for such crimes to be dealt with. We should moreover welcome the fact that the Legal Affairs Committee has formulated these principles, and we should be equally happy that we can support them here.

*(Applause)*

**President.** — I call Mr Hougardy.

**Mr Hougardy.** — *(F)* Mr President, I should like to stress the fact that the problem we are faced with is not political, but moral. In adopting the

Franco-German protocol, as Mr Giraud just pointed out when discussing the trying of war criminals, the Bundestag obviously understood the problem very well.

It would be very easy to discuss a problem of this type at great length. Everything has been said and said very well, and I feel that every Member of Parliament that is aware of his responsibilities has a duty never to hamper the course of justice, especially in the case of war crimes.

Mr President, I shall vote in favour of the resolution, since it contains no feeling of hate but defends the sacred principle of the right to live, and the law of justice is to punish those that end the lives of others.

*(Applause)*

**President.** — I call Mr Memmel.

**Mr Memmel.** — *(D)* Mr President, on 22 November 1974 the Legal Affairs Committee voted by roll call on Mr Concas' report. When explaining my reasons for requesting a vote by roll call, I asked that the result of the voting be recorded in the report. This has not been done. You cannot therefore see from the report who voted for and who voted against. You may be able to find out from the minutes of the meeting, but they enjoy far less publicity than the report now before us. I then approached the President who informed me that under Rule 40(1) of the Rules of Procedure the result of a vote by roll call was confidential and could not be recorded in a document to which the public had access. I accept this.

The purpose of voting by roll-call is, however, to allow the public to know how Members have voted on the problem in question. That is the way things are done here in the Chamber, and it is how it should be in the committees when a request for voting by roll-call is made and accepted.

The present ruling, which prevents publicity being given to the result of a vote by roll-call in committee, is not really logical. In saying this, I do not dispute the necessity for committee meetings to be generally confidential so that all members have an opportunity to state their views freely to their colleagues. This opportunity should not be restricted or changed in any way, although I would ask you, Mr President, to consider an amendment to the Rules of Procedure on this point. In exceptional cases it should be possible for the result of a vote by roll call to be made known to the public as is the case with such votes in the Chamber. Members sit on committees not as experts or advisers, but

**Memmel**

they must commit themselves to political alternatives by voting. That is the point of responsible political work in this institution. That is all I have to say on that matter.

As regards the subject now being debated, Mr President, this motion for a resolution was rushed in by Mr Amendola and Mr Lemoine on behalf of the Communist and Allies Group in the form of a surprise attack, as it were, while most Members were attending political group meetings—note the plural—and were thus not able to comment at all on the tabling of this motion for a resolution.

One last point, Mr President. When I read Communist and Allies Group and the names Amendola and Lemoine, the only ones to have tabled this motion, I find it, to put it mildly, somewhat hypocritical for a motion of this kind to come from that quarter. I will not say where crimes are being committed at the moment.

I completely agree with what Mr Klepsch said. But I do not consider it right for a motion for a resolution of this kind to come from that quarter. I will therefore vote against it as I did in committee.

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

**Mr Schuijt.** — (NL) Mr President, on behalf of my group I should like to support what Mr Klepsch has so ably and movingly stated. It goes without saying—and requires no proof—that the moral condemnation made in the resolution should apply to all war crimes, irrespective of the time and place they were or will be committed. This is the very correct view adopted by the Legal Affairs Committee, and it is supported by our group, the overwhelming majority of whom will vote for this resolution. (Applause)

**President.** — I call Mr Concas.

**Mr Concas, rapporteur.** — (I) Mr President, I should first like to thank my colleagues who have spoken in this debate and express my appreciation of their helpful reactions to my arguments. I must however point out to Mr Memmel that the irregularity to which he referred is not borne out by our Rules of Procedure. The third paragraph of Rule 35 (4) reads: 'votes shall be recorded in the minutes of proceedings of the sitting in the alphabetical order of representatives' names' and the committee followed this procedure. No objection can therefore be raised to the report which I have submitted.

**President.** — I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

14. *Community regulations for home study courses*

**President.** — The next item is the report by Mrs Walz on behalf of the Committee on Cultural Affairs and Youth on Community regulations for home study courses (Doc. 416/74).

I call Mrs Walz.

**Mrs Walz, rapporteur.** — (D) Mr President, ladies and gentlemen, the draft report on Community regulations for home study courses now before you was unanimously adopted in committee. The report and the motion for a resolution to which it gave rise were based on the important requirement that all home study courses, hitherto a form of tuition having its own peculiar character, should be integrated into the sphere of organized education and thus be covered by state education planning and policy.

The main reason why home study is not at present fully appreciated or accepted in the countries of the Communities—although this varies somewhat from country to country—is probably that it has never formed part of the state education system. The state, which has quite clearly concentrated its efforts on school education, took no interest in home study as long as the only people to make use of it—and that voluntarily—were adults. This, in my view, has given rise to all the negative developments and phenomena which until a few years ago coloured the picture of home study courses in Europe.

These adverse impressions in turn are still partly responsible for the general criticism, if not rejection of home study. It has been and is a big mistake that to date little or no account has been taken in the education planning of the Community countries of the possibilities that home study offers. In these circumstances home study has been forced to develop into an independent sector of education essentially organized by the private sector with all the advantages, but also all the disadvantages and dangers that this entails.

However, since advanced education and vocational training have become a political issue of the first order—and this at a time of growing

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

**Walz**

unemployment, not only in the countries of the Community, but in all the high-technology and highly industrialized countries of the world—home study has gained considerably in importance. It has therefore become almost a necessity for an international, a European dimension to be taken as the basis for further considerations. A special factor in this connection is and will remain the problem of the different constitutions of the Community countries and thus the differing responsibilities for various areas of policy. It is, for example, far easier in France and the Netherlands to enact binding and uniform laws governing certain sectors of education throughout the state than it is in the Federal Republic of Germany, where the responsibility for education planning policy and for regulative measures in the education sector rests with ten Federal Länder and Berlin.

It is therefore no surprise that the efforts made to achieve regulative measures and statutory rulings in home study and the success of these measures and laws have varied considerably from country to country in the Community. Even the details given on numbers of home study institutions and the people using them and other statistical material can only be described as on the whole very unsatisfactory at present.

This brief outline of a generally unsatisfactory situation largely sums up European home study today, although a number of attempts have been made to make the home study market somewhat more respectable and transparent.

Consequently, it was particularly significant that the attempt should be made to unite the countries of the Community in the *Conseil pour la Promotion de l'Enseignement par Correspondance* (COPEC) whose president is a Member of this House, Mr Schuijt. We owe it to his initiative and untiring work that the countries of the Community were finally able to agree in COPEC on the 'guidelines of a code of honour'.

These efforts at supranational level to organize home study in the countries of Western Europe produced first the Dutch law on the supervision of home study of 22 May 1970 and then the French law on the establishment and operation of private home study institutions.

I myself was able in April 1973 in the Federal Republic to publish the draft of an 'Outline Federal law regulating the general principles of control over home study', known for short as the 'Home study outline law', which is now being discussed in amended form in the Bundestag as an Opposition bill.

Where it exists, however, national legislation is still quite liberal and not coordinated to any

great extent or—as in the Federal Republic of Germany, where comprehensive legislation is under discussion—not finalized.

But as these methods of tuition are undergoing constant development and spreading further and further afield to meet the exigencies of a mobile working world, home study must in future be subject to legislation. National laws must cater for the following four basic requirements to ensure the soundness of this form of further education:

1. All courses must be officially supervised.
2. The teaching staff must possess appropriate qualifications.
3. Education is not a product to be peddled by salesmen.
4. The student must be protected against unethical practices by the representatives of home study institutions; he must be afforded consumer protection.

The need for home study to be subject to state control is recognized, if not generally, then at least by the majority of persons with a professional interest or responsibility. However, those who are convinced that the countries of the Community must have legislation to govern this sector of further education simply because of the need for the mutual recognition of diplomas and the guarantee of freedom of establishment, must ask themselves whether the Community should not provide this legislation, what its legal basis should be and what form it should take.

In view of Articles 57 and 117 of the Treaty of Rome and opinions delivered by the European Parliament in the past on education and vocational training in the Community countries, it appears to me necessary and right for national legislation on home study also to be coordinated in the future.

If further education is regarded as a means of achieving the goal set out in Article 117, the improvement of living and working conditions, home study should really also be included among the 'legislative' activities of the Community, and the intervention of the Community institutions can therefore be considered justified.

As regards education, teaching and the mutual recognition of diplomas, however, little or nothing has unfortunately been done at Community level although very recently agreement has fortunately *at last* been reached on the recognition of medical diplomas starting in 1978. In the circumstances I feel it would be asking too much to demand a regulation at this time, although it would have been quite justified,

**Walz**

since the activities of several home study institutions extend beyond national frontiers and might well be regarded as requiring Community regulations. On the other hand, a recommendation would have been too weak for the desired objective to be achieved. The regulative means proposed is therefore a *directive*.

Given the need for all Member States of the Community to have legislation on home study courses and to ensure equality of opportunity for students of these courses, the Commission is urged to submit to the Council a proposal for a directive with the objectives of

- approximating on the basis of common principles the laws of Member States which already have legislation and
- inducing Member States which have no legislation to introduce laws based on these common principles.

The proposal for a directive requested in the motion for a resolution contained in the report under discussion should at the very least aim at the inclusion of the following common principles in the national legislation of the Community countries: official inspection of all courses, appropriate training of teaching staff and—a very important point—prohibition of the use of sales representatives, i.e. the use of salesmen in the home, place of work, the street, public places or premises rented for promotion purposes should be forbidden; protection of students, i.e. full information about the organization and legal status of the institution, previous knowledge and conditions necessary for successful completion of courses, the form, duration and cost of the course, etc.; finally, details as regards contractual provisions, i.e. methods of payment, no linked contracts, right of withdrawal, notice of termination, etc. In the future home study will become extremely valuable in the countries of the European Community. The development of our industrial society in which performance or output is the basic criterion, and the consequent need for many workers to be mobile in the professions they have learned will make a flexible system of further education and retraining indispensable. Added to this, the teaching methods open to home study institutions and the technical education media can be used in very many different ways. The pattern followed in the future will, however, depend above all on whether the state and society are able and prepared to regulate this sector of education in such a way that it can be fully integrated into our state education system and form an important part of it.

(Applause)

IN THE CHAIR: MR MCDONALD

*Vice-President*

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

**Mr Schuijt.** — (NL) Mr President, as you will understand, I am personally extremely pleased that we are discussing this report today. It is not, however, my personal feelings that count, but the position of the group. This position is extremely clear: the whole group warmly supports Mrs Walz's able, brief, clear and business-like report. I have only one criticism: I find the report too modest.

It is unfortunate that, in this technological world, people in political circles and the like find it difficult to pay any attention to cultural matters. The problem has a cultural and a social aspect. In our society, which is experiencing such rapid technological growth, practically nobody does the same job his whole life long. It used to be that a carpenter or an electrician spent his whole life as a carpenter or an electrician. In the present situation of rapid social change, people often have to switch from one profession to another. The vocational retraining this requires is largely in the hands of home study institutes.

From the cultural point of view, the problem is perhaps more important, since today people have far more difficulty in making their way in and adjusting to a society which is putting ever greater demands on them. In this connection, increased knowledge is a good thing. American-style 'behaviourism' may be out of date as a school, but it is clear that knowledge does have an influence on behaviour. I am thinking in this connection of the works of the great Erich Fromm, who made it clear that in our society people are feeling increasingly isolated, losing their grip and looking for something to hold on to in their isolation. This might make them all too ready to accept authoritarian forms in their political and social lives.

So much for the social and cultural importance of this matter. There is one more problem. Home study courses are making increasing use of technical means, particularly audio-visual means.

In the first place, we are now finding that a number of American institutions are engaged in taking over European educational institutions. In one of the larger European countries one of the best schools was suddenly taken over by an American organization before anyone knew a thing about it.

### Schuijt

In the second place, a number of giant publishing houses are buying up home study institutes. The question is whether the reasons for these activities are economic or social and cultural in nature.

Another point of particular importance is the extent of government intervention in such matters.

Historically, education has always been bought and sold. In the 16th, 17th and 18th centuries a person who had knowledge sold it for money. It was only later that it was realized that education is a matter of cultural health and cannot be left to private institutions. In all states, therefore, education has become a government matter. This is, however, not yet the case with home study courses. A number of individual initiatives have anticipated this gap. There are many institutes meeting the need for a modern form of home study. Some of them are bona fide but some of them are concerned only with money. They go so far as to send travellers and representatives into the market without paying them a salary; they work only on a commission basis. These people then have to sell courses. There are also institutes that give gifts to people who are willing to sign up for a particular course. One of these organizations recently went bankrupt, but is threatening a come-back. If I am not mistaken, six million students in Germany suffered through this bankruptcy. Institutions of that kind know how to put up people from the academic world and other prominent people as a front, who always seem prepared to support these practices with their names and reputations.

If we want to get out of this situation, we have to have a clear European framework for legislation. I am thinking mainly of the extremely expensive computer courses that cost thousands of guilders or marks. Educational activities of that kind extend across frontiers and must be controlled as well as possible by outline legislation.

Paragraph 13 of the resolution in Mr Hougardy's report of February 1972 asked the Commission to communicate its ideas on this matter and bring out a report for the parliamentary committee concerned. It is now February 1975 and there is still no report, but perhaps we can hope that there will be one within six months.

When the Commission comes to deal with this matter, it will, I hope, not rely purely on its own resources, but turn to those who have a thorough, practical knowledge of the subject.

In this connection, I should like to refer to an excellent Council of Europe survey compiled by Mr I. Sloos, one of the people who has played

a very important part in the international organization of home study courses. He has endeavoured to prevent the bogus institutes using all means at their command to interfere with the work of the genuine ones, who are admittedly profit-orientated, but do aim mainly at educational goals. He was concerned with letting these institutes do their work properly.

I would recommend this excellent report to the Commission's attention. I would also ask the Commission to discuss the matter with people in the field.

I shall not repeat what is important here. The requirements as to quality of instruction have already been clearly summarized by Mrs Walz. The quality of the instruction must be good and must be subject to control. We must absolutely avoid courses being sold in supermarkets in cassettes, like selling a pound of butter. It is completely impossible to keep checks on courses like that and they cannot possibly offer what is expected of a home study course. We must also get out of a situation where, for instance, courses are published that are simply a compilation of ten- or twenty-year-old books, or where courses made up twenty years ago and completely out of date are sold now just because they are in print and can still bring in money. We have to get out of this situation as quickly as possible.

I shall not go into the legal aspect; Mrs Walz has done this quite adequately. I should merely like to make one further suggestion to the Commission, inspired by the activities of the British Open University. The Open University recently started a course, a twelve-week one I think, given mainly by correspondence, on European consciousness, European unity and the European institutions. That is a very good thing. The citizen ought—and we are all convinced of this—to be brought more and more to face the reality of Europe. As we all know, however, education always lags behind events. Which one of us learned anything about modern history at school? My children also tell me that in their history lessons they do not go any further than the First World War.

Would it not be a good idea for the Commission, in view of the importance of providing the population of Europe with a better knowledge of European affairs, to get in touch with a number of bona fide institutes in Europe and discuss the possibility of getting together to do something here that could cover the whole European area?

Mr President, before I close I should like once more to thank the rapporteur, Mrs Walz, and the Committee on Cultural Affairs and Youth,

**Schuijt**

which brought this excellent piece of work before us. I hope that within six months the Commission will be submitting an excellent directive to us on the matter.

(Applause)

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

**Mr Laban.** — (NL) Mr President, my group is pleased that the Committee on Cultural Affairs and Youth has taken the initiative in drawing up this report on home study courses. I should like to congratulate Mrs Walz on the report, the speed with which she has prepared it and the way she has presented it here. I should also like to thank the secretariat of our parliamentary committee, which has done so much work to enable us to discuss this report today.

During the discussion of the memorandum from the Commission to the Council on cooperation in education in April last year, I expressed regret that no initiatives had hitherto been taken in the area of permanent education. In this particular field there are very few legal controls in the Member States so far. Harmonization is, therefore, very possible, and in the opinion of my group, also necessary. In his report Professor Janne mentioned precisely this aspect.

Correspondence courses, possibly supplemented by radio, television and cassettes, or by direct tuition, form an important part of permanent education. They offer young and old the opportunity to develop themselves as fully as possible.

The variety of home study courses is considerable. They include retraining, supplementary training and further education. But there are also cultural courses. Another important factor is that these courses play a very important part in second-chance education, that is, for those who did not have the chance, often because of their immediate environmental circumstances, to develop their capacities to the full in the course of normal education.

Home study courses are very important now, and will go on increasing their importance, especially since the financial burdens involved in the education explosion can no longer be coped with by the authorities in the normal way.

We fully share Mrs Walz's opinion that home study courses ought to be a part of the total educational system in our countries. A consequence of this is that governments have the obligation to draw up regulations for such sup-

plementary and further education and to keep a check on it. Education, training and retraining are of decisive importance for the development of the individual, and therefore for his opportunities to share in shaping tomorrow's society. But there must be guarantees that the students taking part are following worthwhile courses. Moreover, they must be protected against the commercial sales methods of the bogus institutions which unfortunately exist side by side with the many genuine ones.

I do not wish to say that government alone should be concerned with home study courses. I consider, however, that various institutes in the European Community abuse the demand from many young and old people for better education, for better training, for advancement. I also consider that there are—and this is true of my own country—good, bona fide institutions, which are conscious of the task they carry out and are ready to submit themselves voluntarily to government control. However, people are still being induced by smooth-tongued salesmen (house visits, free gift system) to put their signature to contracts for courses they are not fitted for by their previous education. It very soon becomes apparent that they cannot keep up, and then they are often left with the whole course to pay for.

We also feel that the tutors dealing with correction and tuition, and frequently also with devising the courses, should be appropriately qualified. They ought to have the same sort of qualifications as are required in ordinary education.

There are Member States where the government has taken legal measures in this area. However, the situation varies and in a number of Member States there are no regulations at all.

In the Netherlands, by contrast with Belgium and France, there are no more or less binding regulations. This situation is connected with our constitutional freedom of education. Anyone may provide education. It is only when education subject to legal control is to be provided and a subsidy is sought that binding conditions can be set. This is a difficult point, and the Commission will have to take it into account in drawing up directives.

The prevailing fragmentation has already been mentioned. There is an urgent need for harmonization. It is all the more necessary since, for instance, in a country like Belgium, where there are binding regulations, there is nothing to prevent commercial institutes exporting courses to the Netherlands. If you buy a bad one, you can only cancel it by very complicated legal

**Laban**

procedures. And hardly any one does so. The *Conseil pour la Promotion de l'Enseignement par Correspondance* (COPEC), is in favour of regulation and has drafted a directive for this. It has already been pointed out that the European Parliament too has repeatedly drawn attention to the necessity for proper regulation of this type of education. It is the opinion of my group that in an equitable European Community it should no longer be possible for hundreds of thousands of people to be cheated by the suspect sales methods of so-called educational institutes which, in the search for profit, promise their customers a golden future, only for them to find, once they have taken the course, that the golden future does not exist and that the most important thing is to pay up. Moreover, people who have fallen victim to institutes like this have wasted a lot of time and often lost their motivation.

Along with the Committee on Cultural Affairs and Youth, I hope that the Commission will soon be putting a proposal to the Council before Parliament. I have already pointed out that this matter is a very difficult one. But we expect a lot from the Commission, which, according to President Ortoli's press statement, will again use its right of initiative strictly and energetically. Without becoming unrealistic, its proposals should, again according to Mr Ortoli, be both more far-reaching and bolder. Again, according to its President, the Commission will not continue to content itself with minimum proposals made with an eye to an eventual compromise. Mr Ortoli did not mention the area of education and training in his press statement. Nor, in all probability, will he do so this week when he makes his statement here. I hope that I am mistaken here, since I would particularly regret it if the Commission were to say nothing on such an important matter as education and training.

I would ask Mr Scarascia Mugnozza to convey to Mr Brunner that we expect him to play his part in the area of education in a careful and energetic manner.

Clearly, my group will be very pleased to vote in favour of the motion for a resolution.

(Applause)

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

**Mr Meintz.** — (F) Mr President, ladies and gentlemen, more than a century ago Isaac Pitman founded a correspondence school in Great Britain, starting with a shorthand course, and in 1863 in Germany a professional training teacher, Mr Karnack, realized that one day a village

blacksmith would have to retrain himself to become a mechanic and prepared letters informing his former pupils of the basic aspects of the new techniques. What did he do other than make it easier to take up or at least pursue activities as a self-employed person? Article 57 referred to by Mrs Walz is the starting-point for home study courses.

However, it is only since the last world war that home study courses have become popular. The range of courses has been extended and teaching methods have been improved, or at least modernized.

If you open an educational journal, you can easily find an advertisement for an audio-visual cassette for studies leading to a bachelor's degree in law. The courses take numerous forms, ranging from the simple letter to the cassette I have just mentioned. The subjects covered range from vocational training to general culture. The courses are organized by the State, universities or private bodies, most often on a commercial basis.

It is understandable therefore that those who use this study method are often perplexed.

I think it would be useful to define the 'customers' of these courses, which represent a new form of education or a second branch of education.

Many of the students—young and old—are working and want to improve their professional knowledge or to finish some vocational training course interrupted for various reasons, or to retrain themselves. This category also includes students who are not able to follow a full-time training course, or migrant workers who want to establish themselves in the country they are in.

A second category includes students who are too far from a particular educational establishment, the children of boatmen, of travellers and, in some places, of diplomats who are too far away from universities.

A third category of students includes people who are confined to bed or whom society has isolated in a prison or in an approved school.

As we know, these people are very vulnerable since they have been disappointed at some point in their lives. Nevertheless, they urgently need to improve their professional knowledge or to increase their general culture. They should therefore be protected and shielded from a second disappointment as a result of unsatisfactory courses. Alongside the reliable schools, there are a number of institutions—if they can be called institutions—which are open to criticism. I can mention three categories of criticism.

**Meintz**

Firstly, the level of the courses. An American study has shown that some home study courses were merely, as has just been said, caricatures or copies of courses, and that others were so condensed that from the point of view of time and brainwork they demanded only a fraction of the effort really required.

The publicity and the promises of success can also be criticized. If you will permit me, I shall quote from three German advertisements to highlight the problem.

The first is:

'Finanzielle Schwierigkeiten werden behoben; Wohlstand und Vermögen stellen sich ein.'<sup>1</sup>

The second is:

'Macht, Einfluss und Erfolg durch Gedankenkraft - Ein Lehrgang in 7 Lehrbriefen.'<sup>2</sup>

And, lastly:

'Ohne Notenkenntnisse! In der Schnellmethode lernen Sie in kürzester Zeit kinderleicht Schlagler, Jazz, Wanderlieder und alle modernen Tänze spielen.'<sup>3</sup>

These examples clearly show what human feelings are being appealed to and what motives are being put forward.

There are no doubt some 'customers' who are critical enough to detect the overstatements in these slogans. Nevertheless, there are many members of the population who are impressed by such promises. Lastly, sales techniques. Here is an example from my country. Some years ago, at the beginning of the first wave of computer programmers and punched card operators, some institutions wrongly tempted a large number of young people to sign long-term contracts which they could not terminate half-way through but which, for various reasons, they could not complete. It has been said that in some correspondence schools, the department for sending reminders and demand notes is the best organized. Perhaps that is just malice, but it is nevertheless significant.

For all these reasons, we should consider attentively and carefully the motion for a resolution based on Mrs Walz's excellent report, listing minimum requirements.

Control of home study courses along the lines described in the report has become a necessity.

Have the Communities the required authority and right to intervene?

Mrs Walz very appropriately quotes Articles 57 and 117 of the Treaty. I should like to give another justification. If we consider that 70%—and in some countries even 80%—of students enrolled in home study courses have done so in order to perfect their professional knowledge, it is obvious that these provisions constitute an adequate legal basis. The type of intervention proposed, the directive, is not the most binding, but it seems advisable to us that, initially, Member States should adopt legislation in a Community spirit, if they have not already done so, taking account of the educational situation in their countries.

At a later stage, a regulation could be introduced, having regard also to the fact that the courses provided by some establishments already extend beyond national frontiers. Such a procedure could lead to still closer cooperation through harmonization in educational matters if, for instance, the national label by which the course is known and which indicates its content and value, could one day become a European label. I am sure that in many respects a much closer and much more fruitful system of cooperation could be found for educational matters.

The important thing at the moment, Mr President, is that the student-consumer should be protected and should know when enrolling for a course:

- (a) whether it leads to an official examination—here, indirect control is most effective;
- (b) whether the course covers professional training without however conferring an official qualification;
- (c) whether the course provides a general education, again without a recognized qualification;
- (d) whether the course offers genuine educational guarantees as regards its methods and aims;
- (e) whether the course constitutes an unbearable long-term financial burden.

These are the aspects covered by the resolution proposed by Mrs Walz, whom I congratulate on and thank for the work she has done, just as I thank our committee. My group fully supports the aims and will vote in favour of the motion for a resolution.

(Applause)

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

<sup>1</sup> 'An end to financial difficulties; wealth and prosperity will follow'.

<sup>2</sup> 'Power, influence and success through the strength of your own mind—A course of 7 lessons'.

<sup>3</sup> 'No need to read music! Using the rapid method you can easily and quickly learn to play pop-tunes, jazz, songs and any modern dance-music.'

**Lady Elles.** — The European Conservative Group very much appreciates Dr Walz's report.

I should like to convey our congratulations to her on the work she has done, and particularly for drawing the attention of the European Parliament and the Commission to the problems which arise in home study courses and the necessity for a much closer look at the way they are organized and run, especially as their importance is growing in every Member State and they are becoming more and more important in the life of the individual citizens of Member States.

Much has already been said. I will not repeat it, but merely say that I support everything that has been said by other speakers. We are aware of irregularities in some home study courses, in the quality of teaching and materials used, the standards and the prices charged.

Much has been said against home study courses; but it must be made clear that Member States have already taken measures which cover many of the known irregularities and, by and large, home correspondence colleges and further education establishments fulfil a need in an excellent manner. They contribute greatly to the free choice of individuals in a wide selection of courses. They awaken interest and broaden knowledge.

In the United Kingdom, local authorities have a tremendous amount to do in home study courses and they make them available to residents and to those who work within their areas at modest prices. That must be said in their favour. Not all home study courses can be considered as vocational training courses, but they serve as a stimulant to the thirst for knowledge and provide a great deal of recreation in leisure time. They cannot therefore be considered only in the context of vocational training courses.

In the United Kingdom we established some time ago a council for the accreditation of correspondence colleges. It was started at the request of the correspondence colleges themselves to maintain certain tuition standards by the granting of certificates of accreditation and, at the same time, to protect students and teachers from exploitation.

We must also regard home study courses to some extent as within the orbit of the consumer protection policy of the Community. For that reason I welcome the presence of Commissioner Scarascia Mugnozza. Although the purchaser of a home study course is to some extent a consumer, the difficulty is that the value of the article he purchases can be decided upon only

in the long term, and the purchaser himself is not always in a position to make a judgment on the value of his purchase. In our country a purchaser of a home study course—for instance, on cassettes—can be protected by the recently introduced fair-trading legislation.

The recent study of advertising and its effects also warrants a closer look.

I am grateful to Dr Schuijt for his mention of the Open University and the part it has played in education in our country, although perhaps I should declare an interest here, as my daughter is a lecturer, teaching history, at the Open University. It plays a great role in the lives of our citizens, and each year an increasing number of people enrol. There are three-year or four-year courses which are pursued with great energy and interest by the students. It is a project that could be copied with benefit by all Member States. It is perhaps in this sense that I would like to see harmonization, with each country copying the best from the other, rather than trying to lay down legislation to apply uniformly throughout the Community regardless of the situation within each Member State. The Open University would not come within the terms of the Treaty of Rome, being governed by a Royal Charter and empowered to award degrees. I am not sure what kind of legislation would affect that form of home study.

We in the European Conservative Group have never been keen on the principle of harmonization for harmonization's sake, although we support the principles expressed in the resolution so ably drafted by Dr Walz. We support the content of the resolution but ask the Commission to consider the legislation which already exists in Member States, such as in the United Kingdom, and its effectiveness, and also the different types and conditions that obtain in each Member State.

I should like to draw attention to the great importance of trust and confidence—which will grow even more between Member States when degrees and diplomas are recognized. It is, therefore, essential that any form of educational establishment should be recognized officially and reach a minimum standard of education and tuition.

(Applause)

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities.** — (I) Mr President, ladies and gentlemen, I am extremely impressed by this debate which, brief though it has been, has been very stimulating.

**Scarascia Mugnozza**

The arguments presented give much food for thought. In addition to Mrs Walz, the rapporteur, I must thank all those who have spoken and shown a particular grasp of this subject.

I should like to say immediately that we, like the Parliament, considered the problem, referred to in the report, of the legal basis for the Commission's proposal for a directive but reached a slightly different conclusion, which is also of interest. We felt that there was no basis for action under Article 57 or Article 117 but (this explains my reply, Mr Laban), like Lady Elles, we felt that the proposal for a directive could fall into the framework of consumer protection, thus acquiring a legal basis and certain room for manoeuvre.

Naturally, the consumer protection service will not deal with this problem alone but will act in conjunction with the Directorate-General for Research, Science and Education and the Directorate-General for Social Affairs because these are questions of teaching, education and professional training. However, in this field European citizens may, as emerged in today's discussion, be attracted by publicity which is designed to be misleading and act contrary to their true interests.

This then seems the most suitable framework in which to fit the proposal for a directive. In addition, as I have always stressed in Parliament and elsewhere, the programme for consumer protection is political rather than economic in character since it tends to involve the European consumer directly and guides the European Community towards intervention in favour of the European man, taking his interests in the widest possible sense. In other contexts we are already dealing with possibly misleading publicity, contracts and other agreements which may create difficulties for citizens so we felt that the programme for consumer protection was the most suitable framework within which to give this approach a solid legal basis.

The Commission fully shares the concern expressed by Mrs Walz and others who have spoken today. According to our sources, which may of course not be quite exact, in Western Europe today, approximately 2½ million citizens are following correspondence courses or the adult courses which have also been widely referred to in today's discussion. We therefore feel that we can say that we are in perfect agreement with the European Parliament—we have considered the matter and freely agree to submit a proposal for a directive.

At this stage, I should like briefly to return to the question which is always raised when we are talking about directives, as to whether

or not there should be harmonization. I think that under no circumstances should the directive be considered the typical instrument for harmonization. Mr Schuijt was quite right to point out that, above all, the directive offers the possibility of laying down the basic regulatory framework. It provides an outline law to which the various national legislatures may refer. The directive, by its very existence, gives a European dimension to the problem and, in addition, draws the Member States' attention to the need to fit their laws into the framework of Community legislation.

This can all be done without excessive harmonization, by providing a reasonably flexible Community norm to which the various existing and working national laws, which the Community must clearly not eliminate, may adapt themselves.

However, bearing the above in mind, in view of the fact that so far we have been dealing with the underlying aspects of the problem and that we must work in close collaboration with the Directorate-General for Research, Science and Education and the Directorate-General for Social Affairs when considering professional training, I should like to tell Parliament that the 6-month period to which it refers in its motion for a resolution is just not long enough. We could not present a useful directive in that time, partly because we must examine the current situation in the Member States in order to avoid issuing inconsistent rules and partly because we must also become completely familiar with a problem of which we have but a superficial knowledge.

Therefore, though welcoming Parliament's initiative, giving it our agreement and undertaking to forward its request, I must ask it to extend the deadline from 6 to 12 months since it is absolutely impossible for us to do anything in less than one year.

In closing, Mr President, I should like once more to congratulate Parliament and promise that we will deal with this matter with the seriousness it deserves.

*(Applause)*

**President.** — I call Mrs Walz.

**Mrs Walz, rapporteur.** — *(D)* Mr President, I should just like to say to Mr Scarascia Mugnozza that we will accept his proposal in this case if he feels that he cannot draw up a directive in less than twelve months. I would, however, like to know on what article he would then base his directive.

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities.** — (I) We should like to cover this matter in the programme for consumer protection based as a whole on the European Treaties, in which case there is no need to be covered by any particular article. However, this does not exclude the fact that, if necessary, we could always use Article 235 as a legal basis and refer to different articles from time to time for different actions taken.

**President.** — I call Mr Schuijt.

**Mr Schuijt.** — (NL) Mr President, I should like briefly to put one more question to Mr Scarascia Mugnozza regarding my suggestion to the Commission. I appreciate that he cannot answer it at the moment, but I should like to ask him whether he is prepared to communicate to the appropriate member of the Commission this suggestion of contacting bona fide institutes and working together on a European home study course.

The Commission has stated that six months is too short a time, but I would recall that Mr Hougardy asked the Commission for a report as long ago as 8 February 1972. That means that there has been 3 years to think about the plan and to do at least a little towards preparing the report.

**President.** — I call Mr Laban.

**Mr Laban.** — (NL) Mr President, it has struck me that Mr Scarascia Mugnozza, in contrast to the majority of the speakers from our committee, sees this whole problem from the consumer view point. I can fully understand why he has chosen as the legal basis the Treaty article concerning the protection of consumer interests, and we shall have to have close consultations with the Ministries of Education and with Mr Brunner. I feel, however, that he has paid too little attention to the fact that, as has been pointed out by various people here, home study courses are increasingly becoming an integral part of the educational system as a whole. This means that it is above all the Departments of Education which will have to be brought in. I would also ask Mr Scarascia Mugnozza to think about discussing this whole matter once again with Mr Brunner and looking into the possibility of drawing up a directive based on Article 235 of the Treaty, on the protection of the students as consumers. My group considers it very important for the students to be protected against reprehensible sales methods.

I should like to stress that this is a sector of education which is becoming increasingly important. I have also pointed out that the Member States ought to make increasing use of the many forms of this type of education.

In the industrialized countries, it is no longer possible to raise enough for the education that is necessary. Education, as we have already mentioned today, will have to be provided through other channels. I hope that Mr Scarascia Mugnozza will discuss this matter with Mr Brunner again thoroughly.

Finally, I would hope with Mr Schuijt that, after all the pressure from the Parliament and all the preparatory work the Committee on Cultural Affairs and Youth has done, this matter can be expedited in considerably less than a year.

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities.** — (I) Mr President, I should like briefly to reply to the specific questions put to me.

In reply to Mr Schuijt, I say that there will be no problem in approaching specialized institutes in order to examine this issue.

I remember the 1972 resolution very clearly since I was chairman of the Political Affairs Committee at the time, but I cannot remember how the discussion ended. I expect that, ever since then, the various directorates-general, not knowing on what legal basis to continue their work, have been passing the buck from one to the other.

I also remember very well, Mr Laban, the amazement with which Members discovered that we could only find a legal niche for this problem by referring to the programme for consumer protection. However, this was the truth of the matter. Furthermore, the Directorate-General for Research, Science and Education itself asked us to intervene on this count because it would not have been possible to find any legal justification whatsoever otherwise.

However, this obviously does not mean that we are obliged to work with the resources of the consumer protection service. Though this is the legal basis, the work must in practice be entrusted not only to the Directorate-General for Research, Science and Education, in other words, my colleague, Mr Brunner, but also to my colleague Mr Hillery, since the entire question of professional training has a direct effect on both workers and their children, who must

**Scarascia Mugnozza**

be taken into account in this directive as affected by this type of teaching.

In view of the difficulties with which we are confronted, I must again urge you to grant our request for a 12-month deadline. I have no wish to find myself here in 6 months having to tell the European Parliament that I have not been able to meet my commitments.

Since I do not think the matter is of desperate urgency, I really must insist on 12 months.

Finally, in reply to Mrs Walz's concern, I should like to confirm the fact that the whole consumer protection programme was based on the rules of the Treaties of the European Communities so that we could from time to time refer to all the articles which might be useful and, in particular, make use of Article 235 which the European Parliament quite rightly considers to be particularly important for the implementation of these rules.

**President.** — Before I put the motion for a resolution to the vote, may I add my praise to Dr Walz and to the Secretary of the Committee on Cultural Affairs and Youth. I had hoped to speak to the motion but unexpectedly found myself offside.

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

Thank you Mr Scarascia Mugnozza.

15. *Agenda for next sitting*

**President.** — The next sitting of Parliament will be held tomorrow, Tuesday 18 February, at 10 a.m. and 3 p.m., with the following agenda:

- presentation by Mr Ortoli of the Eighth General Report of the Commission of the European Communities on the Activities of the Communities in 1974
- statement on behalf of the Commission on developments in the social situation in the Community in 1974
- oral question with debate by Mr Pisoni and others on the return of migrant workers to Italy
- oral question with debate by Mrs Orth on the improvement of safety conditions in coal mines
- oral question with debate by Mr Adams and others on unemployment among young people
- report by Mr Brewis on the liberalization of co-insurance operations
- report by Mr Lange on the proposal to establish a European Monetary Cooperation Fund
- report by Mr Klepsch on the European Community's relations with the East European state-trading countries and COMECON
- report by Mr Klepsch on the recommendations of the EEC-Turkey joint parliamentary committee
- report by Mr Baas on the common customs tariff relating to certain cheeses
- report by Mr Kaspereit on association agreements with Tunisia and Morocco.

There are no other items on the agenda.

The sitting is closed.

*(The sitting was closed at 8.15 p.m.)*

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

## SITTING OF TUESDAY, 18 FEBRUARY 1975

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IN THE CHAIR: MR C. BERKHOUWER

*President*

*(The sitting was opened at 10.10 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. *Presentation of the Eighth General Report on the activities of the Communities*

**President.** — I have received from the Commission of the European Communities the Eighth General Report on the activities of the European Communities (Doc. 500/74). Pursuant to Rule 20(2) of the Rules of Procedure, the various parts of the report have been referred to the appropriate committees.

3. *Documents received*

**President.** — I have received from the Council of the European Communities requests for an opinion on the following documents:

— Draft Treaty amending certain financial provisions of the Treaties establishing the European Communities and of the Treaty establishing a single Council and a single Commission of the European Communities (Doc. 501/74)

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

— Proposal for the amendment of the Statute of the European Investment Bank (Doc. 502/74)

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

— Proposals from the Commission of the European Communities to the Council for

I. a regulation on the opening, allocation and administration of a Community tariff quota of 30 000 head of heifers and cows,

not intended for slaughter, of certain mountain breeds falling within subheading ex 01.02 A II (b) 2 of the Common Customs Tariff;

II. a regulation on the opening, allocation and administration of a Community tariff quota of 5 000 head of bulls, cows and heifers, not intended for slaughter, of certain Alpine breeds falling within subheading ex 01.02 A II (b) 2 of the Common Customs Tariff.

(Doc. 503/74)

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

— Proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 804/68 as regards the conditions for the granting of aid for the private storage of Grana Padano and Parmigiano Reggiano cheeses (Doc. 504/74)

This document has been referred to the Committee on Agriculture.

4. *Change in the agenda*

**President.** — The Committee on Budgets has not yet adopted the report by Mr Aigner on the proposal from the Commission of the European Communities to the Council (Doc. 491/74) for a regulation on the transfer to the European Regional Development Fund of 150 m.u.a. out of the appropriations held in reserve by the Guidance Section of the EAGGF. This report has therefore been removed from the agenda.

5. *Eighth General Report of the Commission on the activities of the Communities in 1974 and programme of the Commission for 1975*

**President.** — The next item is the presentation by Mr Ortoli of the Eighth General Report of the Commission of the European Communities on the activities of the Communities in 1974 (Doc. 500/74) and the programme of the Commission for 1975.

I call Mr Ortoli.

**Mr Ortoli, President of the Commission of the European Communities.** — (F) Mr President, allow me to begin by stressing the importance I attach to this address presenting our programme, particularly as I am to remain President of the Commission for a further two years and must

**Ortoli**

try to take stock of what we have done and also indicate, as it were for my own benefit and for the benefit of the Commission, the broad lines of our future action.

I believe that this opportunity for taking stock of developments must encourage us to look at the situation in Europe with realism. I have no intention of painting a rosy picture; while I am aware that we have made some progress, you will see that on a whole range of matters we have met with setbacks and failures which I consider extremely serious.

But it would not be appropriate to relapse into undue pessimism; I believe that in 1974 we began to make real progress in four areas. The first is a recognition of our economic interdependence and more systematic coordination of our policies. I believe that the two words of complementarity and compatibility of policies have become a reality to our heads of state, our governments and our ministers of finance and economic affairs.

Secondly, in this same area of interdependence, we are moving towards common positions on matters of vital importance. I am thinking for example of the joint approach we adopted in Washington on international monetary relations. The second progress we have made has consisted in gradually abandoning rhetorical exercises on matters relating to policies of internal equilibrium of the Community, economic and social equilibrium and active solidarity. All the effects are not of course apparent yet, but the creation of a Regional Fund—however limited it may be—was an important step. The Social Fund must now begin to develop and we have also taken the important step of setting up machinery for Community loans.

The third point is one to which the Commission and I attach vital importance. Europe now has a development policy for the third and fourth worlds: it is a real policy, a policy with clear objectives, ambitious and diversified resources, a policy whose implementation, despite the odds, is to my mind the most satisfactory evidence of the reality of Europe.

Finally, there was the Paris summit—to which I shall return later—which marked the resolve to react against the institutional weakening of Europe, against the political vacuum created by the absence of authority—of which you and I have spoken so often—and against the lack of real motivating prospects. I view the stimulus given by this summit as a reason for the new effectiveness of the Council which still leaves much to be desired, although the Council has met on several occasions in the past month to take decisions—something to which we were no longer accustomed.

Objectively then we have made progress which must be recognized and, through that progress, a measure of new hope is beginning to appear. However, realism forces me to recognize that Europe needs successes on a totally different scale if it is to achieve its aims of unity and independence; on the central issues we are still suffering setbacks and failures: we are losing our independence, we are lowering our sights, our institutions are failing in important areas. I shall look at these three points in more detail.

Europe's real problem is independence, control of its own destiny. But it has been losing ground on this front for the last fifteen months. There are of course reasons for this. For thirty years we were able to escape the consequences of our limited energy and raw material resources. There is no avoiding the truth today. The centres of economic decisions and financial power have shifted; our dependence is physical, as the embargo proved to us, but it is also economic.

We are obliged to recognize that this upheaval is leading to far-reaching changes in Europe, to which I shall return in a moment. The upheaval is also monetary because to pay for our energy and raw material supplies we are obliged to organize a transfer of resources, in other words a transfer of labour. Europe's labour can pay the new price of energy and raw materials. The constraints are heavy. A second completely objective observation must also be made, namely that this situation has other consequences, for example the strengthening of the dominant position of the United States which has the wealth of raw materials and energy of an entire continent and a natural desire, in a serious and fluctuating situation, to exercise to the full all the influence available to it.

But let us not deceive ourselves. I have spoken of an objective dependence, but if we have become increasingly dependent and if our freedom of action has been curtailed we are ourselves the main culprits. The responsibility rests squarely on us. It is our fault that we are unable to pursue a clear policy, unable to make our presence felt in the enormous diplomatic jungle where our future way of life is being evolved. Again, it is essentially our own fault that it has not proved possible to establish relations with the United States on an equal footing. Our attempts to speak with a single voice on vital issues—I am thinking in particular of the Washington conference last February—have failed miserably, even though we managed to reach agreement in certain areas such as the recycling problem. I spoke just now of what happened in Washington last January when our lack of cohesion and our dissensions ruled us out of a game in which the stakes are Europe's inter-

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ests and Europe's future. Europe has not taken her rightful place in the forums where decisions—on world peace, on economic development—are reached. This pains and saddens me. Perhaps more serious is the fact that we have abandoned our ambitions. Over the years we have lost sight of the ideal which inspired the Treaty of Rome: the pooling of sovereignty where this would allow us to shoulder our responsibilities more effectively at home and abroad. Our joint endeavours are now only marginal, our commitments to each other less and less durable. What progress have we made towards a common energy policy and the harmonization of tax systems or the gradual pooling of our monetary reserves—all objectives laid down by the last Paris summit? What has become of our representation by a single spokesman of which we have heard so much, but which has only been achieved on rare occasions? Let me put a question to you: if we were starting from scratch again today would we be prepared to allow Europe to fix agricultural prices, to manage agricultural markets, to handle commercial policy, to control competition policy? Need I remind you that these major achievements date from a time when the principles, structures and powers of Europe were debated with greater vigour than they are today? I am indeed sorry to say that we have lost our nerve, we have lost our vision. There is a third important factor in the near-collapse of the institutions, analysed by this House on many occasions. This failure has been so flagrant that the Paris summit decided that the Council of Ministers should meet regularly at the level of the heads of state or government. That is a remedy. But while it respects the economy of the original system it represents a change in spirit and content and may, if we are not careful, shake the institutional structures set up by the Treaties to their very foundations. If this major innovation increases Europe's ability to take decisions; if it produces real policies inspired by an overall vision which eliminates the artificial distinction between the Community sphere and intergovernmental cooperation; if it widens Europe's field of action and if it respects the strictness of the Community rules which is the very source of their dynamism, then we shall have gambled and won! But let us not close our eyes to the danger that force of circumstances, a lack of courage, expediency or confusion as to who is responsible for what, may tempt us to choose the low road of intergovernmental cooperation when we should be striking out on the high road of integration.

There is undoubtedly an opportunity and we must grasp it firmly; it is a welcome fact that the heads of state or government are concerning

themselves directly and frequently with Europe, but if the accompanying risks are to be averted the Commission must exercise to the full its refound vocation as a political institution. The Commission must adapt its action to the new system in which ideas will come from the top. It must insure against the risks involved by bringing the Member States round to its conviction that there can be no genuine solution to the principal problems other than the collective Community solutions implicit in the construction of Europe. It must make vigorous and incisive use of its power of initiative. It must not betray its own ideals when choices decisive to Europe's future are being made.

This awareness of our role, this profoundly political attitude, this ambition to instil a new sense of urgency and breadth of vision into the construction of Europe, have inspired the programme I am about to present to you. It is an overall programme which we believe could herald a new phase in the construction of Europe. I shall not look at all the details—our ideas are outlined in the memorandum you have already received—but concentrate on five objectives and five main lines of action.

Our first objective must be to make Europe less dependent. Europe is losing control of its future since the number of economic, financial and political centres of decision outside our Member States and outside our Community is growing all the time.

Our dependence is increasing in two ways; firstly, we do not have enough control over the main factors of our economic life—here I am thinking of energy supplies and monetary resources and we must do everything we can to progressively reduce this first form of dependence. I am well aware that all our countries are now working on the energy problem; but I personally do not think that we have done all we should at the European level; I am convinced that such action would have been a key to the solution of our problems, first because at European level we can organize our solidarity in a powerful effort (I shall return to this later) and also because in our external relations we can draw on instruments comparable to those of each of our member countries. The debate on the common energy policy, broadened by other factors, is to my mind one which must be brought to a successful conclusion; and I would say right away that the Commission is resolved to concentrate its efforts, regardless of the difficulties encountered up to now and of those which may arise in the future with a view to bringing about a common energy policy in 1975. I would remind you that this is nothing new for your Assembly or for us; in May 1973,

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in this very Chamber, we proposed three-pronged action: cooperation with consumers, cooperation and the creation of links of interest with producers and a common market organization. Since then we have seen nothing but hesitation, belated and insignificant progress. We are gaining nothing by letting time slip by. There is a danger that our dependence on the outside world will harden into resignation masquerading as realism. I personally believe—and this is one of the matters giving me the greatest concern—that we cannot avoid making an immense effort to become more independent in the energy sector. I am sometimes afraid that life being as it is, a number of apparent solutions may appear to our problems so that people will say to themselves that after all things are not as bad as they seemed and there is perhaps no real need to expend so much energy on solving problems which do not arise exactly in the terms they seemed to.

I think that the realism of politicians must make them see further than this; none of the factors capable of improving our situation do anything to change the fundamental fact of our dependence.

We must therefore, regardless of the apparent progress that may be made, work for years with the same degree of stubbornness to find the means of reducing Europe's dependence in the matter of energy.

Europe must act and act now. We shall therefore undertake the following measures: the fixing of common targets, both global targets and targets for each type of energy and the creation of instruments to attain them; in this context we must develop our own resources by all available means. For this purpose the Commission will propose a Community mechanism or mechanisms (I say a mechanism or mechanisms since the situation is not necessarily the same for all energy sources) to provide incentives, support and guarantees to ensure permanently an adequate return on investment under reasonable economic conditions.

I would say at once that this for me is a central feature of the discussion we shall be engaging in, since when one speaks, as I have done, of a policy to be pursued over a long period, the real problem, when it comes to our own resources, is to ensure that investments can be made in the knowledge that the operation will be a durable one. We must therefore organize ourselves in such a way that the mechanisms we set up effectively meet the investor's demand for continuity—be he a public or private investor. Whether or not our policy is liberal, the system we adopt must incorporate this guarantee. We must reflect on this point.

We shall also have to fix a basis of assessment for long-term Community intervention, for instance by fixing reference prices. The financial resources required to implement these programmes will have to be pooled.

We have for example proposed raising a loan of 500 million units of account under the EURATOM Treaty to participate in the development of nuclear activity in the Community.

Finally a European research programme is needed: on this point I think that lucidity must lead us to work together without falling into the errors committed here in the past. There are areas in which we can save time and money by pooling our efforts. There are also sectors in which the competence of one or other of our teams can be used by the whole of Europe, thus avoiding unnecessary duplication of effort. We need a harmonized programme—this is the aim we have set ourselves—and joint means of implementing it.

This programme does not contain anything liable to provoke a confrontation with the producers, and we think, as we have since May 1973, that our external energy policy must be an open one. Indeed the issues are of interest to both sides and must be debated by both sides. I hope we shall be able to do so in the framework of the conference for which preparations are now being made and at which we should be speaking with a single voice; I hope too that we shall be able to do so within the framework of cooperation agreements.

Nor does this programme conflict with the regular consultations between consumer countries now taking place within the International Energy Agency, or perhaps I should say that we intend to make it our business that there is no conflict. We at the Commission shall act towards that end. Concertation is in the interests of the Community and of all its Member States. Despite the procedural difficulties, concertation must become a reality and the Commission intends to work towards this goal.

But concertation also implies a correct assessment of our interests and a willingness to defend them. The Community, with its limited energy resources, does not have the same problems as those countries which are virtually self-sufficient. For example, the price levels which, in the United States, would stimulate production and thus help to achieve self-sufficiency would in our case simply create a new and considerable burden on our currency reserves.

We must give this matter considerable thought as policies do not necessarily tend in the same direction, and it is true that if the price is

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fixed too high for our purposes it implies a market price such that we shall not be able to create additional own resources for the Community. If the price is very high it results for us in a transfer of currency. But for the countries which are practically self-sufficient if their new resources are high enough the result is a saving of currency.

I am stressing these two points to show that in our countries where monetary problems are of vital importance, thought on this matter is not just academic or political; it is a fundamental issue which will determine our future, to some extent, for example in the monetary sector.

I am not saying that our views cannot be reconciled. But our interests are such that there are limits to reconciliation; we must define these limits and stay within them. If we are to reconcile diverging points of view while respecting our diverging interests, we must acquire political influence and credibility; we must defend a single point with a single voice.

It will not be an easy contest. But we shall play the game in the way I have indicated and we shall play to win. I know that things will not be easy, that the Councils of energy ministers have not always made the progress we should have liked to see, that the Member States' interests differ and that our concepts are not always the same. It is our responsibility at the Commission to try to define the common denominator at which European interests meet; we must be the driving force—that is the term frequently used—in the common energy policy.

Our dependence has a second facet: since there is an international economic order, we form part of a complex world organisation whose written and unwritten rules—regardless of whether they are accepted by everyone—limit our ability to act as individual nations or as a Community. Let us be realistic about sovereignty: except in instances where power clearly lies elsewhere, a form of new pooled sovereignty has emerged which transcends national frontiers. We must not close our eyes to this; we must accept it as a fact with a view to mitigating its effects or at least making sure that our interests are not overlooked.

Our second major objective must be to make full use of our share of this pooled sovereignty which finds its expression in a changing economic and monetary world order.

We are living in a world where interests conflict, where strength is being tested. If we fail to defend our interests, if we fail to show our strength, then the rules will be drawn up,

balances of power established and situations created which are to our disadvantage. Since none of our Member States is in a position to exercise any real influence when systems are overhauled and powers redefined, Europe, far from eroding a sovereignty which is already diminished, opens the way to sovereignty regained. Europe offers us an opportunity of exercising to the full the modicum of power allowed us in the new centres of decision. This is true of energy, monetary matters and world trade. It holds good for international organisations and for our relations with our larger partners, notably the United States.

Let us be clear on this latter point. We may be friends, we may be allies and we may recognize that we have interests in common. But this must not blind us to reality: to the power of the United States which weighs on our relations; to its willingness to tackle problems which, contrasted with our weakness and hesitation, marks it as a world leader.

In the end we can succeed in putting our relations with the United States on a healthier and more equal footing; we can strengthen those relations if we learn to value our alliance, if we determine to act with our American friends where we both have something to gain, and if we adopt the following two-fold approach:

- we must defend our own interests or the common viewpoint which seems best to us, with the same determination, the same firmness, the same lack of complexes and the same wholesome sincerity that the United States displays;
- we must use our initiative in all important international affairs, thereby filling a gap, for we have something to say, we have solutions to offer, and it is high time that we abandoned what has too often been a reactionary approach, an approach which to my mind is evidence of political cowardice.

This is the spirit which must guide Europe. Only then, in a situation where our relations are visibly unbalanced can we compensate for that inequality which stems from our intrinsic inferiority. We must henceforth come to the defence of the people's interests by choosing a European response to international events, by adopting a common stance as a matter of course and by deciding that the Community should speak for all of us on issues which are too big for an individual state to handle. This is our objective at a time when the rules are being changed, when the balance of power is shifting and, let us not forget this, our future way of life is being evolved.

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You will have seen that I attach vital importance to this point. I think that politics consist of seeing things as they are and seeking resolutely to attain set objectives. There is no more profound truth than that of the existence of a collective sovereignty in which we must be represented as best we can. That is to my mind the answer to all those who play with words. The reality is elsewhere; we must recognize it and put ourselves in a position where we can control our own future. We shall not do so unless we reflect on this truth, unless we recognize it publicly as such and set out to regain our true stature. We are no longer at the stage of transfer—the transfers have taken place; based on a lucid analysis we must recover the ground we have lost and at a time which is of capital importance to us and to our children, because the order which is now established will determine their destiny, statesmen must take the decisions which are necessary today.

Because we must regain our share of sovereignty and because the means of doing so in a world of conflicting interests and forces, is Europe, we must not engage in a false debate on Europe but, on the contrary, recognize its reality as a fundamental means for us to regain a position which for the time being we have lost.

Our second objective must be to restore economic and social equilibrium in Europe by aiming for growth based on new foundations.

We have chosen four means of action here:

- development of complementary economic policies and strengthening of solidarity;
- resumption of growth based on investment;
- creation of new aids to decision and action—a practical step towards economic and monetary union;
- a policy made for the men and women of Europe with their help.

My first point is the need to develop complementary economic policies and strengthen our solidarity.

All, or almost all, of us have a threefold problem: that of unemployment, inflation and our balance of payments. If this is not true of all our states individually, it is true of Europe collectively.

How, without reflation, are we to reverse the trend which raised the level of unemployment to nearly three and a half million at the end of last year? This is obviously a vital aspect of the policy which Europe must adopt. But how, since we must correct our balance of payments for the reasons I indicated just now, can we

ease up on the fight against inflation? We must resolve these contradictions because unless we attack all three problems at once we shall fail to restore a lasting equilibrium. The exercise on which we have embarked is a very difficult one because the basic criteria are contradictory. Nevertheless we need a policy which can reconcile the different elements and attain a lasting solution to the three problems. I am convinced that success is within Europe's grasp.

In achieving that success we have a trump card: the Community exists. Let us use this card to best effect. The Commission and the Member States should, exceptionally, take advantage of the present disparities between our economies to make a determined systematic effort to find some means of ensuring that the policies of surplus countries complement those of deficit countries.

Success would favour recovery. At the same time we can and must—here again Europe is a trump card in our hand—impart new vigour to the instruments of solidarity to counteract a return to isolationism.

Only through this solidarity and complementarity will it be possible to maintain free trade in the Community and throughout the world. The expansion of world trade is indispensable. That again is one of the basic truths which all Europeans should bear in mind.

When countries are at the mercy of essential imports and the need to develop their own exports, the freedom of international trade and the growth of trade are key factors for ourselves and for the rest of the world, in solving our economic problems. A return to protectionism would merely spark off a crisis.

That then is a first line of action for the Commission and we shall do all in our power to ensure that this complementarity, compatibility of policies and solidarity are organized more actively. We must also take account of a second vital factor. The present exceptionally serious economic situation is accompanied by structural problems. I said just now that one dimension of our action is the contradiction between three policies which we must pursue concurrently. There is a fourth aspect, namely that we must act at a time when structural changes are inevitable. Whether we like it or not, the pattern of consumption is changing and the international division of labour is changing. We must step up investment in energy production, we must step up investment in export industries. The changes are inevitable and no economic policy can disregard them. Our second line of action will therefore be to ensure that economic

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policy does not hinder change but on the contrary prepares the ground for it. I am convinced that Europe will solve its problems through growth but I am equally convinced that growth must be based on new foundations. We must decide on a strategy, a strategy centred on investment. Economic recovery must be based on investment, and not on a massive increase in overall demand. In the medium and long term, structural change will call for steady transfers of resources from consumption to investment. We must recognize this fact because it represents another dimension of economic policy on a European scale.

Here, too, Europe has a role to play. To further these new objectives, we shall be proposing three types of action.

We must have a better idea of where we are going. To provide a valid scientific basis for forecasts and proposals, to ensure a more reliable picture of the economic future, the Commission will be proposing that the Community set up a medium-term research institute.

Secondly, we must take advantage of the fact that different industries are at work in different Community countries, and make trade promotion more effective. At European level, we must resolutely commit ourselves to basing our relations with the rest of the world on a policy of economic and industrial cooperation; this is the broader context, for the benefit of both parties, leaving the traditional trade agreement and pure mercantilism behind. I said this just now on the subject of our relations with the producer countries. But I believe it is a matter which goes beyond our relations with the producer countries alone, and the Commission is making the development of a cooperation policy of this kind one of its principal objectives.

If this policy is to be pursued Europe must have the backing, notably the financial backing, made necessary by the novelty, scale and duration of the economic risks involved. For this reason the Commission is considering the possibility of creating a European export bank of some kind. It hopes to put proposals to the Council by June.

Finally, we must harness Community resources to our investment drive to add speed and balance. Here, as elsewhere, common action by the Community can act as a multiplier and make it possible to achieve more than could be achieved by the sum of national efforts. Here, as elsewhere, common action by the Community can make solidarity between member states a reality.

On the energy issue, we have already proposed to the Council that a 500 million unit of account loan be floated under the EURATOM Treaty, and we have already raised loans under the ECSC Treaty; the latest of these, for 150 million dollars, closed on 6 February.

On the world financial markets the Community has a first-class credit rating and is able to borrow money on exceptionally favourable terms. With this success behind us, we have begun to examine the possibility of expanding our borrowing capacity, either by making greater use of existing instruments or by creating new instruments of a similar kind. We are also considering the best way of using the funds raised, whether they should be invested in energy—one area in which Europe has a part to play—or used to restructure the Community's industrial base.

These measures can help to soften the crisis and promote a return to healthy growth. Designed with people in mind, this policy must also deal with the human problems created by the radical transformation of our society. Indeed, an orderly return to equilibrium is inconceivable without the active support of the people.

Accordingly, the Community and its Member States must meet three needs:

First, the need for honesty; the dangers inherent in the present situations and the remedies we propose must be made as clear as possible to the public; there can be no attempt to play down the sacrifices involved in the inevitable transfer of resources; but it will be permissible to stress the benefits which can be derived from the progress and security resulting from our new response to the problems.

Our institutions can help to highlight the problems but also to find solutions which meet the needs of all Europeans.

Secondly, the need for justice which implies better social protection, greater assistance to cope with change and a more equitable distribution of earnings. Responsibility for this lies primarily with the Member States, but the Commission and the Community can help to make the need clearly felt and enable it to be met by developing Community instruments, in particular the Social Fund.

Thirdly, there is a need for involvement. A successful outcome to this imposed process of change will depend on each and every one of us, irrespective of where we work. This is true of society in general, but particularly true of the firm where industrial relations and the conditions of participation must be completely overhauled. The Commission, like your Parliament,

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attaches great importance to this point. In the spring we shall be presenting to you a revised draft of the statute for the European Company, incorporating most of the amendments called for by this house. More generally, the Commission intends to give vigorous encouragement to work on the harmonization of company law, emphasizing the same principles as those it will be defining with you for the European Company.

At the same time we shall be drafting a Green Paper outlining current trends in industrial relations in the various Member States; its purpose is to produce a complete, objective survey, to provide this House with a basis for discussion and to establish points of agreement on which future discussions in Europe and the Member States can draw.

Our third objective is to establish a new relationship with the third world. Europe has embarked here on a bold policy: the establishment of relations with the third world based on long-term cooperation guided by principles of fair and equal treatment. A new relationship is needed because a new situation has arisen: we are conscious of our own problems, but we must become just as keenly aware of what the profound changes they are experiencing signify for other countries. I am not thinking solely of the petroleum producers but also of all those who at present see their margin of hope and sometimes even their margin of survival shrinking because of the difficulty of feeding their population. We must define a policy and it must be a wide and all-embracing policy. A number of developing countries are in a special position; a short time ago they possessed the population, natural resources and sociological environment necessary for rapid growth. Now they also possess the financial resources with which to realize their ambitions. They have attained economic power. Other countries depend for their development on their ability to find outlets for their products on the markets of the industrialized nations. Then again, there are others which, given the new price relationships, face an even more critical situation than before; for the time being their only ambition is survival.

Europe, for its part, even more than other industrial areas, must remain in a position to import energy and raw materials in order to keep up its expansion. It therefore needs to export more than in the past, with a different market pattern giving more prominence to new, emerging markets. But Europe's policy towards the third world also has another dimension: because the countries of Europe, more than the other large industrialized nations, have been involved in the history of Asia, Africa and America, and even more because Europe stands

for democracy, inspired by principles of fairness and brotherhood, it cannot look on with indifference as the greater part of the world's population struggles to achieve decent living conditions.

This is the background to the strategy which the Commission is proposing for the Community, which can play a role of its own, beyond those played by the Member States, because it is less encumbered by the events of the past and has a much broader base.

While continuing to provide financial aid, we must wherever possible work for cooperation based on long-term economic links, which are a better instrument of progress and solidarity than any treaty. With proper respect for our partners' own objectives, we should associate, with a view to joint benefit, our technology and know-how, our markets, and in certain cases our capital and our products, particularly agricultural, with our partners' resources and their desire to take advantage of the new situation to press forward their own development. The poorest countries could be included in this cooperation scheme by a joint effort on the part of the industrialized countries, especially Europe, and their partners, the producers of raw materials and energy, in a three-sided arrangement governed by rules drawn up jointly.

The Community's association policy, which began with nineteen African states in the Yaoundé Convention and has now been extended to the whole of Africa and beyond by the Lomé Convention and the agreements which are about to be signed with the Mediterranean countries, is the most complete and most successful example of this strategy. Although financial aid is an important aspect, what really matters is that these agreements provide access to large markets, income stabilization cushioning the associated countries against a sudden fall in world prices, systematic cooperation to speed up industrialization, and political institutions in which parliamentarians and governments from Europe and the developing countries can work together on an equal footing. We shall make every effort to strengthen our new links with Africa, the Caribbean and the Pacific. The Community's association policy, fitted into our world development aid policy, bears striking witness to the vitality of Europe.

From the very outset, Parliament and the Commission have been the driving forces behind Europe's policy on development aid. Parliament has originated, or given vigorous backing to, imaginative strategies, while the Commission has again and again taken the initiative, neglecting no aspect of its responsibilities for implementation and negotiation. Is it too much to claim that

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the special part played by these two institutions explains in no small measure the Community's drive and the strength of its internal bonds? The Commission is determined to maintain this dynamic momentum.

So far I have proposed solutions to our present problems. But these are only part of a larger plan. The heads of government themselves realized this need when they reopened the discussion on Europe's political goals and brought into movement again two converging processes—economic and monetary union and European union. By endorsing the principle of direct election of this Parliament, they also took a step towards establishing that close link with ordinary people which is as yet lacking.

We intend to play our full part in the revival of interest in building Europe. In the next two years, the Commission's political mission will once again occupy a major place in its work. Working with you, the Commission will spare no effort to achieve success.

But how can we consider the future of the Community without reference to its geographical outline? Our views on Britain's membership of the Community have always been clear. British membership is a fundamental Community interest, and in our opinion it is also a British interest.

Without Britain, the Community would be incomplete. It would not have the same position in the world and would not give as much to our people if it were once more deprived of the British contribution which has done so much to give it a wider international dimension, for example in its relations with Asia and the developing countries.

Over the past two years, the people of Britain have had an opportunity to assess the benefits of membership and the nature of the Community system. Although the scope of this action is not yet wide enough, working together has already aided Britain and its eight partners in the economic difficulties, even in matters of food supplies, which we are experiencing.

Although here too more can be achieved, working together has also already given Britain as well as its eight partners more influence in world affairs.

The Community system has proved that the objective difficulties facing a Member State can be accommodated without damage to a structural framework—rules and policy-goals—whose strength must not be impaired. This fact and this condition guided the Commission in its discussion of the points raised by the British Government in April and June of last year and,

even more recently, when it prepared its memorandum on the 'corrective machinery' used to forestall 'unacceptable situations' for Member States.

This is the true face of the Community—joint progress, solidarity, increased influence and prestige in world affairs—which people will learn to appreciate through daily involvement in its work, its successes and its failures. We shall know the decision of the British people in a few months. We hope that they will remain with us to make their contribution to designing the structures and developing the institutions of a politically and economically united Europe.

Our fourth objective is to resume progress towards economic and monetary union.

Our nine countries have confirmed their intention to establish an economic and monetary union. We believe that union will yield further growth and social progress, a more satisfactory economic and social balance within the Community and an improved representation of our interests in the outside world. We know, too, that European union is not possible without such a basis. The objective is therefore ambitious, but it is clear. What strategy must we then adopt to overcome the present situation in which factors tending to drive us apart and to create dissension between us are all too strong, and move towards our goal?

Inflation, the energy crisis and the monetary crisis have left us without a programme and without a doctrine. We therefore propose, in 1975, to select limited but significant fields for measures which will—as was once the case—carry real conviction, and also to establish what should be done—and how it should be done—to attain the ultimate objective.

First of all, we do not have to complete a comprehensive review of all the problems before taking action. I have always fought shy of any suggestion that we should wait until we understand the full facts of the situation and consider all possible options before taking any form of action.

There are points on which we can quite clearly act right now. There is for example the common energy policy which also forms part of the economic and monetary union. As I have said, I am convinced that the time for action here is now.

And then there is the common agricultural policy which, in spite of the monetary difficulties is vigorous and has maintained its unity; I hope that the stocktaking operation we are now completing will enable us to assess both the results achieved and the improvements possible

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within the machinery of the Treaty in accordance with the process of continuous development which is an integral part of our policy.

The regional policy, too, reflecting the desire for equilibrium, is an important factor in the parallel drive towards economic and monetary union. Similarly the new instruments of action we are planning: a strengthened monetary cooperation fund, a medium term institute, the European export bank and incentive, support or development machinery for the energy sector would give greater substance to the union which, despite the odds, is beginning to take shape.

There is no need for undue pessimism. We do after all have a customs union and a common agricultural policy; what we are now proposing is a strengthening of the common policies which will make a contribution to economic and monetary union.

But there is a second problem. I said just now that one of our problems is that after the events of the past fifteen months, we no longer have a doctrine or a programme.

We are now trying to propose a programme. As to the doctrine, I believe that a new effort of reflection is now necessary so that we can define in overall terms the nature of the future economic and monetary union. There are a number of evident factors which I have tried to analyse. We must undertake, in an open-minded spirit, the effort of reflection which will enable us to show what the aims and means of the economic and monetary union are—something that we have almost completely lost sight of at the present stage because the method of advancing by phases did not succeed. We had adopted that method which was to ensure a gradual convergence as a function of a given economic situation, and we thought it would last. The economic situation did not last and the method of phases and programmes which we had adopted did not withstand the unusually difficult period on which we entered. We must therefore reflect, and if we establish a programme we believe that it cannot develop without an overall view which we shall try to define. I hope that in the next few months I shall be able to present to Parliament an overall assessment of the economic and monetary union; we also want to open a wide-ranging debate on this subject. We do not want our ideas to be those of technocrats or simply the result of political action which does not have a full dimension and resonance; we hope that it will be possible to organize public hearings and a series of consultations on economic and monetary union, in other words a genuine debate which will lend consistency to the action we shall propose. I am convinced that in this action

we shall encounter two ideas: first that in the phase of establishing the union coordination will be strengthened and systematized; but above all my second certainty is that Europe requires more common instruments to meet its immediate needs and which can be developed and broadened, thus contributing to the convergence of our economies and representing elements in the new economic order we are establishing.

Consequently, what we create must gradually receive means and tasks appropriate to the scale of the economic and monetary union and to the dimension of the European economy. In this respect the study we have undertaken of a European unit of account which will be more than a mere accounting instrument, is a very important factor; we shall indicate to you in due course our ideas and proposals on this subject. But I am convinced that this is a step which must be taken and I hope that the work which we shall now be continuing will demonstrate that it is both useful and feasible.

We are therefore proposing a twofold approach to you: an overall appraisal and pragmatic action. I do not mean by this action without ambition. I hope that together we shall gradually demonstrate the possibility of assessing the real problems without forgetting our ideals and practical exigencies. I like pragmatism but I do not like its implications of a reluctance to move quickly. When I use the term pragmatism I am thinking of active realism rather than its opposite—ambitious projects which would be doomed to failure.

Our fifth objective is to prepare the way for European union. The Europe we live in at present lacks a vision of the future of a kind that can win popular enthusiasm. We must restore this vision if we really wish to bring to a successful conclusion the historic task undertaken twenty-five years ago. We need new bearings, a new sense of purpose, a new outlook if our peoples are to commit to the European venture that ambition, that tenacity and that creative passion which at times have taken us to such heights.

In planning the European union, we can restore this sense of purpose. Let us not forget that the first European Parliament elected by universal suffrage will meet in 1978, that is in three years time. The time will soon come when we will have to tell our citizens what they are voting for; the significance of these elections is above all the fact that they will be adding a new element of democracy to our Community, while also preparing the ground for the new Community and explaining how the institutions can be completed in the traditional sense of our

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democracies. The aims and ambitions of Europe must therefore be made clearly apparent.

Consequently, these elections to the European Parliament by universal suffrage oblige us to open a dialogue on the future of Europe. We must bear this in mind in the next two years, which will not be too long a period for our governments and ourselves to prepare to say clearly what this fundamental innovation of elections by direct universal suffrage in fact means.

Two things, with which you are already familiar, must be done soon: the first is the presentation of the reports of Parliament and the Commission and the second the mission entrusted to Mr Tindemans.

I do not need to tell you that we attach great political importance to the report we shall be drafting by the specified date. Our work is well in hand and I hope that we shall give the initiative and inspiration which it is our aim to provide as fully as possible. Parliament and the Commission both have to make reports, and each will of course do this according to its own judgment. But we are naturally prepared to maintain every contact with your Political Affairs Committee and with Parliament itself to enable us, when the time comes, to compare and bring closer together our viewpoints, although our action will remain independent and our contributions our own.

Let me say briefly that the new fact of the mission entrusted to Mr Tindemans who is responsible for preparing a synthesis, makes it in my view less necessary for a joint report to be prepared, as had been suggested in several quarters. I believe on the other hand that the work of bringing the different views closer together and providing information on the political problems and machinery—a natural and legitimate aim—must continue energetically.

We hope that this work will help to open a great debate on Europe, an imaginative and constructive debate in which all the forces associated in our enterprise must participate.

The European Community—this brings me to my conclusion—was the bold response made almost twenty-five years ago to the challenge facing our peoples as a result of the obligation to overcome their rivalries and rebuild their economies in a world deeply divided by war. Twenty-five years is a whole generation. Ours is a new generation, faced by new challenges: to find reasons for life and hope in a society suffocated by its own progress, to forge new links between Europe and the countries of the third world based on cooperation and solidarity,

and finally to make Europe once again master of its own destiny.

We have been quick to criticize and lament the lack of courage, the shortcomings and failures of the last twenty-five years. But will our generation do better, or even as well? We have the institutions, we are more aware of the objectives and obstacles, but we must also have the will to overcome the lassitude born of repeated initiatives and failures, born too of the inevitable bureaucratization of what was, at the beginning, the great European adventure.

New impetus was given by our governments last December, and in the following month you confirmed this by making the arrangements for the direct election of the members of your Assembly. The action that the Commission is proposing to take this year fits in with this outline for the future. For the Commission too, the work of building Europe is beginning again. You will find us active and courageous in this work, ready to play our part in this new effort for Europe which constitutes our great task.

I hope that, enlightened by your criticism, but above all supported by our common conviction, we may find sufficient enthusiasm to overcome scepticism and to make the peoples of Europe more keenly aware of the opportunities Europe holds out to them. May I also say that if I have spoken to you at some length I have put very great conviction into my remarks—which I felt should be detailed to explain a number of guiding principles and actions.

I believe deeply in the analyses I have presented to you. I am convinced that we are now shaping our future and—let me say it again—the future of our children. I always think of my children when I am faced with this European task. That is a vital responsibility. This being so, we must understand the reasons for our action and define the measures we wish to take. I am struck above all by the lack of boldness, the lack of an overall vision.

Let us hope that the Parliament will subscribe to the Commission's analysis and derive conviction from the action the Commission proposes to undertake.

My own term of office as President will run for a further two years, and I assure you of my intention to fight energetically for the achievement of our great ideals.

*(Prolonged applause)*

**President.** — Thank you, Mr Ortoli.

May I remind Members that the Eighth General Report and the Commission's programme of

**President**

work will be debated on Wednesday, 19 February 1975, during the afternoon sitting.

6. *Development of the social situation in the Community in 1974*

**President.** — The next item is the statement on behalf of the Commission of the European Communities on the development of the social situation in the Community in 1974.

I call Mr Hillery.

**Mr Hillery, Vice-President of the Commission of the European Communities.** — Mr President, ladies and gentlemen, as the annual report of the Commission on the Development of the social situation in the Community forms part of the General Report on the activities of the European Communities, it became the rule some years ago for the Commission to give Parliament an account of Community social policy: how it has been carried out during the past year and the prospects for the present year.

Although the printed version of the social report cannot for technical reasons be presented to you at the same time as the General Report, the Commission will endeavour to submit it to the Committee on Social Affairs and Employment for its meeting at the end of March.

Mr Ortoli has presented to you the overall situation in the Community and stressed the need for greater solidarity and more vigorous Community action. There is no need for me to remind you that 1974 was a difficult year for the Community, particularly in social matters.

The new situation which developed from the energy crisis at the end of 1973 undeniably aggravated circumstances throughout the past year. Up to then, a high rate of economic activity allowing rapid social progress had been taken for granted. This pattern was inevitably interrupted by the fall in demand which resulted partly from inflation and partly from governmental measures to fight rising prices and growing balance of payments deficits. The general level of unemployment began to rise faster and faster so that, at the end of 1974, about four million people were out of work; that is, one of every 20 wage earners was unemployed.

The other main problems with which all governments were faced were those arising from the accelerating increase of consumer prices, also to some degree imputable to the new energy situation. During 1974, the inflation rate in some Member States rose to 20 per cent and higher. The effects of this sharp increase were felt particularly by the most vulnerable sections

of the population—the sick, the unemployed, the handicapped and the retired, as well as wage and salary earners with low incomes.

Most countries also had to deal with a growing deficit in their external balance of payments. Some of the actions which were taken by governments to overcome their balance of payments difficulties may have a negative impact in social matters, especially in employment

The social report for 1974 which, as I have indicated, you will receive shortly, will give further details of the deterioration of the labour market and the impact of price increases.

To take the employment situation, for instance, it can be seen that unemployment figures began to rise more strongly from mid-year onwards, and then continued steadily to grow faster, above all in Denmark, Germany and France, and, to a somewhat lesser degree, in the Netherlands, Belgium and Ireland. By the end of 1974, the unemployment rate exceeded three per cent of the labour force in all countries except the United Kingdom and Luxembourg, while it was even more than five per cent in Denmark, Italy and Ireland.

Some branches of the economy were particularly affected by the cutback in demand and the increase in energy prices. This was true not only for the motor-vehicle industry, which had to take the full effects of the increase in oil prices, but also for most other industries producing durable consumer goods, the demand for which tends generally to slow down in periods of recession. Textile and clothing industries were suffering also from a drop in demand as well as from the fact that the cost of synthetic fibres increased strongly as a consequence of the higher oil prices.

Furthermore, construction and building industries were affected not only by higher costs of raw materials but also by some governmental measures to combat excessive demand. Finally, for the first time in years, there was a slowing-down in demand and activity in the services sector.

Where the various groups in the working population are concerned, it appears that the crisis was felt primarily by the unskilled, who were particularly concentrated in industries affected by the economic crises. However, very soon other categories also were suffering from the more rapid growth of unemployment, above all school leavers and young workers, older employees and women.

By the end of the year, unemployment became more and more widespread among migrant workers. Many work permits have not been

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renewed by employers and quite a number of migrant workers were obliged to return to their country of origin. Nevertheless, the Community regulations on free movement have up to now faced very satisfactorily this most difficult test since their inception.

Member States have fought rising unemployment not only by means of budgetary and monetary policies but also by social policies. In some countries re-employment of workers has been helped by the granting of subsidies or by work programmes organized by the public services. Also, to give more protection to workers, the consultation procedures for dealing with individual and mass dismissals have been improved in some countries.

Despite the increasing level of unemployment in general and in some particular industrial branches, there is still a lack of skilled workers in other sectors. Among the various initiatives taken by governments to combat unemployment, therefore, we also find efforts to improve vocational guidance schemes and to intensify the vocational training of young people. Continuation training for adults and re-training, particularly for migrant workers and women, are also important. In this respect progress can be seen in the arrangements for paid training leave which are being introduced or improved in national legislation and collective agreements.

The impact of inflationary tendencies dominated wage problems and policies in all the Member States during the past year. The main objectives of the demands submitted and the decisions reached on wages and salaries were to safeguard the purchasing power of workers, giving priority to increasing the purchasing power of the least-well-off groups.

Altogether, the real growth of wage and salary incomes in 1974, in spite of the strong price increases, has been high in nearly all countries and in some countries even higher than it was in 1973. In most countries there exist systems linking wage levels to price levels, or some other economic indicator, which help to prevent wage earners from losing real purchasing power.

In one country initial attempts have been made to implement sliding-scale systems as an aid towards levelling out the structure of wages and salaries by giving additional compensations for price increases to the lowest-paid wage earners. Inflation tends to undermine the real purchasing power of those groups of the population who are in a disadvantaged economic situation. That is true mainly of the non-active population, whether they are recipients of social benefits or not. Member States have undertaken two kinds of measures to give increased protection to

people receiving social benefits. The principle of tying social benefits to appropriate economic indicators has been extended and is more or less accepted in most Member States, at least for invalidity, old age and survivors' pensions. Secondly, in most countries priority has been given to the less-favoured categories of the non-active population by introducing guaranteed incomes systems for those whose means of subsistence, for one reason or another, are insufficient and who cannot obtain such means either by work or from personal income or social security benefits. Basic social benefits are also being increased to a much greater degree than other incomes.

In other social fields further progress can be noted in 1974. Steps have been taken towards the general introduction of the 40-hour week, which, according to the draft recommendation of the Commission, should be realized before the end of this year; and it can now be said that this objective has been achieved for a majority of workers in some Member States. The trend towards an increase in the number of paid holidays and the granting of a fourth week of annual leave, envisaged for the end of 1976 in the draft recommendation, has also made progress in 1974 in several Member States. Finally, various methods of rationalizing working hours by introducing more flexible or individualized working hours, part-time work and so on, have found more general application in several Member States during the last year.

Faced with the new situation which arose after the oil crisis, one certainly may ask whether or not a re-examination of the various priority measures of the Social Action Programme laid down in the Council Resolution of 21 January 1974 is necessary. I do not think so. I am convinced that the difficulties that have arisen underline the need for strong vigorous action foreseen in the Social Action Programme. This has been stressed too, by Member States. In the Paris Summit communiqué of 10 December 1974 the Heads of State or Government 'reaffirm the importance which they attach to implementation of the measures listed in the Social Action Programme'.

In this connection, it is a great pleasure for me to thank Parliament for the excellent cooperation it has given in expressing its opinion on the various proposals of the Commission to implement the first stage of the Social Action Programme. This cooperation was given not only in a very constructive and fruitful manner, but also with the minimum of delay, so that it was possible to implement a first set of actions within the timetable foreseen in the Council resolution.

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From a Community policy point of view I believe one can say that 1974 was a very successful year in the social field. By the end of the year the Council had agreed on seven of the nine proposals the Commission had submitted to it before 1 April 1974, in accordance with the timetable laid down in the Social Action Programme.

At the meeting of the Ministers for Social Affairs on 10 June 1974 the Council adopted the first three proposals concerning: two decisions and the regulation on action by the European Social Fund for migrant workers and for handicapped persons, which has already enabled the Commission to carry out some worthwhile projects for these categories during the 1974 financial year; the resolution establishing the initial Community Action Programme for the vocational rehabilitation of handicapped persons; the two decisions on the setting up of an Advisory Committee on Safety and Health for protection at work, and on the extension of the responsibilities of the Mines Safety and Health Committee to all mineral-extraction industries.

At its meeting of 17 December 1974, the Council for Social Affairs agreed on a further four proposals. The first was a directive on the approximation of the laws of the Member States relating to the application of the principle of equal pay for men and women, intended to generalize minimum standards of protection for women in respect of their right to equal pay. It will do this by ensuring that discriminations which still exist in national legislation and collective agreements will be eliminated and that the right to pursue the principle of equal pay cannot be prevented by dismissing women employees. It will also provide that supervision of the application of this right must be ensured by national legislation.

Secondly, there is the directive on the approximation of the laws of the Member States relating to mass dismissals, which aims at achieving greater security of workers. It will ensure that collective dismissals cannot be undertaken arbitrarily without prior consultation with workers' representatives and notifications to the public authorities. At a time when a great number of workers are threatened by dismissal this important directive will make much more difficult any arbitrary collective dismissals. In the case of unavoidable dismissals it will alleviate the consequences of such mass dismissals for the workers concerned.

There is also the regulation establishing a European Vocational Training Centre in West Berlin, the main task of which will be to help the Commission to attain the principal objectives of a common vocational training policy and, in parti-

cular, the approximation of training standards in the Member States.

Then there is the regulation on the creation of a European Foundation for the improvement of living and working conditions, which will be a useful and necessary instrument for more intensive study and more precise analysis and scientific research on all factors affecting the living and working environment.

The two remaining proposals of the Commission, even if not yet adopted, are already being examined by the competent committees of the Council. They should certainly be adopted by the Council at one of the next meetings of the Ministers for Social Affairs in the course of this year.

These two proposals concern, first, a directive on approximation of the legislation of the Member States on the retention of the rights and advantages of employees in the case of mergers, takeovers and amalgamations. This draft directive, if adopted, will have important consequences on labour legislation in some Member States. A very intensive consultation with all sides concerned is necessary before the Council takes its final decision.

Secondly, there is the previously mentioned recommendation regarding the application of the principle of the 40-hour week and four weeks' annual paid holidays, on which you have already given your opinion.

So much for the social development in the Member States in 1974 and the realization of the first stage of the Action Programme. In the present situation, nobody can make exact forecasts on the economic development for the months ahead. Even if it may be expected that, in contrast to the forecasts for the United States, the countries of the Community will still have a real increase in growth of their national product in 1975, and that there may be a somewhat accelerated increase in economic activity during the second half of 1975, the severe problems in the fields of employment and prices will not disappear.

The restructuring of the whole economy, which has become inevitable because of the new situation regarding the costs of raw materials, requires priority measures in the employment sector. Thus the main emphasis which the Commission has laid on employment policy in the Social Action Programme has to be strengthened. It is for this reason that the Commission has already drafted proposals, and is now working to elaborate them.

On 18 December 1974 the Commission adopted the Action Programme in favour of migrant workers and their families, which deals with all

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the crucial problems connected with migration, education and vocational training, the living and working conditions of the migrants and their families, coming from either Member States or third countries. This programme aims at achieving the progressive elimination of all existing discriminations against migrants, including those coming from outside the Community, in working and living conditions. One of the proposals made in this programme answers a demand formulated by Parliament some time ago—the right to participate in local elections. Our proposal is that this should be introduced by 1980 at the latest, in accordance with conditions still to be defined.

I am convinced that this programme will be of great interest to many of you, and I am looking forward to the discussion we will have in the near future when you will give your opinion on it. During 1975 and the next few years quite a number of new proposals for special actions in the various fields concerning migrant workers and their families—free movement, education and vocational training, social security, social services, housing and so on—will follow in order to implement the objectives of the general programme.

Still within the framework of this first objective of the Social Action Programme—attaining full and better employment—the Commission will propose soon the establishment of appropriate consultations between Member States on their employment policies and also the promotion of better cooperation of the national employment services. Given the present employment situation, the Commission has already taken initial action by forming an *ad hoc* group of directors-general for employment of the Member States and has discussed with the group the most urgent problems in this area.

This year is International Women's Year. Among the 130 million women living in the nine Member States 35 million are working outside the home. Many of these women—in some countries two out of three—are married and consequently have family responsibilities; that is to say, they have two jobs to do.

There are several reasons why the majority of women at work are doing jobs requiring little skill or bearing less responsibility and are therefore less well paid than most men—insufficient vocational guidance and training, discrimination against women in respect of access to certain jobs, fewer promotion opportunities, traditional prejudice as regards working women, and so on. The Commission has presented to the Council a communication on measures to achieve equality between men and women at work and a draft directive aimed at eliminating any existing

discrimination against women in national legislation on access to employment and vocational training, promotion and working conditions.

This communication, which is part of the Commission's contribution to International Women's Year, is a comprehensive examination of the whole range of areas where action is needed in order to improve the status of the many millions of women at work. In the first place it proposes that all jobs must be equally available to men and women, even those jobs which up to now have been regarded as 'suitable' exclusively for men. The communication not only takes into account the employment aspect—vocational guidance and training, equal working conditions, including equal chances for promotion—but also notes the need for more help for the families of the working women who have family responsibilities: day nurseries, social services for elderly relatives, and other forms of assistance.

With regard to the second objective of the Social Action Programme—improvement of living and working conditions—the Commission is preparing, in accordance with the priorities laid down in the Council resolution, a number of proposals which I would like to mention quite briefly.

— A system of appropriate consultation between the Member States on their social protection policies by creating a group of national experts which has to assist the Commission in developing a common long-term perspective and a coherent framework for the diverse Community measures to be prepared in the field of social protection

— An initial programme on health and safety at work which will form the basic framework for the preparation of specific activities to be carried out in stages. All these proposals will be drafted in close collaboration with the joint committees and the new Advisory Committee on Safety and Health

— By mid-January 1975 the Commission had already transmitted to the Council a programme of pilot schemes and studies to combat poverty in the Community, the purpose of which is to develop clearer perceptions as to the causes of poverty and to encourage the Member States themselves to develop new techniques to overcome severe deprivation where it exists

— On the basis of the conclusions reached at the conference of experts on 'Work organization, technological development and motivation of the individual' organized in Brussels from 5 to 7 November last year, a memorandum on 'humanization of work' will be drafted and submitted to the Council during this year. It will try to indicate the steps that could be taken in order to offer workers greater job satisfaction and increased involvement in decision-making.

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The new emphasis laid by the Heads of Government on social policy at the last Summit meeting in Paris will encourage the Commission to elaborate during this year the majority of the actions proposed in the Social Action Programme and still outstanding, with the aim of implementing the complete programme before the end of 1976. The most important of the remaining actions cover such topics as the extension of social protection; 'dynamization of social benefits'; employment problems of special groups of workers, especially young school leavers and elderly persons; the social integration of the handicapped; the questions of distribution of incomes and wealth—both of which are greatly affected by the present strong increase in prices; public health; housing; and implementing proposals from the general programmes dealing with migrant workers, women at work and health and safety at work.

The gradual realization of the Social Action Programme, as it began in the past year and as it will continue this year, opens the road to the attainment of a comprehensive social policy at Community level and to greater Community solidarity amongst the Member States. But this does not constitute the only basis for activities at Community level to achieve the three main social objectives laid down in the final communiqué of the first Paris Summit Conference. Two other initiatives taken by the Council of Ministers and the Commission may indicate this. On 16 December 1974, the Council organized a Tripartite Conference on European Social Policy held in Brussels. It was attended by the Ministers of Labour and Social Affairs of the Member States and representatives of the Commission and of workers' and employers' organizations. A group of Members of this Parliament attended as observers. This conference provided a new impetus towards the realization of the third objective of the Social Action Programme, namely the increased involvement of management and labour in the economic and social decisions of the Community and that of workers in the operation of firms.

Two of the main conclusions of this conference were:

— to reactivate the Standing Committee on Employment which had not been convened for two years. Yesterday this committee met to discuss some of the proposals the Commission has prepared in the field of employment—migrants programme, anti-crisis decision, and so on;

— to organize joint sectoral meetings of workers' and employers' representatives in order to combine their efforts in respect of employment and other problems in the various industrial

branches. The Commission intends to submit in the near future a communication to the Council concerning the convocation of such joint committees in those sectors which are mainly affected by the present economic crisis.

A second initiative is being taken by the Commission. Given the serious employment problems in certain regions and industries, as well as those for special categories of workers, the Commission is at present examining how the resources available to the European Social Fund, especially under Article 4, could be brought into action for those industries and those groups of workers where the employment situation has been particularly influenced by the present economic situation—the anti-crisis decision I have already mentioned.

I should like to end this introduction by underlining the dynamic role the Community's social policy has to play. Social problems are not static; they evolve as a result of the ever-changing desires and demands of the individual and of society as a whole. Our policy, therefore, must always be flexible enough to take account of whatever new situations and trends may arise. That is why the Commission has already begun to consider how Community social policy should develop after 1976, when the Social Action Programme will have been implemented. We shall submit the result of these considerations to you in good time so that Parliament may make its vital contribution to the profound and detailed discussions we must have on the future European social policy.

*(Applause)*

**President.** — Mr Hillery's statement will be forwarded to the Committee on Social Affairs and Employment as the committee responsible, and to the Committee on Economic and Monetary Affairs and the Committee on Public Health and the Environment for their opinion.

This item is closed.

Thank you, Mr Hillery.

### *7. Oral question with debate: Return of migrant workers to Italy*

**President.** — The next item is the oral question with debate by Mr Pisoni, Mr Girardin, Mr Ligios, Mr Vernaschi and Mr Rosati to the Commission of the European Communities (Doc. 445/74).

It is worded as follows:

'Subject: Return of migrant workers to Italy.

Several thousand Italian workers employed in the Community, mainly in Germany, have lost their

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jobs as a result of the economic crisis and are now obliged to return to Italy.

Unemployment has in fact now reached an extremely high level even in countries where there was none in the past such as Germany, where it is estimated that the number of unemployed will soon reach the million mark. Of these, most are foreigners, many of them Italians.

In addition thousands of other migrant workers are returning from Switzerland, including 25 thousand seasonal workers whose contracts of employment will not be renewed in 1975.

All these workers returning to Italy, who are forced to make a new start but who do not even qualify for unemployment and social security benefits will further aggravate the already serious unemployment situation in Italy.

The European Community must intervene on their behalf to remedy an often critical situation. What measures does the Commission propose to adopt in order to:

1. combat the recession by guaranteeing as far as possible the employment of at least Community citizens?
2. prevent such a large number of migrant workers being forced to return to Italy?
3. guarantee a minimum subsistence income to those who are obliged to return?'

I call Mr Pisoni.

**Mr Pisoni.** — (I) Mr President, Commissioner, ladies and gentlemen, the oral question is sufficiently detailed to be self-explanatory. It deals with a subject of great importance and echoes what Mr Hillery—to whom we are most grateful—said in his statement on social policy.

We are opening this debate on the eve of a major event for the whole issue of Italian emigration; I refer to the Italian National Conference on Emigration which will be held next week in Rome and will occupy one thousand persons for six consecutive days.

I should like to quote a few figures showing the exact dimension of the phenomenon. According to information given by Under-Secretary Graneli at the meeting in Rome last October, there was a risk of the return to Italy from the EEC countries and Switzerland of some 150-180 thousand Italian emigrants. More recent statistics provided by the EEC for unemployment in general are as follows: Belgium, 140 000, Denmark, 79 100, Germany, 945 916, France, 690 000, Ireland, 89 935, Italy, 1 013 800, Luxembourg, 124, Netherlands, 180 790, United Kingdom, 621 690. These figures relate for the most part to the months of October and November, and only to a limited extent to December. We have no precise information for the period since December. However, the elements in our possession suggest that the employment situation is deteriorating and—this is even more serious—that the time

at which the present phase of recession will end is becoming increasingly remote. In December last there were in all 3 793 625 unemployed in the EEC as against 2 762 945 in the previous year, an increase of 1 030 680.

The only information available for foreign workers relates to Germany. In September 1973 there were 2 600 000 foreign workers in that country including 605 000 Turks; in June 1974 this figure had fallen to 2 450 000 (a drop of 6%), including 593 000 Turks (2% less). In December 1974 there were 134 700 unemployed foreign workers in Germany, including 42 000 Turks. The Federal Government has issued very strict instructions to the federal employment offices:

- preference must be given to German rather than foreign workers. Enterprises wishing to employ foreigners must prove that they cannot find German workers for the available posts;
- unemployed foreigners will be obliged to accept work paid at a lower rate than their previous employment, even if the wage is below the unemployment benefit rate;
- foreigners who twice refuse jobs offered to them will lose their unemployment benefit; they will continue to receive assistance but solely for humanitarian reasons and with no official entitlement to benefit;
- the children of foreign workers over the age of sixteen who have entered Germany since 1 December last year, no longer receive a work permit; the wives of foreign workers will no longer be entered on the lists of job applicants.

By prohibiting access to employment to persons just over the age of sixteen, the prevalence of unemployment among young people will be increased. We know that in a recession unemployment among young people always becomes more important because while there are redundancies vacant posts do not exist.

While we are more particularly concerned with the problems of Italian workers, it must be remembered that still more serious problems arise for workers from third countries, especially in Germany, where, in addition to the Turks, there are 500 000 Yugoslavs, 170 000 Spaniards, 86 000 Portuguese, 27 000 Greeks and others. The sword of Damocles hanging over them is two-edged: firstly, their work permits are no longer renewed when they expire and they therefore lose their right of residence; secondly, if they are made redundant, they fall under the provisions referred to above. Clearly then, many of them have preferred to return home and do not therefore figure in the statistics of unemployment in Germany. And then there are

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all the illegal immigrants who have entered the country without a permit.

The serious economic situation has also led to a revival of old resentments and xenophobia. In Germany there have been cases, although this is a marginal phenomenon, of refusal by the vocational training institutes to accept the children of foreign workers when they complete their studies. Then there is the *Deutsche Volksunion* which stirs up hatred of foreign workers under the slogan *Deutsche wehrt euch* (Germans, defend yourselves). In Luxembourg too a league against foreign workers has been founded. While these episodes must not be made too much of, because there is still a real solidarity between national and migrant workers, they are nevertheless symptomatic of an irrational resentment which stems from the consideration of foreign workers as undesirable competitors without recognizing that the level of prosperity now attained is due in part to the contribution of these workers who have always been given the most menial, precarious and least paid jobs.

What happened in Germany in 1966-67 shows that the consequences of a recession are always felt first of all by foreign workers; at that time their numbers fell dramatically, to 991 000 at the end of September, 1967, against 1 313 000 in the corresponding period of 1966; the 1966-67 crisis was, however, less serious than the present one. Only if it is of short duration will the foreign workers be able to manage in one way or another, by taking refuge in the tertiary sector, returning home for a prolonged holiday or living on their unemployment benefits. Perhaps the Commission has reliable data to measure the duration of the crisis which, as I said earlier, some people expect to be prolonged.

As to the measures adopted in different member states, the agreement reached in France on 14 October 1974 on the special unemployment benefit payable for a maximum of one year to workers in the private sector made redundant for economic reasons, deserves especial mention. It provides for benefit amounting to 90% of the gross wages. I have mentioned the French provision because it is the latest agreement in this area; but there are arrangements in every country; their extent varies and they correspond to different percentages of the last earnings. What is important, however, is that all these arrangements provide for an unemployment benefit which guarantees the support of redundant workers and enables all workers, especially foreigners, to count on a definite guarantee.

As to Community measures to combat unemployment, very little has been done as yet. The idea of a Community fund to supplement earnings, financed by Community resources and intended

to maintain the earnings of unemployed workers for a specific period, was rejected by the Community bodies, despite the pressure and repeated requests by the Italian Government.

The Social Fund is not proving a suitable instrument for rapid and effective intervention. Its occupational retraining measures in the less favoured regions or in economic sectors affected by the crisis and in favour of certain categories of workers who are at a disadvantage in relation to others (e.g. the handicapped) may be useful in backing up other much more incisive and wide-ranging measures to maintain employment. The decision-making mechanisms of the Fund are slow and complex and the effect of its action will only be felt after a certain time.

If the crisis is to be a long one, substantial and far-sighted action by the Commission could encourage or bring about the restructuring of obsolete enterprises, technological change, and the occupational training or retraining of workers employed in the sectors most affected by the recession. I think that Vice-President Hillery also touched on these points in his address. What is important, however, is for appropriate action to be taken in the light of all these indications.

One final suggestion: the payment of unemployment benefit could be used to reduce the cost of labour for jobs of a social nature which are difficult to fill under conditions of expansion and at full cost.

Community measures in this area should be more general in nature, including action under the heading of economic, financial, regional and monetary policy. We expect the Commission to tell us what the Community has done and intends to do, how it has used the few instruments available to it and how it expects the situation to evolve.

*(Applause)*

#### IN THE CHAIR: LORD BESSBOROUGH

*Vice-President*

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

**Mr Premoli.** — *(I)* Mr President, ladies and gentlemen, the common market has experienced an unprecedented success because of an osmosis between the different production factors. The technological organization and capital of the northern countries and of the Italian industrial triangle were able to draw on the inexhaustible pool of labour from the south of Italy which enabled the economic boom of the '60s to get off the ground. These workers were adequately

**Premoli**

paid but—let us not forget this—they were also a decisive factor in the policy of expansion of our economies. They were in part responsible for the growth decried by some and praised so highly by others.

In a recent speech to the European Parliament I said that 'it would be immoral for emigrants to be exploited as a safety valve to guarantee the constant development of certain national economic models.' Let us be clear about one thing: Community solidarity would be an empty word if migrant workers were subject to discrimination. Above all such an attitude would be contrary to the Treaty of Rome and to all the special Community regulations on the matter.

I therefore feel that the question put by the Christian-Democratic Members has a valid basis. The authors of the question have even underplayed the real situation. They say in their text that in Germany there are less than one million unemployed, although recent statistics indicate a figure in excess of 1 150 000. To this total must be added the seasonal workers whose contracts have not been renewed. According to the same statistics, the unemployment rate for Germans is 5% and for foreign workers 6.5%. This ratio might seem satisfactory if it took into account the workers who have voluntarily returned home, but that is not the case.

This situation is particularly serious for my country, because the redundant workers return to Italy—one hundred thousand from Germany alone in the last twelve months—making the social and political climate even more tense. They are reduced to living like animals on the fringes of our cities and they can only live from hand to mouth. In the present political climate of my country this situation may prove to be a powder keg ready to explode at the first spark. And to make matters worse, there has been a flood of refugees from Eritrea.

The observations by the authors of the question on the failure to pay unemployment benefits to these disinherited workers seem to me reason for considerable concern: in the present situation, these benefits frequently run for a year and generally cover 80% of the last earnings.

It is my firm intention to put a detailed question to the Commission on this matter and I shall not be satisfied with an evasive answer.

If there has been discrimination, the Commission should establish the responsibilities and restore the principle of equitable distribution of benefits. The Commissioner responsible should also say whether he intends to use the Social Fund to help to maintain normal wages and if so for what length of time.

In conclusion, I share the view of the authors of the question that the Community has done very little to guarantee the employment of workers who have fallen on hard times. The blame is perhaps due to the paralysis of the standing Committee on Employment since 1972; that committee is now meeting in Brussels to examine measures of immediate relief and an overall strategy to combat unemployment, beginning with the sectors most affected by the crisis such as the building and car industries.

Finally a system must be set up to defend the employment of all, I repeat all, Community workers without distinction of nationality who are forced to risk everything when they return to their country of origin, as is the case in Italy, if we are to admit to the truth of the matter. These workers, as I have said, must benefit from an adequate unemployment allowance; that is the only solution in the tragic situation in which we are now living.

*(Applause)*

**President.** — I call Mr Hillery.

**Mr Hillery, Vice-President of the Commission of the European Communities.** — Mr President, if I may quote:

'The Member States shall examine with the Commission all the possibilities of giving priority to nationals of Member States when filling employment vacancies...'

This is the wording of Regulation 1612 of 1968, Article 19, paragraph 2, which requires Member States and the Commission together to seek how the employment of Community citizens can be guaranteed. This is being done at the present moment through, for example, the Standing Committee on Employment, which met yesterday after two years, as has been said, to discuss this matter, and also through the Technical Committee on Free Movement of Workers, which will meet on 19 February. The budgetary and fiscal action necessary to deal with the current economic recession in a way which would alleviate unemployment is essentially a matter for Member States.

I move now from the general framework to the more specific question; that is, what is the position as we know it regarding the problems of Italian migrants in Germany? The available statistics show that employment of Italian workers in Germany has fallen from 450,000 in September 1973 to 370,000 in September 1974. In September 1974, 14,200 Italians were registered in Germany as unemployed. At the end of September 1974 this number had grown to

**Hillery**

26,000. The implications of these figures are that a considerable number of Italians are returning to Italy, and this situation properly gives some cause for concern.

The Commission is examining the possibilities of bringing to the notice of unemployed Community migrants details of any employment opportunities which may exist elsewhere in the Community.

The Commission reminds Member States that, in accordance with Article 7 of Regulation 16 (12) of 1968, unemployed Community migrants must be given priority equal to that of nationals of Member States regarding reinstatement and training. In this connection, the resources of the European Social Fund would be available to assist with such retraining where employment opportunities occur.

Regulation 1408 of 1971 ensures that, subject to certain conditions connected with registration with the employment services of the appropriate Member State, and to his remaining in the country where he has become unemployed for at least four weeks, a migrant worker who returns to Italy shall receive unemployment benefit at rates applicable in the Member State in which he became unemployed, for a maximum of three months. Thereafter, he will receive benefit under the rules of Italy.

The Commission is examining the possibilities of incomes support for workers who have become unemployed and need retraining.

**President.** — I call Mr Della Briotta to speak on behalf of the Socialist Group.

**Mr Della Briotta.** — (*I*) Mr President, ladies and gentlemen, I am grateful to our colleagues who, with their question, have given us an opportunity to consider this important problem which is the source of serious concern in my country because of the consequences of the return of migrant workers at a time when the employment market does not offer real openings for them.

I think we must broaden the debate and not confine ourselves to short-term solutions; Mr Pisoni has in fact himself gone well beyond the actual wording of the question which was based on a rather narrow and national view of the problem.

The economic crisis which began in the winter of 1973-74 as a result of the energy crisis led immediately, in the countries which receive migrant workers, to a decision to limit or interrupt the flow of migrants. These decisions cannot be questioned as practical measures.

This happened in countries outside the Community such as the Scandinavian countries and Switzerland, and the measures taken were sometimes hard and unacceptable especially in the case of Switzerland, as I could demonstrate by many examples; the same thing happened in Germany with the government's decisions of 1973, and in France, with a series of less harsh but also less coherent measures taken by the government in 1974.

In the Netherlands and even in Denmark, which is not very concerned by emigration problems, decisions range from the suspension of emigration to the fixing of quotas with a view to bringing about a reduction, or take the form of indirect measures—unlike what is happening, for example, in Switzerland—such as the refusal to renew employment contracts when they expire. These measures cannot be contested in that the national governments have a responsibility to regulate their employment market.

But we cannot fail to note the confirmation of something we have been maintaining for years, namely that migrant workers, in the absence of a European social strategy or a European development policy, are treated as interchangeable cogs in the European economic system; they have been used as the means of ensuring that mobility which economic development requires; they have been used as a tool for economic growth in respect of which they were essentially—or rather necessarily—foreign. And today we are seeing the fruits of this policy and the consequences of the unresolved problems.

In the light of this situation, I should like the Commission to say not only what it intends to do by way of assistance and provision to reduce the distress and social ills now facing us, but also what this sudden change in the policy of labour mobility will mean for the Community employment market and industrial development.

Up to now the most interesting and serious response has come from the unions which have managed to contain the inevitable pressure from national workers who are no less worried than the migrants about their jobs. The unions have not relapsed into nationalism and have defended the jobs of everyone, in the name of solidarity among workers.

On the other hand there has been no coordination of national governmental policies and—despite the good intentions and good will of Mr Hillery—there has been no action by the Commission. Each country is trying to solve the problems as best it can, usually by shifting the crisis to others.

For migrant workers who return home, benefits are quite insufficient and granted under res-

**Della Briotta**

trictive conditions. For example, as regards unemployment benefit, not only has there been no Community initiative but there has not even been a minimum of Community coordination. In one member country there is a provision that an unemployed migrant worker must remain for at least four weeks in the host country before returning home if he wishes to receive benefits. I should like to hear the Commissioner's view on this.

But the problem goes much further than measures of this kind. The concept of emigration as a safety valve for economic and social underdevelopment, which has been the guiding concept of countries exporting labour, such as Italy, is being called into question. There is a growing realization that it may be hypocritical to speak of equal treatment and free movement of labour unless incisive measures are taken to favour the integration of migrants into their host countries.

There is an incorrect statement in the question to the effect that in Germany the bulk of the million unemployed are migrant workers. This is inexact because according to the official figures, unemployment affects nationals in equal measure. Of course allowance must also be made for the persons who return home and find no employment there.

I hope that a lesson will be drawn from what is happening, both in the short term, because there are urgent problems requiring an immediate solution, and in terms of general policy concerning the future of the Europe we want to build, and the role of labour in the enterprise in relation to capital.

The time has come for a review of the concept of emigration as a safety valve for economic and social development; this has been the guiding concept of the countries which have exported labour and passed off onto others problems which they could not solve. In recent years we have been content with a solution which is essentially hypocritical: freedom of movement for labour, and equality of treatment. In reality there has been no process of genuine social integration in Europe and that is why we are now seeking small solutions to a problem which is much more general in nature.

I should like Mr Hillery and all of us to give thought to this truth: basically what we are discussing is not just the jobs of a number of European and non-European citizens; the real issue is our vision of Europe and the role of workers in Europe who must share not only in the development and constructive effort but also in the resulting benefits.

*(Applause)*

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

**Mr Yeats.** — Mr Pisoni and his colleagues have performed a very useful service by drawing attention to the serious position now faced by migrant workers throughout the Community.

As was pointed out to us in the debate, Italian workers abroad are particularly hard-hit by the increase in unemployment in all our countries but, of course, migrant workers from other countries are also affected.

As Mr Pisoni pointed out, most affected of all is the large number of migrant workers who have come to the Community from third countries. The basic problem is that at a time of falling employment the first to be let go will normally be a foreign worker. In the light of the existence at present of massive unemployment in every Member State, this creates a most dangerous prospect for the millions of migrant workers throughout the Community.

Workers who have already lost their jobs face a very dubious economic future. In very many cases, as has been pointed out to us, they must return home, particularly, of course, to Italy. Once home, they have little immediate prospect of obtaining work. After all, the mere fact that a worker has had to emigrate suggests that there was no work to be had at home. In the present economic recession, and with the returning tide of other jobless migrant workers, an individual's chance of finding any type of job at home must be very poor.

The Community, therefore, clearly has an absolute duty to look after these migrants. Much of the vast prosperity of the heavily industrialized areas has been built on the labour of millions of workers from the less-developed areas of the Community as well as from third countries.

It is simply not good enough that when bad times come these migrant workers should be told they are expendable and must look after themselves.

I was glad to hear the speech of Dr Hillery in which he told us of the steps that were being taken to deal with this problem. We all of us, I think, will recognize the anxiety of Dr Hillery to deal with this matter within the powers and possibilities that are open to him. However, I do not think that Dr Hillery would disagree if I suggest that what he told us today does not offer a great deal of hope for the migrants of

**Yeats**

our Community. Much more requires to be done.

As I said, the Community and individual Member States have an obligation to these migrant workers and, of course, in particular to those who come from Italy and from the other Community countries.

The Treaty of Rome refers to the free movement of workers and to Community preference. There is a clear duty to ensure that Community workers get employment, and if this is not possible, then at least to ensure that social benefits are not denied them merely because they are migrant workers. I was happy to hear from Dr Hillery that steps have been taken in this respect. But when all is said and done, these steps, however necessary they may be, form no real solution to the problem of migration. It is essential that we should recognize that the only real solution lies in ending the conditions that cause migration.

What, after all, is the basic cause of migration? It is the economic under-development of some areas, such as southern Italy or Ireland, and the economic over-development of others. As a result, millions of people are uprooted from their traditional environment, separated from their friends and relations and from their familiar surroundings and plunged into a new and strange environment. There are about ten million migrants in the Community, including dependants. Each one of these ten million represents a personal tragedy, not merely for himself but also for those close to him whom he has had to leave behind.

Apart from the immense human and personal tragedy of migration, the areas from which migrants come also suffer greatly. Normally, it is the most energetic and progressive elements in the population who leave; and the effect of migration on the present immense scale is to increase year by year the gap between the central and the peripheral areas. The rich areas become still richer, and the poor become poorer. We must, therefore, insist that immediate steps be taken to relieve the position of migrant workers who lose their jobs and are thereby forced to return home.

Never let us forget, though, that the only ultimate solution is the creation of a really adequate Regional Fund and other social and economic policies so that in all parts of the Community it will be possible for workers to find jobs near their own homes. The continued existence of involuntary emigration in our midst is in itself a condemnation of the failure of our economic policies.

(Applause)

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

**Mr Marras.** — (1) Mr President, a few months ago I also put a written question to the Commission on the return of migrant workers to their home country after losing their employment.

The Commission gave me an eight line answer to the effect that its services recorded migrants entering the various Member States but not those leaving.

Of course it considered the migration of workers to the rich countries a permanent phenomenon and did not even consider as a statistical possibility that one day these migrants would be forced to return to their countries of origin.

I am gratified by the initiative of my Italian Christian-Democratic colleagues who have raised the matter again in an oral question. I believe our German colleagues will have understood that if we are insisting in particular on data concerning the Federal Republic it is because the phenomenon is most frequent in that country, and in Switzerland. In fact, apart from the special case of Denmark, the Federal Republic is the country which has shown the highest percentage increase in unemployed in the course of a year: according to the Community statistics the increase has been one of 160%.

All this has repercussions on the situation of migrant workers including those from Community countries and today at least Commissioner Hillery is in a position to provide figures. These figures show—and this I believe is the point of greatest interest—that between the start of the energy crisis and the present time (I am quoting Mr Hillery's figures) the number of migrant workers in Germany has fallen by almost 100,000, and since there were initially about 450,000, one Italian in five has lost his job.

In Mr Hillery's recent statement on the problem of unemployment, he drew our attention to the fact that today one Community citizen in twenty is unemployed.

In my view it is even more disturbing—and I hope this observation does not appear tinged with nationalism—that the phenomenon of the return of migrant workers who have lost their jobs has reached, in the case of Italians, considerably higher percentages than in the case of workers from other countries.

In fact while unemployment among all migrant workers in the Federal Republic is equal to 9.4%, in the case of Italians it has reached 18%.

**Marras**

These figures should give grounds for thought, although for the present I do not propose to draw any special conclusions.

Moreover certain illegal arrangements have been used in the Federal Republic such as those denounced by my colleagues Mr Concas and Mr Della Briotta in their question concerning the thousand or more Italian workers whom an attempt has been made to remove by granting premiums for voluntary redundancy, thus profiting from their good faith and making them run the risk of losing their regular unemployment benefits.

Mr Hillery in his report has spoken of proposals which the Commission is working out with a view to softening the effects of this disturbing problem of increasing unemployment levels. If I am not mistaken he also told us today that the Standing Committee on Employment would be looking at this problem.

For my part I should have preferred it if, before publishing these proposals, consideration had been given to the idea put forward by the unions at the tripartite conference in Brussels and shared by certain ministries, that the problem of employment should be viewed in the more organic context of the Community's economic policies.

I hope that this will be done next week at Rome during our national conference on emigration. Mr Hillery will also be present; I am pleased by that and hope that he too will derive from the conference useful guidance for the activities which the Community bodies must undertake in this area at an early date and in strictly practical terms.

**President.** — I call Mr Jahn.

**Mr Jahn.** — (D) Mr President, ladies and gentlemen, I would like to enlighten my friend and colleague Mr Bersani on a number of points since we Germans have been referred to. I, and indeed every German Member in this House, understand the anxiety of the questioner; it is something which causes us concern every day.

But there were a number of erroneous assumptions in this statement and we should not allow ourselves to generalize in any circumstances. There can be no question of Italian employees who were employed in the Community countries, and particularly in the Federal Republic, and now have to return to Italy not being entitled to unemployment relief and health insurance benefits. Ladies and gentlemen, every unemployed person in Germany has an equal right to these benefits whether he is a foreign worker

from a third country or whether he originates from our Community.

Another point: the grants paid to workers whose contracts are terminated are paid to all employees! The Volkswagen firm has paid thousands of such grants—and thousands of Germans have also given up their jobs because they found they were in a situation where they could benefit from unemployment relief: they were able to choose.

There are 1.2 million unemployed in Germany; of these approximately 6% are Italian. The figure for my district is between 6 and 8% unemployed; this percentage in itself shows very clearly that there is hardly a large discrepancy.

I know of no politician or journalist who has ever used the word 'Fremdenhass' (xenophobia) or made hostile statements about foreign workers. All those employees who have made such a large contribution as the skilled workers in our firms, have equal rights.

I have not come across any hostility, in the Volkswagen works or the Salzgitter works or any other large firm. On the contrary, there is general concern at skilled German workers also having to be laid off. The unskilled workers are always the first to go in any country. Figures for unemployed foreign workers might be a fraction of a percentage higher, but this is certainly not intentional; this is a point I would like to state most emphatically.

Allow me to make a further comment on the statement that we do not extend contracts. In the last year my employment exchange district has extended 700 contracts with workers from third countries since we needed their services in the workshops. Nobody is going to send them home simply because they come from another country or because preference should be given to our own nationals.

I find all this very disturbing and we would prefer to suppress any such trend in the assessment of this situation. For us, foreign workers are good colleagues and a very large majority of them are excellent skilled workers. Neither the management boards nor the works councils nor German colleagues have shown any tendency to send foreign workers home first. And this will remain the case in the future; it is a human question which far transcends the framework of the company, or even the Federal Republic and concerns the whole of Europe. We must—as has already been stated—stand together to protect those concerned from the more serious human problems.

(Applause)

**President.** — I call Mr Bersani.

**Mr Bersani.** — (I) Mr President, may I add a few brief observations to this debate which shows the sense of responsibility of our Parliament in a situation of which all my colleagues—both the authors of the question and the speakers in the debate—have stressed the importance.

The problem of emigration is one of the principal social, human and democratic problems of our Community; we are all familiar with the figures which underline this fact.

We have discussed on several occasions— and I believe that we shall do again— all the complex questions related with the contribution of more than 10 million persons to the construction of the Community.

Today, thanks to the authors of this question, we have focussed our debate on one major facet of this wider problem, namely unemployment and the return of migrant workers. They are returning home under difficult circumstances and with no precise prospects, even though all of us firmly hope that in the second half of this year there will be a new upturn in economic activity in our continent.

The problem of concern to us today has been very well described by previous speakers with whom I am in full agreement. I should simply like to add one point: if we do not find a Community structure to respond to emergency situations of this kind, our new hopes will be dashed even more severely.

As we have been able to establish, for the purpose of coordination with other peoples, specific structures which have proved effective, serious and timely in operational terms, I believe that we shall once again be able to take the right path.

I refer to the latest specific proposals, even though we have not yet been able to take a significant step in this direction. But if the proposals are implemented they will not only provide an instrument of action but also a proof and a demonstration of the genuine Community solidarity without which the spirit and the reality of the Community will be continuously called into question again.

On 18 December last the Commission presented a wide-ranging plan of action. I should like in this connection to pay tribute to the considerable efforts made by Commissioner Hillery who has personally worked with such energy to arrive at these measures and ensure that progress is made. I would, however, add the precise and practical hope that a definitive solution will be found to this problem of the structure and

instruments needed to face situations of the kind we are now discussing and that appropriate measures will be taken.

One central measure must be the fight against all kinds of discrimination. Mr Jahn has tried to give certain details and we appreciated the spirit underlying his remarks. However, we know that in practice, over and above the major political indications, there will always be cases demonstrating that the fight against discrimination is a fight that continues every day, a fight that never ends, and that new problems are constantly arising, requiring a fresh effort and determination to enable solidarity to overcome egoism and the temptations which the economic situation naturally raises.

In conclusion, let me stress that this general mobilization of efforts, in particular with the closer cooperation of the main social organizations, must be active and vigilant because there is an ever-present risk of a deterioration in the situation. I agree in particular with the hopes expressed here that our action will be strengthened to remove the latent causes of what are in effect—as Mr Hillery has said— real personal tragedies, tragedies in the heart of Europe which create situations giving rise to serious reflection and social and moral concern among us all.

In this sense, I repeat, I agree with the reasons for this debate which demonstrates our awareness of the problems and the spirit in which we wish to express at this time to all those who are suffering from these circumstances a word of active solidarity and an undertaking to contain the effects, remove the causes and create new reasons for human hope in the heart of our Community experience.

(Applause)

**President.** — I call Mr Girardin.

**Mr Girardin.** — (I) Mr President, ladies and gentlemen, we are facing an extremely serious problem, the human tragedy of emigration which is the shameful face of our modern civilization. When workers are forced to leave their home country and emigrate to find work we must remember that it is always they who suffer.

They suffer when the economy is buoyant and they suffer when it is in recession: in the first case because they are compelled to travel to find a job and in the second because they then lose their job.

The Commission's answer to this political fact is insufficient; it is evasive and disappointing. It is up to us to demonstrate the political aspect and seek European unity, not by enumerating a number of injustices but by combining the

**Girardin**

efforts of all those who intend to take just action at the Community level. I refer in particular to the economic aspect of those who are forced to remain unemployed and return to our country.

Mention has been made of the agreement reached in France to give a year's guaranteed wages. We hope that in Italy too the unions, working together with the government, will soon be able to find a similar solution. In Italy a worker who has lost his job in another country is not entitled to compensation; and it would be wrong to maintain that the country of origin, in this case Italy, which has already suffered the loss resulting from the emigration of a worker, should then provide compensation when he returns home after contributing to the wealth of another country by which he has been exploited.

That is the political issue, Mr Hillery. The Community should make a contribution to the countries of emigration to place the migrant on an equal footing with his fellow countrymen who are unemployed in their country of origin so that both receive the same economic treatment. Surely that is necessary? The Parliament awaits your answer on this point.

*(Applause)*

**President.** — I call Mr Behrendt.

**M. Behrendt.** — *(D)* Mr President, ladies and gentlemen, a reply has to be given to Mr Girardin's statement. In our Community we are faced with three major problems: inflation, employment and guaranteeing energy supplies for the Community. This does not mean that the problems of the economic and monetary union are not also very pressing.

We are discussing today the question of migrant workers returning home and in particular Italian migrant workers, and the Federal Republic has been constantly referred to in this connection.

I have just received the latest figures from the ministry. Do you not think, ladies and gentlemen, that any state which, like the Federal Republic, employs 2 350 000 foreign workers and accommodates a total, with families, of 4 100 000 would have problems? For any country in our Community there would be major problems of accommodation, social and cultural support services, etc.

Now the Federal Republic has been hit by a phenomenon which has been with us for a long time, in some cases in a very acute form, namely unemployment. The latest figures for January

1975 show that there are 1 154 300 unemployed in the Federal Republic, that is 5.1 per cent, and of these 153 400 are foreigners, that is 6.3 per cent of unemployed. So there is no dramatic difference for foreign workers even if their unemployment figure is 1.2 per cent higher. Of the 153 400 foreign workers unemployed, 29 452 are Italians.

At the present time we employ—the figure has not been established precisely—between 330 000 and 340 000 Italians. The number of unemployed Italian workers is slightly higher since many have taken advantage of Volkswagen's offer and done exactly what Mr Jahn described. Foreign employees have been treated in the same way as Germans. They have taken advantage of the same offer, although in greater numbers, as the German employees. There is therefore no discrimination, and anybody using that term would be guilty of an error.

I would like to go on to draw your attention to a completely new trend: in November-December the increase in figures for foreign unemployed was greater than for Germans. The converse was true in December-January: the percentage increase for German unemployed was higher than for foreign workers. Italian employees—although I really only recognize Community employees I would like to refer here specially to Italian employees—received the same social benefits in the Federal Republic of Germany, such as unemployment pay and unemployment relief, as German employees. The unemployment pay is higher than in any other Member State of the Community. It must also be remembered that the Federal Republic considerably increased family allowances as from 1 January 1975.

This benefit is paid without discrimination to any Community citizen in the Federal Republic. Things are different for employees from third countries; but we are not concerned with them at present.

In this connection I would like to refer also to a special agreement with Italy. Under this agreement any Italian employee who loses his job in the Federal Republic and returns to Italy receives the same benefits as a German employee, namely three months' unemployment pay, under the provisions in force in the Federal Republic. It is paid by the Italian State and settled between the states. This arrangement is optional for the Italian worker; he may, if he wishes, remain in the Federal Republic.

The Italian government has since suggested that the period should be extended to 6 months. Negotiations on this point are proceeding at the

**Behrendt**

present time. At all events, an extension to 6 months could only be effected in connection with the implementation of retraining measures. There is no agreement yet on this question.

So when the Italian worker returns to Italy from the Federal Republic he receives, after three months, the unemployment pay which is to be paid in Italy.

I am most grateful to my colleague Mr Della Briotta for what he has said today and for what was referred to once earlier. We must look for the causes. We know what measures are urgently required as a result of the oil crisis and to counter inflation. Everybody knew that there would be some repercussions. But they should not be to the detriment of the employed. It is very difficult to know where to draw the line and a very highly developed sense of political responsibility is required.

On this occasion we must admit that our Community has been at fault so far. Our appeal for a common short-term economic policy, a common long-term economic policy and an accompanying coordinated budgetary policy has not been followed. It is our common fault that there is no harmonized employment policy—and this often for reasons of national pride.

We are therefore faced with the terrible situation in which we have more than 4 million unemployed in the Community. On the one hand we have—thank goodness—national measures to counter unemployment, as in Belgium, the Netherlands, France and the Federal Republic. In the Federal Republic measures were taken unanimously by the Länder and the municipalities.

We would therefore be justified in hoping that we can master this problem in the Federal Republic. I also hope that we in the Community will be able to come to terms with this very undesirable situation in the near future by means of the measures proposed by the Commission.

(Applause)

**President.** — I call Mr Hillery.

**Mr Hillery, Vice-President of the Commission of the European Communities.** — I have already made my main statement. At the present stage of development of the Community, the Community social security systems are not sufficiently coordinated, nor is there a developed Community system which would make it possible to do what Parliament wants done on behalf of unemployed people, whether they are migrant or native workers. We feel that we must

give special consideration to the migrant worker because of the insecurity from which he suffers but, as we reminded Member States yesterday at the meeting of the Standing Committee on Employment, and again today in Parliament, under Regulation 1612 of 1968 the migrant worker has the same rights in terms of employment and placement into employment as does the native worker. The Commission has found no evidence of discrimination against migrant workers in the application of the regulation, which is concerned with the free movement of workers. The Commission is keeping careful watch on the application of the regulation, but we have no evidence that the regulation is not standing up to the great pressures made upon it by the present Community employment situation.

The Standing Committee on Employment yesterday considered the basic problem of the migrant worker, in the present situation of the Community, and had a preliminary discussion on the programme for migrant workers. The employment situation was considered under two headings. The first was the measures taken at national level, and the committee discussed whether these measures could be applied more widely throughout the Community.

Generally, these measures fell into five main headings. There were measures for reflating the economies of the Member States, and some Member States have already taken action here. We hope that the prudent reflation which is in progress will produce some results by the end of 1975. For the special treatment of the problem, one of the other four headings was the maintenance of the incomes of the unemployed. This may lead to renewed activity in certain Member States when they have discussed with representatives of other Member States the beneficial effect of schemes being put into operation.

Another measure was to protect employment, and here the standing committee accepted the usefulness of the legislation passed by the Community on the protection of workers in the event of mass dismissals. Here again, the exchange of views between governments, trade unionists and employers will lead to action in the Member States to protect the employment of workers. A range of special schemes was also reported, from some countries more than others, for the creation of employment. This could be a very fruitful area for Member States' governments to pursue. It is possible to create useful employment which would not cause serious balance of payment problems by the exporting of finance or the importing of raw materials. Again, special schemes in operation in some Member States and outside the Community could

**Hillery**

usefully be adopted by governments of Member States to deal with unemployment.

Finally, what took up the greatest part of our discussion was the creation of mobility in skills as well as geographic mobility within the Community. As far as geographic mobility is concerned, we considered, in the discussion on migrants, the possibility of aiding the transfer of migrants who become unemployed in one part of the Community and could be re-employed in another part where growth is continuing. As far as mobility in skills is concerned, we are all aware that the emerging tendencies of growth, and the growth areas where we would hope to have new employment, are not yet quite clear; but the consensus of the meeting was that as these become identified our investment and training should be aimed towards restructuring and, complementary to that, towards the movement of workers from industries which are now dying to industries which are taking on new growth.

The Social Fund was considered for action at Community level and, while we did not have a consensus at such a big meeting, there was sufficient discussion to allow the Commission to formulate proposals now for the use of that fund. In the long term the Social Fund will largely occupy itself with the restructuring of industry and the preparation of workers for this restructuring. But in the short term we hope for some proposals in favour of innovatory action and to stimulate further action by Member States to fight the present recession. With a little further reflection, the Commission will produce proposals on these matters.

In regard to the programme for migrants, it was agreed that such a big meeting as we had yesterday was incapable of coming to conclusions as to what should be done now, and we undertook to convene the Advisory Committee under Regulation 1612 of 1968. This Advisory Committee, which is tripartite, will, I expect, come forward with proposals on actions which may be implemented now and would be beneficial to migrants in the present crisis situation. Apart from that, the Commission has already undertaken to set about coordinating migration policies and, as a preliminary step, to provide for an exchange of information so that we will have adequate statistical data on the supply and demand situation in the Community and on the possibilities of aided movement of workers to which I referred. It has been said that this is a global problem which has suddenly hit the Community. Weaknesses already existing have been accentuated. But measures are now being taken at national level, and at Community level we are considering what can be done in the present stage of the development of the Community.

Regulation 1612 is standing up to the pressures of the situation and we find no country in contravention if it.

*(Applause)*

**President.** — I call Mr Pisoni.

**Mr Pisoni.** — *(I)* Mr President I should just like to add a few brief comments.

Obviously while we have raised a specific issue, it forms part of the general framework to which we certainly cannot make reference every time we consider a particular problem.

I must say that after Mr Hillery's last remarks, the background to the situation has changed somewhat. His first reply was very evasive: he spoke of the measures of harmonization which the Member States must undertake, without referring to any direct commitment by the Community in this sector.

In answer to Mr Jahn's observations, let me make it clear that I did not wish to refer to the problems of xenophobia but simply to a fact which causes us deep concern whenever it occurs. I would remind Mr Della Briotta that in speaking of 'solidarity' I was referring to the unions, even though I did not expressly mention them.

It has also been said in this debate that in Germany the majority of unemployed are of German nationality. May I be permitted to add that the minimum frequency of unemployment is observed among workers of Turkish nationality.

What does this mean? Obviously the first to be affected by a recession are the workers who occupy the highest levels of employment, and the last to be affected those who work in the tertiary sectors. Any colleagues who would like further information on this point should refer to a document published by the OECD for the 1966-67 recession; that document gives a profound and convincing analysis of the phenomenon.

What we wanted to demonstrate by our question was the need for direct intervention by the Community so that, through harmonization of the disciplines existing in the various States and with other more direct forms of action, all the citizens of the Community may benefit from the same treatment; it is not permissible for example for the 40 thousand Italian workers who have returned home to receive only an unemployment benefit which represents neither a real compensation for the wages they have lost nor a social benefit of the earnings-related type which does exist in Italy.

**Pisoni**

We should like this risk of unemployment to be covered by the Community through the massive utilization of the resources available to the Social Fund for occupational retraining and preparation in the areas where they are most needed. In this way too the dignity of our workers would be safeguarded. There is no doubt that instead of receiving benefits for doing nothing, workers would prefer to prepare for the next active phase in their life which we earnestly hope will come with the upturn in our entire economy.

**President.** — I have no motion for a resolution on this debate.

The debate is closed.

Thank you, Mr Hillery.

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

The House will rise.

*(The sitting was suspended at 1 p.m. and resumed at 3.10 p.m.)*

## IN THE CHAIR: MR BERKHOUWER

*President*

## 8. Oral question with debate: Improvement of safety conditions in coal mines

**President.** — The next item is the oral question with debate by Mrs Orth on behalf of the Socialist Group to the Commission of the European Communities (Doc. 478/74).

It is worded as follows:

'Subject: Improvement of safety conditions in coal mines.

The recent mine disaster in Liévin near Lille has again tragically focussed attention on the problem of modernizing numerous coalmines in the Community.

The mining companies often keep investment down to the minimum. The result is that miners have to work in the pits under unsuitable conditions similar to those prevailing at the beginning of the century. This at a time when coal is becoming an increasingly important source of Community energy and the number of miners is being raised.

The Socialist Group puts the following questions to the Commission:

1. What is the role of the Mines Health and Safety Commission in the Liévin district, and what measures has it taken in respect of the mine concerned?

2. What steps does the Commission intend to take in order to standardize the accident prevention and safety regulations in all mines in the European Community, taking as its model mines considered to have the highest standards?
3. What type of legal acts will the Commission draw up to this end in order to prevent the national bureaucratic machines responsible for supervising safety measures from treating any more recommendations simply as pious wishes?'

I call Mrs Orth to speak to the question.

**Mrs Orth.** — (D) Mr President, ladies and gentlemen, there can be no doubt that the increase in the amount of coal extracted in the next few years will be even greater than was originally planned due to the changes in the energy situation.

Whereas the Community assumed, before the energy crisis, that energy consumption would rise from 1,300 million tons of coal equivalent in 1972 to at least 2,400 million tons of coal equivalent in 1985, this latter amount will now certainly be considerably exceeded.

The expansion of mining means at the same time an increase in the number of people employed in mines and unfortunately in the number of accidents.

Here we must consider whether all mining installations guarantee the full measure of security which this very accident-prone sector is able to provide.

My group is aware that it will never be possible to eradicate the possibility of mining accidents, even large-scale accidents. Fire-damp explosions are so sudden that however excellent the safety measures may be they can offer no protection. But the question is whether everything is being done to remove sources of danger as far as possible. The accident at Liévin near Lille in which 42 miners were unfortunately killed raises the question of whether all mining installations in the Community incorporate the latest technical advances. According to press reports this mine in particular was reminiscent of the beginning of the century as far as technical installations were concerned. A number of miners are said to have expressed the view that the bad working conditions were partly to blame for the terrible extent of the catastrophe.

The report of the European Coal Association and CEPCEO (West European Coal Producers Study Committee) of April 1974 lays down requirements for a new coal policy. They are concentrated on three points: the quantitative guarantee of output and sales; a guarantee of adequate revenue and comprehensive encouragement of further coal research. These points are gone into in further detail but hardly anything

**Orth**

is said about safety and health protection for the individual worker unless we assume that it is included under the points 'research and development in the field of mining technology'.

It is, however, disturbing when the report states that mine revenue should in each case cover at least production costs. Is it not to be feared that the management will then make economies where expensive measures would be mandatory for the greatest possible security for miners?

This is the reason for our question. My group would like to know the Commission's position on this point.

(Applause)

**President.** — I call Mr Hillery.

**Mr Hillery, Vice-President of the Commission of the European Communities.** — The recent mine disaster in Liévin has tragically focused attention on the dangers facing coal-miners and the importance of improved working conditions and safety measures in the Community's mining industry. In my capacity as President of the Mines Safety and Health Commission, I am particularly conscious of what the Liévin disaster meant in that it fell to me to see that whatever financial assistance could be given on a Community basis to the widows and orphans concerned was made available as quickly as possible. For me, what is important now is to make sure that every possible lesson which can help prevent such things happening again is learnt from this disaster.

Dealing with the specific points raised by the question, I wish to make it clear that in any Member State supervision of the working conditions in mining is the responsibility of the national mines administration.

The aim of the Mines Safety and Health Commission is to improve health and safety conditions. To this end, it makes recommendations and proposals to the governments of the Member States *en bloc*, not to a particular single government.

At local level, it organizes 'open days' and training sessions in conjunction with local organizations. In the particular region with which the question is concerned, the work of the Mines Safety and Health Commission is well known, as there are local representatives of the Mines Inspectorate, the management and the two trade unions on the Mines Safety and Health Commission or its working parties. These local representatives take any action that may be necessary, having taken account of the discussions at meetings in which they have participated.

Furthermore, conferences are organized each year by the secretariat of the Mines Safety and Health Commission in conjunction with local organizations.

As to the Liévin area, 'open days' for trade union representatives were held in 1967. Delegates from this region also attend 'open days' held each year in other mining areas of the Community.

The mines in the Nord/Pas-de-Calais coalfield, like other French mines, take part in safety campaigns organized by the Mines Safety and Health Commission. The theme of the campaign for 1974 and 1975, for example, is the handling of heavy equipment underground.

The Liévin accident was discussed by a select committee of the Mines Safety and Health Commission on 10 January 1975. The secretariat is keeping a close watch on the progress of the inquiry—visiting Liévin on 3 January and 5 February 1975—to allow the Mines Safety and Health Commission to draw valid conclusions for Liévin and for the Community as a whole. The Liévin mine was far from obsolete in design and had the most modern equipment. I am not aware of any general recommendation made by the Mines Safety and Health Commission which was not being observed in its working.

We aim, not at standardized regulations applicable to the whole Community but rather at regulations which are adapted to local needs, allowing for technological progress. Local conditions are, therefore, effective.

Standardized assessment criteria have, however, been drawn up and are in use throughout the Community—conditions, work at high temperatures, equipment tests, non-flammable oils and conveyor belts. There has been harmonization where possible or feasible—maximum fire-damp levels, work at high temperatures, specifications for the construction of machinery with regard to dust control and so on.

The Mines Safety and Health Commission consists of high-ranking representatives of the mines administrations, themselves responsible for drawing up regulations, and representatives of workers and employers. Its findings on a given mine safety problem have always been adopted unanimously by its members, workers' representatives included.

Pursuant to Article 4 of its terms of reference, the Commission regularly establishes what action has been taken on its proposals by the governments of the Member States. This information is published every two years, most recently as Annex V to the Eleventh Report. It

**Hillery**

will be noted that the proposals made by the Mines Safety and Health Commission have almost always been put into effect.

Given this background, the Commission does not consider it necessary to introduce Community regulations in this regard at present.

*(Applause)*

## IN THE CHAIR: MR COUSTÉ

*Vice-President*

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

**Mr Cointat.** — *(F)* Mr President, Mrs Orth was justified in asking this question, and I thank Mr Hillery for the reply he gave to this important problem. At a time when the energy crisis forces us to increase our coal production, the Liévin catastrophe illustrates the need for permanent vigilance as regards safety and for ever-increasing attempts to improve the living conditions of miners. This disaster is a tragic reminder that mining is still a dangerous and particularly arduous occupation and we must continue to remind those in charge of coal-mines that there must be no neglect as regards safety and working conditions in mines; today there are still miners engaged in cutting coal; they no longer have the time to become well acquainted with the sector in which they are working and experience proves that priority should be given to the prevention of accidents in four main areas: staff training, research, techniques and investments.

The regression experienced by coal for a decade or so and the fact that it does not compete well with oil products have unfortunately not been conducive to the development of the necessary investment policy, particularly as regards the safety of men.

Safety regulations should not however be limited to defining precautions to be taken to reduce the frequency of disasters, but rather to preventing them happening. As Mr Hillery has said, more and more action is undoubtedly being taken in this respect: apart from teams of specialized technicians, there are miners' delegates who are elected by the staff and paid by the mines. All play an important role as regards safety and hygiene: the delegates are at liberty to inspect the workings and record their observations in reports that are then submitted to those responsible for the mines.

But this is still not enough. Technical and scientific progress should help to make mining more humane and less dangerous. The financial and technical resources necessary for improving safety should be made available. It is imperative at a time when there is the problem of boosting the coal industry.

There should be more detailed research into the scientific techniques of protection and safety to ensure miners that their lives are not endangered. But man should also use the technical means at his disposal with diligence.

Mr President, when the life of a man is at stake, no compromise is possible. Negligence is quite unacceptable and any error in supervision should be severely punished.

The risks that miners take should be commensurate with an ever greater degree of responsibility on the part of those who manage and control the running of mines. That is what we all hope for.

*(Applause)*

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

**Mr Lemoine.** — *(F)* Honourable Members, Mrs Orth's question on safety conditions in mines raises a serious problem of which, unfortunately, we are all too often reminded by events. Every day the miner risks a rendez-vous with death.

A sudden caving in, the tragic fall of limestone, can in an instant transform the mine into a tomb. There is also silicosis, the nightmare of the miner, which kills often and unerringly.

This discussion is taking place merely a few weeks after the tragedy at Shaft III at Lens, Liévin, where there were 42 victims. But we must acknowledge also that each year more accidents at work are recorded.

In the departments of Nord and Pas de Calais alone, with a total of 58 500 miners, 2 600 accidents were recorded in 1972, of which 16 were fatal; in 1973, with a lower total of 52 100 miners, there were 2 950 accidents of which 16 were fatal.

I shall give two last figures concerning mining. On 31 December 1973, 167 000 pensions were paid for accidents at work and occupational diseases; 164 900 such pensions were paid in 1961. In 1960, however, there were 284 000 miners and in 1971 there were only 155 000. That shows how there has been a continuous decline in hygiene and safety conditions. It

**Lemoine**

also shows how working conditions have worsened and accidents increased in general. Even if the continued and determined action of the miners' unions has made it possible to improve the regulations and the means for safeguarding the life and health of miners, there is still much to be done.

Faced with this increase in accidents, it is not possible to say that it is just bad luck. In our century men should not still have to pay such a debt. Then why is it so? I should like to make some comments. The race for production output, profit-seeking, the policy of making things pay at all costs, are aggravated today by the recession in mines. As a result, there is a slackness in the research for and application of preventive measures for individual and group accidents. Lack of personnel leads to less maintenance and safety. The most dangerous work, cutting, is left more and more to migrant workers who often have no training. These factors can only lead to accidents, there is no question of bad luck. What is at issue is the policy of maximum profit which in France for example has led to abandonment of important national resources and worsened working conditions.

In the present atmosphere of recession, the concepts of productivity and profitability are considered of prime importance in mining. We say that in all seriousness. The main danger faced by miners is not the mine itself, but the men and the policy it represents, who, for reasons of profit, do not make use of all the technical, scientific and human means available to protect them from disease, injury and death.

The high technical level reached by European collieries and acknowledged by the Commission should today serve to improve conditions of hygiene and safety. The Community should harmonize national laws at the most favourable level and promote mining research to increase safety at work. Yes, it is possible to reduce considerably the number of accidents and occupational diseases. Miners should be guaranteed adequate wages to enable them to work normally and in safety. The system of piece wages, with safety work more poorly paid, should be abolished. In a profession as dangerous as that of the miner, salaries should no longer be so closely bound up with the concept of yield. A new staffing policy, providing for large-scale replacements and younger underground workers, should be introduced.

Special measures should be taken to train new hands. The number of miners' delegates should also be increased and their work areas reduced so that they can visit the pits more often, and

their powers should be increased so that, if necessary, they can close down a pit if danger is imminent. Previous speakers have clearly indicated that in this field as in so many others, Europe today is merely a Europe of intentions.

A new social and safety policy is possible and necessary. If it is based on social requirements and not, as it is today, on profitability alone, it will make it possible to give satisfaction to European miners.

*(Applause)*

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

**Mr Durieux.** — *(F)* Mr President, as regards Mrs Orth's oral question on safety in coal mines, it should be useful to make comparisons with the safety and health arrangements made for workers in nuclear power plants.

It is true that much has already been done for safety in mines. Nevertheless, much could and should still be done. I think the recent disaster at the Liévin mine in France is a good example.

The production of coal and nuclear energy will, according to the Community's strategy in this sector, represent a larger part of energy production up to 1985, and will replace, or at least supplement oil, as a source of energy in several fields.

It has therefore become even more important to make an effort to eliminate the risks of working in mines and nuclear power plants.

Much has already been done to reduce the risk of nuclear accidents. It is certainly necessary to enforce strict measures in this field; but accidents due to radioactive discharges or explosions in power plants are almost non-existent, which is a good sign.

At a time when nuclear power plants were in operation, there were many accidents in coal mines. Despite that, the authorities have not taken steps comparable to those taken for nuclear power plants.

Accidents in mines obviously affect only the workers and their families, and that probably explains why greater interest was taken in the possibility of accidents in nuclear power plants which could have repercussions outside the plant.

Politicians feel, however, that more serious attempts should be made to improve the working conditions and the safety of all mine workers.

**Durieux**

Here we are concerned with well-known dangers that have caused an unfortunate number of accidents. We should be able to do more to prevent them.

Contrary to what one might have thought, serious accidents in coal mines have become more frequent during the past few years.

According to Mr Jahn's report on the Tenth Report of the Mines Safety and Health Commission, the European Parliament noted this adverse and disturbing trend. It expressed concern about the increase of serious accidents in the iron and steel industry.

From 13.55 million working hours lost in 1958 to 16.77 in 1973, there has been a sharp increase in the past few years. This is all the more disturbing since production will increase in the future instead of falling as it has done in recent years.

In the report I have just mentioned, the European Parliament hopes that the Mines Safety and Health Commission will make a comparative study of the regulations in the Member States on safety in coal mines. Parliament has proposed that laws should be harmonized on the basis of that study. Unfortunately, the study has not yet been carried out.

In the nuclear sector, some harmonization is planned for the choice of sites for plants, also for reasons of safety. It would also be reasonable to take joint action at Community level to improve the situation in the coal sector.

It is a sector in which competition could prevent more stringent national measures being taken. That should make common action possible and, in any case, quicker.

In conclusion, we should endorse the action taken by Mrs Orth in this area and hope that the Commission will then take steps to harmonize as quickly as possible the Community's safety regulations at the most advanced level in order to improve working and safety conditions.

Efforts comparable to those in the nuclear sector should at least be made. In other words, a much larger research organ is required, and directives rather than mere recommendations. If this is not done, the Community must not count on the same or even an increase in the production of coal.

It would be too easy to want to increase production and at the same time to increase the risk of accidents.

It is not only in the nuclear sector that joint stringent safety measures must be taken; they

must also be taken in the coal mines. The latest disaster proves that.

**President.** — I have no motion for a resolution on this debate.

The debate is closed.

Thank you, Mr Hillery.

9. *Oral question with debate: Unemployment among young people (minors)*

**President.** — The next item is the oral question with debate (Doc. 477/74) by Mr Adams, Mr Albertsen, Mr Broeksz, Mr Carpentier, Mr Della Briotta, Mr Dondelinger, Mr Glinne and Mr Kavanagh on behalf of the Socialist Group to the Commission of the European Communities.

It is worded as follows:

'Subject: Unemployment among young people (minors).

1. Can the Commission provide information as to how many young people (minors) are unemployed in the Community?
2. In particular, is it aware that a large number of young people do not find employment or begin an apprenticeship immediately after leaving school and that an increasing number of graduates fail to find employment?
3. Does the Commission know how many young people fall within these categories?
4. Are the Community statistics on unemployment among young people complete?
5. Do these statistics include the people mentioned in question 2?
6. How do the figures for unemployment among young males and females compare?
7. To what extent is unemployment a problem among the young foreigners living in the Member States, who are mainly the children of migrant workers?
8. What measures does the Commission envisage to assist unemployed young people?
9. Has the Commission considered, in this context, projects for offering individual assistance to young people, to enable them to find work or apprenticeships at a later date?
10. Does the Commission envisage using Article 4 of the Social Fund as a means of achieving these aims?'

I call Mr Adams to speak to the question.

**Mr Adams.** — (D) Mr President, ladies and gentlemen, the Socialist Group realizes that, given the present economic situation, unemployment cannot be dispelled overnight. The aim of the European Social Democrats' policy is and remains full employment.

**Adams**

We believe that the training and employment of young people is very important for this. The aim of this question is to draw the attention of the Commission to the problem of unemployment among young people. In our opinion the right to personal development implies a right to education. A person's occupation depends on his training in youth. If young people do not receive sufficient education they are more exposed than others to the risk of unemployment later.

Effective actions require knowledge of the problem in hand. This knowledge is presumably not available because the statistics of the Member States are not complete and are also not drawn up on a standard basis. For example young people are not included as unemployed in the statistics if they have never had a job since finishing their school education or were never able to obtain further education.

Unemployment particularly affects young people with meagre school and professional training qualifications. The deprivations visited on the children of the working classes are added to by the large measure of unemployment among their ranks. The position for young people without a school-leaving certificate and for young handicapped people is, we know, catastrophic.

On the other hand, the Member States are also experiencing, to differing degrees, problems with finding jobs for graduates. These are no longer young persons but are generally regarded as equivalent to the young people we mentioned earlier. They lack advice at the proper time. Unemployed graduates and secondary school leavers who are unable to study because of the limitation of places fill jobs in other sectors and thus make the position more difficult for less qualified young people.

Female employees are still at a disadvantage. As many of them—including young female employees—have no training the decline in the number of jobs available hits them especially hard.

Children of foreign workers frequently do not have school leaving certificates. Also, owing to linguistic problems, there are few training facilities for them. They are therefore dependent on unskilled work and thus are particularly exposed to the danger of unemployment.

In our opinion, given the large number of unemployed, action by the Member States is not enough. The Community as such should tackle the problem of unemployment, especially for young people. For this Commission initiatives are required; that is the Commission's main task. If these initiatives are taken this question, Mr President, will have attained its objective. *(Applause)*

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

**Mr Härzschel.** — *(D)* Mr President, ladies and gentlemen, the Christian-Democratic Group is also greatly concerned at the developments in unemployment among young peoples especially as this problem has become more acute in the last few months and has also begun to affect those countries which had so far had no difficulties with unemployment among young people. In the wake of the general increase in unemployment, young people have also been involved in this trend.

It is therefore our concern to take steps to see that all young people find a job or, above all, a training facility after leaving school. Urgent measures are required for this in order to prevent further unemployment among young people. In our opinion it is the young people whose normal social development is most jeopardized by the lack of a job. There is a greater danger that they will become involved in criminal activities than when conditions are normal. For this reason I would also underline the fact that the encouragement of vocational training must be at the forefront of our efforts. Experience so far has shown that unskilled workers are the first to lose their jobs in crisis situations. This also applies to foreign workers who are mainly unskilled. Effective action depends on a precise analysis of causes since this is the only way for us to steer developments in the right direction in the future. My colleague, Mr Adams, mentioned just now the statistical information which must be worked out on a standard basis. We must examine what influence schooling has on people looking for a job or a training facility. Foreign workers must also be taken into account as they are as a rule at a disadvantage.

In our opinion the aim of training policy must be to create conditions and open up opportunities for the individual so that every young person can be trained according to his or her skill. This aim has certainly not been attained yet and the opportunities are not equal for everyone. The fact is that the category of young people whose educational standard is lowest is also the one which has the greatest percentage of unemployment.

Apart from this we should also not forget the slow learners who are becoming more and more dependent on unskilled employment. The practical skill of many of these young people would however justify a qualified vocational training through special courses. It must be our concern to give the greatest support to the weakest.

**Härzschel**

On the other hand there is the problem of unemployed graduates. These two extreme situations show that the training and employment market policies must be better coordinated than hitherto so that unemployment is not programmed by educational policy.

Mr President, ladies and gentlemen, analysis is not a remedy but it is an important basis for effective action. An examination must therefore be made of possible measures and support for training establishments so that more young people can find a job as soon as possible. National control measures, such as obligations to provide employment, must be rejected until all other possibilities have been exhausted.

It must also be examined, whether for example financial participation for firms which have no training vacancies but do need skilled workers is possible and feasible. However, to provide a rapid remedy, grants should be made from unemployment insurance funds or the budgets of individual Member States for those firms which create extra jobs and provide training vacancies for young people in particular. This would contribute to a short-term easing of the situation. Experiments and measures of this kind have begun to show signs of bearing fruit in the Federal Republic and created extra training vacancies and jobs for young people.

In view of the seriousness of the situation we do however consider that it is necessary for the Commission together with the Social Committee to discuss in detail possible Community help and submit practical proposals. Without raising significantly the volume of the Social Fund, help from this source would in my opinion only be sporadic and not achieve any general effect.

We must therefore consider in what way we can offer Community aid and also how we can stimulate national parliaments to tackle the problem in the individual countries of the Community.

At all events, the Christian-Democratic Group will support all efforts to improve the employment situation for young people. We have submitted a number of proposals and will cooperate constructively on this problem.

(Applause)

**President.** — I call Mr Hillery to answer the question.

**Mr Hillery, Vice-President of the Commission of the European Communities.** — Mr President, this answer comprises replies to a series of specific points and contains much statistical matter. I would therefore like to ask you, Mr

President, to have circulated as you consider appropriate the statistics which I am making available to you, and to permit me to deal with the main points raised by way of analysis of the unemployment among young people, if this is agreeable to you.

In every Member State unemployment among young people up to the age of 25 was higher in 1974 than in 1973. The rate of increase in percentages was: Belgium 55, France 41, Germany 210, Ireland 125, Italy 12, the Netherlands 61 and the United Kingdom 13. No figures for the increase are available for Denmark. The figures for Luxembourg are so small as to be insignificant.

The lower rate of increase for Italy and the United Kingdom should not be interpreted as implying that the position in these countries is more satisfactory. Italy has suffered from chronic unemployment among young people for many years. The rate of unemployment among young people under 25 is the highest of any country in the Community. The gravity of the position is indicated by the fact that one-third of all people unemployed in Italy are under 25.

The increase in unemployment among young people during 1974 was greater than the increase in total unemployment. Employers generally react to a fall in demand by stopping recruitment of new workers before dismissing those already employed. Thus, new entrants to the employment market tend to be more seriously hit by a recession. This is the general pattern. There is, however, little information specifically on the number of young people who fail to find employment immediately after they leave school. In the United Kingdom it is apparently not a severe problem except in certain regions, for example Scotland. In Italy the position is much more serious: over 80 per cent of unemployed persons under 25 are still looking for their first job.

Figures for unemployed graduates are published for only three Member States—Belgium, Germany and the Netherlands. The numbers of unemployed university graduates aged under 25 are:

	1973	1974	Increase 1973-74
Germany	301	511	+ 70 %
Belgium	668	1,976	+ 195 %
Netherlands	226	223	— 1 %

The figures indicate that in the Netherlands there is no change in unemployment among graduates; in Germany it is increasing, although not at as fast a rate as total youth unemployment; and in Belgium it is increasing very rapidly.

**Hillery**

The Commission depends for information about the unemployment of young people on the administrations of the Member States, and unemployed school-leavers and graduates are included in the statistics in so far as they are registered as being available for employment with the employment services of the Member States. Members may like to note, however, that every three years the Statistical Office of the European Communities initiates a special survey of the labour force. The report of the last survey, published in 1972, gave figures for unemployment of boys and girls, but no information on graduates and foreigners. The next report is due for publication in the spring.

The available statistics indicate that in the under-25 age-group more young women than young men are unemployed in Belgium, France and Germany; and that more young men than young women are unemployed in Italy, the Netherlands and the United Kingdom. The percentages for unemployment among men and women under the age of 25 years in the Community are:

	Men	Women
Belgium	35	65
Germany	46	54
France	36	64
Italy	60	40
Netherlands	67	33
United Kingdom	71	29

Only Germany provides statistics of unemployment among foreign workers analysed by age. According to these statistics, (i) foreign workers as a group have been more adversely affected than German workers by the present recession; (ii) young workers as a group have been more adversely affected than older workers by recession. Thus, young foreign workers have two disadvantages. However, the statistics seem to indicate that unemployment in this group is not quite as bad as might be expected; the proportion of young workers among the unemployed foreign workers is slightly lower than the proportion of young workers among the unemployed German workers.

Under the Social Action Programme the Commission is considering what action is appropriate at Community level in addition to that already undertaken with the assistance of the European Social Fund to assist unemployed young people. Article 5 of the Social Fund already enables the Commission to assist young people. During 1974 contained provisions for the training of young of opening that article specifically for young people. Since, however, the Social Fund is intended for retraining rather than initial training, assistance cannot under the present regulations be given for the training of young workers

immediately after completion of their term of compulsory schooling.

In view of the limited resources available and the number of potential claims for assistance under Article 4, the Commission is not in favour of opening that article specifically for young workers. There is a danger of spreading the limited resources of the Social Fund too thinly over too wide an area. In addition to the present use of the Social Fund, the Commission, as I have indicated, is examining the possibility of developing Community initiatives in favour of young people.

The basic problem is that during a recession employers are unwilling to provide an adequate number of training places for apprentices in their factories. Young people with a good basic education are unable to complete their training for a particular trade or skill. Society suffers later from the shortage of skilled workers and craftsmen. Member States have responded to this problem in a number of ways. For example, some pay a grant to the employer for each apprentice offered a training place in the firm. Some permit apprentices to spend the first part of their apprenticeship in a government vocational training centre; the second part is then spent in an employer's factory in the normal way.

The Commission is engaged in trying to assess whether there is a serious shortage of training places for apprentices in the Community and whether the measures taken by the Member States are adequate to meet the problem now and in the future. The brief for these studies will include an examination of measures to recommend to Member States should there be major shortcomings which can be met on a Community basis.

*(Applause)*

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

**Mr Dondelinger.** — *(F)* Mr President, the economic recession that is at present affecting the European Economic Community, and not only it, is wreaking more and more havoc every day. According to official statistics, almost 4 million workers are at present unemployed, and the number is still growing.

The Socialist Group is well aware that this high number of unemployed will not disappear as if by magic from one day to the next. It follows logically that school-leavers have more difficulty than in the past in finding work to suit them. One of the aims of the policy of the Socialist Group of our Parliament—and of the various

**Dondelinger**

socialist parties in the Member States—is and remains full employment. We therefore naturally concentrate on the problems of the education, apprenticeship, training and employment of young people.

That is why we felt we should draw the Commission's attention to the special problem of unemployment among young people. The right to education includes the right to vocational training. In most cases, the paths their future lives will follow is traced out at school and during their apprenticeship. Thus, if young people are inadequately trained they run an ever greater danger of not finding the job that suits them, or even of not finding any job at all. That is why the Socialist Group has put the questions that Mr Adams has just spoken on.

Allow me, Mr President, to add one further word. The problem on unemployment among young people is obviously an economic and social phenomenon, but sometimes it assumes political proportions. In the Federal Republic of Germany, for example, after the government stated it intended to make vocational training more human and more just, the openings for apprentices were reduced to a minimum by employers last year. This step, which I shall call political, also helped to increase unemployment among young people. Likewise, is it not scandalous that the Federation of German Industrialists has now proposed creating 40,000 new posts for apprentices on condition that the Bonn Government agreed not to reform vocational training for young people? This is another aspect of the problem that I should like to be considered.

*(Applause)*

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

**Mr Hougardy.** — *(F)* Mr President, it is with much regret that I note that there is a lot of vagueness about the number of unemployed in the Community. Figures have just been given. 3.5 million has been quoted, but it could perhaps be 4 million. The only figure that seems to be scientifically exact is that given by Germany, where there are 1 150 000 unemployed, and so far that figure does not seem to have been contested. I wonder whether all the countries of the Community use the same method for calculating the number of unemployed in their territory. I think that a joint line of conduct should be introduced, otherwise all the statistics will continue to be falsified.

Given the general uncertainty in this field, I would not be surprised if the socialist Members of Parliament did not give an exhaustive reply to the question of the exact number of un-

employed people put to them. I am thinking particularly of young graduates.

Here, Mr President, I refer the honourable Member to the reply given by the Commission to a question that I put on 24 September 1974 on unemployment among young people. The reply was: that the Member States did not keep regular statistics on the problems encountered by young graduates seeking their first job, the rate of unemployment among young people, or the percentage of young graduates that accepted employment unworthy of their qualifications.

In view of the fragmentary nature of the statistics, I think it should be accepted that unemployment is particularly rife among young people, for the obvious reasons just given.

The adverse economic climate means that young people looking for jobs are more affected than those who merely have to keep the jobs they already have.

There is also the question of whether vocational training in universities, technical high schools and colleges is followed carefully and whether young graduates or under-graduates are given adequate advice.

I should like to take advantage of this occasion to speak of another category that is the particular victim of the economic situation, the foreign worker.

It is in fact quite natural that national workers should be privileged, but that should not make Community solidarity meaningless, since there is a regulation which expressly states that there should be no discrimination against any worker in the Nine.

It would be disappointing for them to realize that they are being used as valves to guarantee the richest states indefinite growth.

I therefore feel it is important—and I shall conclude here—that the Commission should take steps to give positive help to unemployed young people in the present adverse economic situation. Let us not forget that they, like most workers, very often do not have the right to the unemployment benefits granted to older workers.

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

**Lady Elles.** — Our group would like to thank the movers of the oral question, which raises a problem which is fundamental to the Community and affects virtually all Member States except Luxembourg. I should also like to thank Dr Hillery for his informative remarks. I look

**Lady Elles**

forward to seeing in writing the figures he gave.

I am not clear whether Dr Hillery's answer referred only to 'minors', which is the word used in the question. He mentioned some figures which related to those who were under 25 years of age. I am not sure exactly what 'minors' means. Does it cover those under 18, those under 21 or all young people?

The number of unemployed young people is of great concern to all Member States and to all those who are responsible for employing young people. In Great Britain, of the 445 000 young people who left school last year almost 10 000 were registered as unemployed last November.

I have a series of questions to ask which I hope will be seriously considered by the Commission and the Council of Ministers. I regret that no member of the Council is here. The Council is responsible for implementing legislation in Member States concerned with problems affecting all Member States. My group and I therefore regret that no member of the Council is here.

One question I wish to be considered by those responsible is whether present educational systems are geared to the present demands and future needs of the Community. Education is not a passport for a job. Training and apprenticeship schemes are all-important in the future development of our employment systems. Is a sufficient number going into science and engineering faculties in order to meet the needs of industry? From the figures I have seen, certainly for Great Britain, these numbers are decreasing with alarming rapidity. The stage will be reached where there will not be people adequately trained to meet the future needs of a growing industrial society.

Is a global policy envisaged by the Commission for future employment needs? Projections, as we all know, have one thing in common: they are always wrong. In this case, however, I would think a useful projection could be made of the ages and abilities of school-children throughout the Community. These are fixed and known data, and could be used to ascertain how many children will be available in future for jobs and how they can be fitted into the future community that we shall see developing.

I wish also to know the numbers of unemployed youth by regions to see how the new Regional Development Fund could be put to the best use in those areas where there may be greater concentrations of unemployed youth.

The question must also be asked: how many of the young who are leaving school are fit for employment? As we know, throughout the

Communities children are leaving school with character and personality problems. Many of these need special schemes adapted to their requirements. Is the Commission considering any special measures to deal with this problem or consulting Member States to deal with this aspect of youth problems?

Is any encouragement being given to voluntary organizations? They can play a great rôle in cooperating with Member States in order not necessarily to train or employ youth but at least to occupy them. There is nothing worse for a young person than to have nothing to do and not to feel wanted in any respect or by any person.

Is the Commission considering the use of Article 5 of the European Social Fund? Surely it is not necessary to consider this problem in terms of Article 4 only? Is it not time that we stopped using these ridiculous distinctions between Article 4 and Article 5 but rather used the money available for the best and most important needs? I can think of no more important need than keeping faith with youth and enabling them, after ten years of education, at least to be employed and wanted in the community. Surely if anyone has a right to work, it is the young. They have had ten years of schooling, they come out of school and the first thing they want is some measure of independence in order to be able to earn their own living. If we do not give them the opportunity to do so, we are failing as a community. If we believe in the Universal Declaration of Human Rights, I would have thought that the right to work was one of the prime beliefs in that Declaration applied to the young.

We have a moral as well as a social responsibility to youth. The increase in the number of unemployed youth is an indictment of our society.

I therefore ask the Commission to give us some replies to these questions. This problem faces all of us. We are affected by the economic and financial situations afflicting the Community, but if we fail our youth, we are failing the future of the Community.

*(Applause)*

#### 10. Welcome to Mr Rey

**President.** — Before calling Mr Terrenoire, I would like to welcome Mr Rey, former President of the Commission of the European Communities, who is in the official gallery, and express Parliament's pleasure at his attendance and best wishes.

*(Applause)*

11. *Oral question with debate: Unemployment among young people (minors) (cont.)*

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

**Mr Terrenoire.** — (*F*) Mr President, honourable Members, I fully appreciate the fact that the Commission is well represented here today, and, like the previous speaker, it is with regret that I note the lack of interest of the President of the Council in our discussions. Perhaps the subject does not interest him unduly.

However that may be, it must be admitted that unemployment is disastrous, especially, perhaps, in economically developed societies. A comparison of the number of unemployed and the number of employed highlights the main disadvantages of the situation.

The question put by Mr Adams is entirely in keeping with the concern felt by my group about unemployment among young people. In a letter dated 6 January 1975 I informed Mr Broeks, Chairman of the Committee on Cultural Affairs and Youth, of my group's concern about the increase in the level of unemployment among young people. I asked our committee to discuss the problem and draw up an own-initiative report on ways of remedying the unfortunate and disturbing situation.

According to the latest statistics, unemployment has reached danger level. In one year the number of unemployed in the Community has increased by one million; it is now at least if not more than three and a half million, in other words about 4.5% of the active population in our Community. A large number of university-leavers do not find work and are in no way registered as unemployed. The figures take account only of people registered with national employment agencies.

Experts forecast that the situation will become even worse, and the figure of 4 million unemployed has been announced. Among the most frequent victims, proportionally, of the slump in the labour market, are young people who are vulnerable because of the inflexibility of their training and also, it has to be said, the excessive fear of employers at what they call their inexperience.

Young people are, in times of crisis, often victims of the rule 'last to come, first to go'. They are also the last to be re-employed, employers preferring all too often to pay extra overtime rather than risk having too many staff to pay.

It should be stressed that unfortunately other causes of unemployment among young people

include the lack of any vocational training after leaving school, the inadequacy of such training when it does take place, lack of information about employment possibilities and the frequent inefficiency of employment forecasts. We realize that there is also the inability of the labour market to adapt to the increase in manpower.

The situation is particularly serious for high-school leavers and university graduates. I shall merely give one example concerning the Federal Republic of Germany, undoubtedly the most prosperous country in our Community.

It is to be expected that there will be a surplus of high school leavers in the next eight years, if the trend in the past two years continues at the same growth rate of 10%. There is thus a risk that in 1982 there will be between 110 000 and 150 000 school-leavers waiting to enter university. It seems that in Germany in the past two years the army has become the last hope for these students.

Everyone agrees—and previous speakers have said it very clearly—that it is necessary to remedy the situation by providing work for school-leavers and by offering more training possibilities to ensure that the first contact young people have with the labour market does not make them feel rejected or result in jobs without prospects that do not correspond to their qualifications.

Faced with such a situation, the Commission proposed last year that the Nine should set up a training system with student's grants and guaranteeing mobility of manpower. I should like to know what has happened to that proposal.

What was the outcome of the tripartite conference of European trade unionists, employer's representatives and Ministers of Social Affairs held on 16 December 1974 in Brussels, apart from the decision to give new impetus to the Standing Committee on Employment whose members are the social partners and authority local representatives in the Community?

The Council of Ministers has given its agreement to the creation of a European Centre for the Development of Vocational Training. What progress has been made and to what extent can the resources of the Social Fund be used? As regards social policy, the services for placing, guidance and vocational training should be strengthened. Special steps should be taken to protect the living standards of the most vulnerable social groups. I could cite as a proposal and as a programme what the French Government is doing at present. It has two specific proposals to make as regards young people. Firstly, a priority training programme, and, secondly, the introduction of work-training contracts which would

**Terrenoire**

provide vocational training during the first two working years which would, of course, be remunerated. It is a known fact that national aid for young people—and in this area there is no question of anything else—is not related to their age, but is identical to what is done for other categories of the population.

In conclusion, I think that the Committee on Cultural Affairs and Youth and the Committee on Social Affairs and Employment could deal with the question and prepare a report recommending solutions. They could adopt a resolution for urgent steps to be taken, not only by the Commission but also by the governments of the Member States, to remedy the situation. The vitality of the individual States and thus of Europe will, I am convinced, come mainly from maximum employment for young people.

*(Applause)*

**President.** — I call Mrs Goutmann to speak on behalf of the Communist and Allies Group.

**Mrs Goutmann.** — *(F)* Mr President, honourable Members, Mr Adams' question which is being discussed today is perturbing, especially as the governments of the countries of the Community are striving, one way or another, to minimize the extent of unemployment and to give the impression of a pause or even of a recovery.

But the facts are available. According to the most recent official figures, there are at present 4,500,000 unemployed in western Europe. It was no doubt this harsh reality that led Mr Ortoli to refer to the hour of truth this morning and enabled him to urge us to make sacrifices.

Unemployment is affecting all categories of the population, from the manual labourer to the engineer and the manager. But there are also—as Mr Hillery clearly proved—young people and women. Mr Durafour, Minister of Labour, admitted last month that 40% of the people looking for work in France were young people under the age of 25. It is estimated that between 30 and 35% of the unemployed in the countries of the Community are under 25. All too often, the number of young men and women who cannot find work or become apprentices when they leave school, and the number of young university graduates looking for their first job, are forgotten. They are not even applicants for jobs; they do not receive any unemployment or social security benefits.

Such a situation is too disastrous and too scandalous for us to content ourselves with noting it and expressing righteous indignation. Solutions, effective solutions, must be found very quickly. Unemployment is not bad luck, it

is not caused by bad luck; the large monopolies, the large multinational companies are responsible for the present situation and the crisis that is affecting all the countries of the Community.

By extending, with the help of the governments, their activities uncontrolled over the whole of Europe, by benefiting more and more from public funds, they are the ones that are causing inflation, unemployment and ever more unacceptable living and working conditions for all our peoples.

The educational and vocational training systems in the countries of the Community also contribute to fierce forms of social selection, to unqualified manpower, to the formation of hundreds of thousands of unemployed. Because they are considered unprofitable by the monopolies, vocational training and further education are sacrificed and under-developed throughout the whole Community. Today, the monopolies are trying to pass the effects of the crisis on to the workers by blaming living, salary and working conditions and by pursuing, aided by public funds, a so-called industrial redeployment policy aimed at protecting their profit margins to the detriment of the workers.

Redeployment means increased integration with the resultant dismissals; priority being given to export industries to the detriment of the consumer industries; a worsening of regional imbalances; bankruptcy and the disappearance of thousands of small and medium-sized undertakings, in which more than 50% of young people work; it means industrial production operating at 70% of its actual capacity, longer working days, increased work in conditions that are often inhuman, an increase in accidents at work, derisory pensions; and lastly it means the maintenance of a large enough army of unemployed to exert pressure on salaries, and the extensive use, in the name of austerity, of under-employment and technical unemployment; it means more and more utilitarian and restrictive vocational training.

But what is being suggested in Brussels? Renewed investment, in other words industrial redeployment with the accent on integration, limiting domestic consumption, rapid aid for the individual victims of unemployment. This is really turning ones back on the only solutions that would enable the economy to recover and make it possible to combat inflation and unemployment; for it is not by limiting domestic consumption as we have been expressly invited to do that we will have some chance of developing industry and putting an end to unemployment. Quite the contrary.

In these circumstances, what are declarations and promises worth to unemployed young

**Goutmann**

people? It is obviously essential to come to the aid of the unemployed in the present circumstances. A considerable amount of assistance should be given, but it is not. Young people looking for their first jobs should be given unemployment benefit, but what they want above all is work, skilled and well-paid work; they want to be wage-earners; they do not want to receive social assistance. It is they who are the producers of riches, they who make fortunes for monopolies. The Communist and Allies Group cannot merely accept declarations of intent, however generous they may be, and refuse to acknowledge the existence of unemployment. The Commission—and we consider Mr Hillery's replies far too inadequate and evasive—can and must ensure that the establishment and restructuring of industry and capital movements is controlled and that the rights of the fully-employed are not called into question now. All arbitrary dismissals, in fact all dismissals without prior retraining, should be rejected.

With the scientific and technical advances made at the end of the 20th century, it is unacceptable that unemployment should still exist. Social legislation should also be harmonized at the most advanced level; not only should allowances be harmonized, but working hours should be reduced. There should be a return to the 40-hour week, workers should be able to assert their retirement rights—at 60 for men and 55 for women—with reasonable pensions.

Lastly, arrangements should be made for the vocational training and further education of young workers in Europe. Considerable progress should be made in this area by starting from the principle that vocational training should open the way to plentiful employment and guarantee skilled employment.

The structures of the European Centre for Vocational Training should be made more democratic, it should have adequate financial resources, and its objectives should be clearly defined through consultation with trade unions and young people undergoing training.

Young people in France and the other countries are not willing to resign themselves to austerity and unemployment. It must be realized that the problem of unemployment among young people, which cannot be settled by itself, can be resolved only by adopting a new economic policy that meets the needs not of the monopolies, but of our peoples. It is on this basis that Europe should draw up its own economic policy.

*(Applause)*

**President.** — I call Mr Nolan.

**Mr Nolan.** — I am glad that this question with debate has arisen today, at a time when we have a major problem of unemployment within the Community. This crisis has been foreseen for a long time, but we must be factual and admit that little has been done about it. The Community has four-and-a-half million unemployed. Let us look back to a previous crisis of 20 years ago. The unemployed and the trade unions were loud in their protest then. Why is it that this time the voice of the unemployed is not louder? I believe it is because all Member States have increased social welfare benefits. We have unemployment benefit, pay-related benefit and redundancy payments. As a result, perhaps, those who are unemployed are not as loud in their protest as they were 20 years ago.

We must also consider the situation from the economic point of view and the way in which governments are planning to cover the financial cost of all these social welfare benefits, hoping that they will see the light at the end of the tunnel. I am sure that none of us can see such a light at present. I believe that the Community—indeed, the whole world—is running into a financial crisis far greater than I have time to speak about. I am sure that the House will agree that we are getting to that stage owing to the cost of social welfare benefits.

The motion is principally concerned with youth and the unemployment of youth. At a time when there is not full employment, in the main three categories suffer—the old, women and youth. Indeed, youth are not really employed persons—rather, they are potential employees. We have to ask ourselves: where are they to fit in? They are the weakest in this situation, and they are going to suffer.

Dr Hillery has a plan to provide emergency financial help for the workers of industries severely affected by the current crisis. The plan is based upon the rising social need to provide help for workers in the hardest-hit regions. When is the plan to be implemented? Why has it not yet been implemented? Is it because of lack of funds? I hope that Dr Hillery will tell us the reason.

Lady Elles, in her excellent contribution, said that education is not a passport to a job, and that is true. Yet most countries have invested more and more money in education. Dr Hillery is a former Minister of Education and knows the situation well. It is a terrible pity that so many of our young people with primary, secondary and third-level education at the end of the day may turn to us and to their parents and ask, 'What has it been all about? I have no job.'

**Nolan**

The situation we face today is that there is no future for our young people. There is a need for career guidance, either through our national parliaments or through the Community. These young people who will be future men and women of the Community and possibly of the Parliament, should be encouraged not to lose faith, in spite of the crisis which exists today. We need career guidance, and we need parents and teachers to tell young people who are at school that we are in a critical situation. Let us be honest with them, and let us hope that one day we shall see the light at the end of this terrible tunnel.

*(Applause)*

**President.** — I call Mr Concas.

**Mr Concas.** — *(I)* Mr President, a problem of this importance undoubtedly calls for a wider debate and more thorough and detailed analysis. But time is a tyrant and does not allow lengthy consideration of this subject, so I shall limit myself to certain particularly important observations and remarks.

I would point out, first of all, that unemployment among youth has now become, as far as the European Community is concerned, a social scourge which, to a greater or lesser extent, has infected all the member countries. A problem like this certainly requires a response, which cannot, however, be found in the present untreating condition of the Community. The roots of this problem are a great deal deeper than may be thought; the question of unemployment among youth, in other words, must not be linked exclusively with the present crisis.

The different Community states have tried, through national legislation, to tackle the problem. In fact, they have never tackled it; they have constantly put off the evil day by the use of measures which we can only describe as palliatives.

The increase in the school-leaving age, the responsibility of the school for young people until the age of 14, for example, means in my country that children, instead of going to work—as used to be the case—at the age of 12—now have to face life, integrate into society, two years later; the problem, however, remains the same, because, when they have finished school, they are once again faced with the problem of employment or, rather, unemployment.

The same thing applies in the problem of admitting to the universities all those young people who have satisfactorily completed secondary school. What has been the result of this provision

in my country? It has simply been that the number of university students have vastly increased and the universities themselves are bursting at the seams because they are not able to accommodate this huge influx, and the result, once again, is unemployed graduates.

The same thing can be said of student grants. University students in my country are eligible for a grant to pursue their studies; well, here again, we are faced with a situation where all those who are unemployed and who cannot find a job enrol in the university so that they can at least obtain a grant, which in this case amounts basically to a sort of subsidy.

I wanted to say these things simply because it is not very likely that with this type of measure we are going to be able to tackle and solve the problem of unemployment: what we should be doing, on the other hand, is finding out what is at the root of this phenomenon, this social scourge. As I see it, the roots are to be found above all in the economic system—the capitalist system—on which the European Community is based, a system characterized by periods of full employment followed by periods of crisis and general unemployment, a situation at present aggravated by the European economic crisis.

I do not think we can totally ignore a problem of this kind, not only because it is absolutely vital that we respond positively to the legitimate aspirations of the youth of all our countries, but also because their concern, their complaints, their protests call for the adoption of urgent measures if we are not to run the serious risk of jeopardizing the democratic institutions of our countries. If we should leave this problem unsolved, we do not know—or perhaps we know all too well, to judge by the experience of the past—where we shall finish up: we may even run the risk of losing what is our most valuable possession, liberty.

However, for these reasons, which are political as well as social, I should sincerely like to see this problem resolved: not by means of authoritarian measures, as have been called for frequently from some quarters, but by radical intervention based on a step-by-step policy at Community level for securing full employment.

Only in this way are we going to be really able to deal with and solve this problem. Non't let us forget that the only alternative today for young people leaving school is military service or unemployment. Let us act so that the youth of our countries have a wider choice. But to do this we must act in time.

Until now, to be frank, I have not heard the Commission propose any adequate or immediate measures: in view of the moral and political

**Concas**

responsibility it has, I believe that the Commission should set about deciding upon the necessary measures to deal with and resolve this problem.

(*Applause*)

**President.** — I have no motion for a resolution on this debate.

The debate is closed.

Thank you, Mr Hillery.

12. *Directive on the liberalization of co-insurance operations and the coordination of laws, regulations and administrative provisions relating to co-insurance*

**President.** — The next item is a debate on the report drawn up by Mr Brewis on behalf of the Legal Affairs Committee on the proposal from the Commission of the European Communities to the Council for a directive on the liberalization of co-insurance operations and the coordination of laws, regulations and administrative provisions relating to co-insurance (Doc. 432/74).

I call Mr Brewis.

**Mr Brewis, rapporteur.** — Mr President, in view of the number of speakers who wish to take part I shall give a short introduction and hope that we shall be able to consider various amendments later in our proceedings. The directive represents a modest advance on the road to liberalizing insurance services within the Community.

The basic document on the freedom of establishment of direct insurance other than life insurance is the Council's directive of 16 August 1973. The document we are considering today covers the system of insurance known as co-insurance, which takes place whenever a number of separate insurers come together to cover risks. Such risks are usually large, and the number of large risks is increasing. For example, there are now much larger and more valuable passenger air-liners than there were 10 years ago. The same tendency is true of oil-tankers, the size of which is increasing up to 500,000 tons and more. Those are just two examples of the way in which the size and value of risks are increasing.

As an operation, co-insurance is to be distinguished from re-insurance, as the co-insurer is liable only for his own share of the risk, which may be quite modest in proportion to the whole. In each contract of co-insurance there is a leading insurer—usually known as the

appariteur—who takes a foremost part in arranging the contract. How he brings in his co-insurers depends on the practice of the insurance market, of which Lloyd's of London is a notable example. The practice is to me somewhat arcane, but Lord Mansfield—who has knowledge of these matters—is not entirely happy with my definition in Article 2, and he will explain his amendment, with your approval, Mr President, in due course.

The need for this directive is caused by differing legislation in various Member States. Some states reserve participation in co-insurance exclusively for insurers established within their own territory. Other states, such as the Netherlands, have no such restrictions. As the risks are getting bigger, it may well not be possible for the insurance market in one of our smaller states to cover a really big risk. It therefore seems desirable that the risk should be spread round co-insurers in other Member States.

As at present drafted, the directive represents a measure of liberalization, but not complete liberalization. Article 6, for example, allows Member States still to require that 25 per cent of the risk be underwritten in the state in which the leading insurer is established. Article 5, too, may enable a state to require that the leading insurer shall be established on its own territory. Further liberalization is envisaged in the future, as will be seen from Article 13.

Since the Commission produced its directive, there has been a notable case in the Court of Justice concerning the right of the Flemish advocate Mr Van Binsbergen to practise in the Dutch courts, although he was not resident in Holland. I should like to ask Mr Simonet how he sees the effect of that decision on the directive. Articles 5 and 6 may not now be in accordance with the 'freedom-of-establishment' provisions of the Treaty of Rome. In that case a more rapid process of liberalization of co-insurance will be necessary.

Before completing my introduction, I will draw Parliament's attention to the amendment which the Legal Affairs Committee made to Article 7. We spent many months in the Legal Affairs Committee considering the Statute of the European Company, and we were conscious of the situation in which a company might have factories in several Member States. We felt it desirable that such a company should be able to do business with just one leading insurer for all its factories and not have insurers in each Member State. We felt, further, that it might militate against the free choice of a leading insurer if the law applicable to the contract were to be the unfamiliar law of a

**Brewis**

different Member State in which the leading insurer was established.

It seemed to us, therefore, that the law applicable to the contract should be the known legal system of the country in which the policyholder was established. In other words, the consumer is always right. We felt that this would encourage competition and remove a psychological barrier which tends to make, say, a British company choose a British insurer rather than a European insurer.

If an insurer does not wish to be governed by the law of a different Member State, such an insurer or insurance company need not underwrite that business. Equally, the two parties are at complete liberty to agree that any legal system they like shall govern their contract.

Mr President, with those short introductory remarks, and subject to what the Commissioner may say about the effect of the Van Binsbergen case, I commend the directive to Parliament.

(Applause)

**President.** — I call Mr Broeks for a procedural motion.

**Mr Broeks.** — (NL) Mr President, we have heard from the rapporteur that the Commission will probably withdraw two articles from the directive. I should like to know whether this is the case. Otherwise we shall be discussing them and they will subsequently prove to have been withdrawn.

**President.** — I call Mr Simonet.

**Mr Simonet,** *Vice-President of the Commission of the European Communities.* — (F) Articles 5 and 6 have in fact been withdrawn, Mr President.

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

**Mr Schwörer.** — (D) Mr President, ladies and gentlemen, the Christian-Democratic Group welcomes this first step towards the establishment of freedom of movement for services and harmonization of conditions of access to a certain form of service. We welcome the Commission's initiative which is intended to introduce similar regulations for insurance and co-insurance throughout the Community.

We cannot however deny that there are still certain misgivings which were not completely dispelled during deliberations in committee. The extension of insurance facilities in Europe

—and this is mainly concerned with British insurances—is to be welcomed in as far as it leads to a re-activation of competition between companies. Competition as a stimulating element in the Community is certainly a good thing.

On the other hand there are misgivings as regards the relationship with the insured party, both in the guaranteeing of claims and the processing of claims in the event of co-insurance. I am thinking here mainly of those people who are less *au fait* with this business and who may possibly find themselves dealing with large international companies.

My first point is my concern that such supernational rules may possibly lead to non-compliance with national rules which are very strictly formulated in the interests of consumer protection. We discussed whether, in cases of co-insurance, the co-insurer should be obliged to comply with the law of the state in which the leading insurer has his head office. This possibility was not accepted in the Legal Affairs Committee. The Legal Affairs Committee decided, on the proposal of the rapporteur, in favour of a different alternative, namely that the law of the Member State in which the policyholder is established should apply in principle. The end result is more or less the same. For this reason we are in favour of this amendment by the Legal Affairs Committee to Article 2.

The next point I would like to make is on statutory insurance. The insured party often knows nothing about co-insurance. I do not believe he can be expected to deal with a large number of insurance companies when making a claim. In my opinion *one* company, namely the leading insurer, should be responsible for processing the claim so that the insured party only has to deal with one company. The Commission should reconsider this.

Thirdly, under the proposal the minimum liability is 25 per cent for the leading insurer. This amount seems to me to be too small. 50 per cent of liability should be concentrated in the hands of the leading insurer since it is otherwise impossible to view the situation comprehensively. Also, more paperwork is required as the number of insurances involved increases. It would be in the interest of economic efficiency for insurance surveillance and for the insurance companies themselves if a somewhat higher percentage than that provided for in the directive were fixed as the minimum.

My final objection is that there is a risk that insurance companies from third countries who open offices in an EEC country may then under-

**Schwörer**

take co-insurance activities in another EEC country although companies based in EEC countries may not enjoy freedom of establishment in the third country concerned. The Commission should see that reciprocity is maintained in every case, in other words that the same rules apply in the third country as those applying, through co-insurance, to these insurance companies from third countries.

We welcome the harmonization and expansion of establishment possibilities, while believing that protection of the consumer, of the policyholder, must also be guaranteed. With this reservation the Christian-Democratic group will vote in favour of this directive.

*(Applause)*

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

**Mr Broeksz.** — *(NL)* Mr President, like the directive on life assurance we discussed here a few months ago, this directive is intended as a compromise, and of course excludes life assurance and third party insurance for motor vehicles. What is involved here is insurance cover against damage to medium size, large and very large objects. The increasing cooperation between firms across the frontiers between Member States means that the number of these firms is increasing and the ability of an insurance company to cover the existing risks is decreasing, so that such a company is forced to reinsure increasingly large amounts. As the rapporteur correctly pointed out, it is not only factories but also aeroplanes and large tankers which come under this type of insurance.

The re-insurance which is possible where the risk is covered by a single company may not be a difficulty for the company, but is for the insured, knowing neither the amounts nor the re-insurers of the amounts. Things are different with co-insurance. The insured can see immediately from the policy what companies have underwritten what amounts.

We were speaking about a compromise, since in some countries all home and foreign companies may share the risk, while in other countries, such as France and Germany, home companies have a preference or even have to cover 100 per cent of the risk. In Member States where these restrictions apply, foreign countries should have the right as leading insurer and co-insurer to cover 25 per cent of risks from the same countries. Mr Schwörer said that he preferred 50 per cent. We have however since heard that neither 50 nor 25 per cent are possible, since Article 6 containing the provision

for 25 per cent has since been dropped. The judgment of the court fortunately opens the whole thing up.

Now that the Commission has rightly applied the courts judgment in the Binsbergen case, one can hardly continue to speak of a compromise. For representatives of third countries in the Member States, the provisions of the Member States should remain in force, and a compromise has therefore no practical implications. This does not alter the fact that my group considers the directive important enough to support it with conviction. We should like to thank the rapporteur for the excellent work he has done in this matter. We consider that coordination of national measures on the basis of directives is extremely desirable.

Mr Brewis said that he would explain the proposed amendments later. I should like to put a question relating to the amendment by Mr Schmidt, which like Lord Mansfield's amendment relates to Article 2. Mr Schmidt tabled his amendment to provide that an insured would only have to prove his right against one and not all companies signing the policy. Dependants of air crash victims could demand compensation. Should a widow have to go to all ten companies or whatever that have signed a policy, or will it be enough for her to approach one?

It is clear that the provision Mr Schmidt would like to see incorporated has the aim of ensuring that a widow is able to approach a single company to enforce her right according to the judge's decision. Then she need not approach ten judges if the companies are domiciled in various countries. I should like to hear Mr Simonet's opinion before we deal with Mr Schmidt's amendment.

I shall come back to Lord Mansfield's amendment later.

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

**Lord Mansfield.** — It had been my intention to give this draft directive a cautious welcome on behalf of my group as representing an honest attempt on behalf of the Community through the Commission to liberalize the law relating to co-insurance.

I am bound to say, however, that though it does not seem to have made too much difference to the attitude of Mr Schwörer, the withdrawal of Article 6 so far as I am concerned and certainly so far as the United Kingdom is concerned makes my welcome of these proposals very much

**Lord Mansfield**

greater, because without this 25 per cent, not to mention 50 per cent, the measure represents a real liberalization of the law in this matter. It is, if you like, an attempt to open up the presently rather restricted market within the Community in a way which does not require the more liberal régimes such as exist in Holland and the United Kingdom to introduce unnecessary and illiberal restrictions.

The proposed directive as such represents something of a compromise; but it is, I suppose, a reasonable attempt to reconcile clearly differing points of view as between one country or one group of countries in the Community and another.

I should declare an interest in this matter, though I believe most Members of Parliament know my interest by now, and say that I am director of a very large insurance company within the United Kingdom. I hope I do not speak with too much presumption if I say there is a very real ignorance on the part of many, not least on the part of the Commission, I fear, as to what a contract of co-insurance means and what the legal consequences of it are.

If I may say so respectfully to Mr Schwörer and, indeed, to Mr Broeksz, we have had it raised once more that if a widow has a claim of a risk which has been sub-divided among a number of co-insurers, such claim has to be submitted to all the co-insurers. That is not, and has never been, the case. Indeed, a contract specifically states that it should not be so.

With respect, I do not think the European Parliament has to go into the details of such fine print as the procedure for making a claim on the part of an insured risk. It varies very considerably from one country to another. Suffice it to say that in contracts of co-insurance the sum assured is frequently—indeed, inevitably—so large that it is almost never an individual who has to make a claim.

The lack of clarity in the directive is exemplified in Article 2, which I have sought to amend on behalf of my group in my Amendment No 1. In its original form, Article 2 was considerably imprecise and, indeed, incorrect in its attempt to define a contract of co-insurance. For instance, it refers to co-insurers acting at the instigation of one of them. In fact, they never act at the instigation of any of them. A contract of co-insurance is usually created by a broker who, if I may use the expression, 'hawks the risk round' and the insurers, frequently unknown to each other, join together to accept it in varying degrees.

I mention that merely as an example of the ignorance that there is in this respect. However, I would not have the Commissioner feel for one moment that I am blaming anybody. It is a technical and rather difficult legal matter.

I will explain the amendment at greater length when I come to move it. Basically speaking, however, it follows the form of the Economic and Social Committee's recommendation, and it seeks to put order in what might be described as mild chaos.

The withdrawal of Article 6, as I say, is a great step forward in the liberalization of this proposed directive.

I regard Article 7 as being unnecessary and restrictive. The choice of law should be as free as possible. The Legal Affairs Committee tried to amend the Commission's text in Article 7. It was unsatisfactory before. If I may say so with respect to my colleague, the rapporteur, it was equally unsuccessful after his attempt. But I am glad to say that Mr Broeksz, in his well-drafted amendment, seeks to put the matter in a way which I regard as both sensible and legally harmless, and I shall therefore recommend my group to support him.

We have here an example of the Community doing its best to harmonize not for the sake of harmonizing—a process of which we, and especially the Commission, are all too often unfairly accused—but in order to put its house in order in the hope of encouraging the trade in insurance matters. As the rapporteur said, the risks entailed in ever-bigger ships and aircraft and in greater concentrations of factories are, from the insurance point of view, always getting larger, and therefore it is but right, proper and prudent that the Community and the insurance undertakings throughout it should be free to band themselves together in order to meet such risks as and when they arise.

*(Applause)*

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

**Mr Rivierez.** — *(F)* Mr President, honourable Members, the Group of European Progressive Democrats approves the directive as a whole. It is a compromise between the regulations in force in some Member States and the freedom of action in others.

At the beginning of the discussion of Mr Brewis's excellent report the question was asked whether, in accordance with the Court of Justice's judgment, the Commission was going to maintain or withdraw Article 6. In my view, given the word-

**Rivierez**

ing of the Court of Justice's judgment, there is no problem. There is no difficulty.

Article 5, which we have been told has been withdrawn—and which provides for settlement of legal disputes—also requires at least some discussion. I shall be pleased and very interested to hear the explanations Mr Simonet is going to give us.

I also feel that we should consider the value of Article 4 in view of the Commission's decision to withdraw Article 6.

It seems that the problem arises of the agencies and branches of undertakings with their head office outside the Community established in the Community. The Commission should therefore also clarify this point.

In my capacity of member of the Legal Affairs Committee, I am very embarrassed at having to tell it that, having participated in its difficult work, I am tabling an amendment to Article 7 on competence. From discussions held in my group it emerged that the place of establishment of the policy holder went against all that had been agreed so far and all that seemed acceptable to the competent authorities.

When Article 7 is dealt with I shall support the amendment and ask Parliament to revert to the Commission text, which better reflects the feelings of the experts dealing with this delicate state of affairs and takes account of all the relevant legislation. This text in fact entails no modification to national legislation, especially in Germany and France. With these reservations, my group as a whole will approve the motion for a resolution and the conclusions of Mr Brewis's report. I congratulate Mr Brewis once again.

*(Applause)*

**President.** — I call Mr Simonet to state the position of the Commission of the European Communities.

**Mr Simonet, Vice-President of the Commission of the European Communities.** — *(F)* Mr President, I should first of all like to thank Mr Brewis very sincerely and to join in the thanks and congratulations expressed by his colleagues for the excellent report he has submitted on behalf of the Legal Affairs Committee.

I do not think it is necessary to refer to all that has been said or written, nor do I feel it necessary to make an overall report on the philosophy and scope of the directive which seems to have met with the approval of the members of the Legal Affairs Committee, or on today's speeches. I

should, however, like to reply, perhaps somewhat in anticipation, to some amendments already submitted and some questions raised during this short discussion. I hope to meet your request to speakers to be as brief as possible and not to encroach on the time set aside for other debates.

In my opinion there is an important question to be dealt with first of all. I have already replied, perhaps too briefly, to Mr Broeksz's speech concerning Articles 5 and 6 of the directive. I said that the Commission would withdraw Articles 5 and 6. Mr Rivierez has however just questioned the grounds for this position, in any case as regards one of the two articles, and, if you will permit me, I shall give you some of the reasons that led the Commission to decide to withdraw these articles.

As the rapporteur has said, the Court of Justice has delivered a judgment in a case on freedom to provide services. The Court has stated that Article 59, first paragraph, and Article 60, third paragraph, of the Treaty establishing the European Economic Community on freedom to provide services, have been directly applicable since the end of the transitional period, but that the question of whether provision of services is subject to special conditions under national legislation, which could be troublesome and should be harmonized, should be considered.

The judgment is undoubtedly progressive since it prohibits any discrimination against those who provide services because of their nationality or the fact that they are resident in a Member State other than that in which they are providing the service.

That is why I can confirm that the Commission has made this really important amendment to the proposal for a directive submitted to you, in other words it is withdrawing Articles 5 and 6. In our opinion these articles should be deleted because they are at variance with Article 59(1), of the Treaty establishing the European Economic Community, which has been recognized as directly applicable by the Court of Justice.

The aim of Article 5 of the directive is to settle a situation similar to that in the Van Binsbergen case. The provisions of Member States' laws which led the Commission to draft this article prohibits an insurer established in one Member State from providing services as a leading insurer for a risk situated or a policy holder domiciled in another Member State.

Since these provisions are at variance with the Treaty, a rule on the conflict of laws to resolve the difficulties they present should not be adopted.

By the same token—and I am addressing Mr Rivierez in particular—this should also apply to

**Simonet**

Article 6 since the national regulations referred to prohibit insurers from one or more Member States from providing services to underwrite co-insurance for the whole of a risk situated in another Member State.

You will easily understand why the Commission has not officially amended the proposal for a directive submitted to you: firstly, the Court of Justice delivered its judgment not long ago, when the work of your Legal Affairs Committee was well under way; secondly, I wanted to avoid any delay in the procedure for adopting this directive.

I can, however, say that the Commission will propose deletion of the two articles when pursuant to Article 149(2) of the EEC Treaty, it sends the amendments to be made to its original text to the Council, after you have delivered your opinion today. It goes without saying that you will, as usual, be kept informed of any amendments.

I shall now turn to the report by your Legal Affairs Committee, the resolution you propose to adopt, and some of the amendments already submitted.

I agree with your Legal Affairs Committee's request to delete the fifth recital, the second sentence of Article 7, and one of the words in Article 13.

It is clear that the definition of Community co-insurance given in Article 2 is imperfect and can be improved.

Two definitions were submitted before the sitting: one by our Legal Affairs Committee and the other by Lord Mansfield. A third has been distributed during the sitting. I should like to say a few words about each of the three amendments, perhaps subject to a debate when each of the amendments is considered. In my opinion, the amendment by your Legal Affairs Committee is perfectly acceptable. The amendment submitted by Mr Schmidt, which I perhaps read rather quickly, does not seem to contain any basic textual differences. Some words have been changed. I shall therefore not object to its being adopted.

The third also does not seem to introduce any fundamental changes. If, however, I had to state a preference between the amendment submitted by your committee and that submitted by Lord Mansfield, I should choose the former, since 'managed by the leading insurer' is more exact than 'performed under the aegis of the leading insurer'.

And so, gentlemen, it is up to you to discuss which amendment should be adopted. I per-

sonally have no objection to any of the three texts submitted.

Article 7 is one of the most important articles in the directive since it determines the law to be applied to the contract of co-insurance. The Commission had proposed that it should be the law of the country where the leading insurer is established.

Your Legal Affairs Committee on the other hand proposed that the parties should be free to choose which law should govern the contract and that if they did not make a choice, the law to be applied should be that of the Member State where the policy holder is established.

The arguments put forward by your rapporteur and repeated during this discussion in favour of the amendment appeared convincing to us, and I shall suggest that the Commission should propose this solution to the Council.

I should now like to answer Mr Broeks who proposed in an amendment, and it is perhaps a detail but I must mention it, that agreement on the choice of law to be applied should be in writing. In Member States where the possibility of choice of law already exists, verbal agreement is often given. The practice is found in the Amsterdam and Rotterdam insurance exchanges and in London.

I think it would be dangerous to adopt Mr Broeks's amendment since it would put an end to a practice that does not seem to have raised any problems so far. I am rather inclined to ratify what has been created through practice when it has not caused any economic distortion or unacceptable legal situations, but perhaps that is a reaction that the legislators present here will not accept.

Mr Schmidt has also tabled an amendment on this article, increasing the safeguards for the policy holder. The effect of his amendments is in fact to replace co-insurance by reinsurance. Co-insurance by definition means a sharing of responsibilities; if we want to give the policy holder additional safeguards, I think it should be done by means of reinsurance and not by means of the mechanism proposed by Mr Schmidt.

Finally, Mr President, as regards the requested amendment to Article 15, we are faced with a principle which has been affirmed on several occasions by the Council, Member States agreeing to inform the Commission of their provisions for implementing a directive after it has been adopted, not before.

In conclusion, Mr President, I should like to thank Mr Brewis for his report, your Legal

**Simonet**

Affairs Committee for the careful consideration it has given to this draft directive, and the various speakers who have made a valuable contribution.

(Applause)

**President.** — We shall now consider the proposal for a directive.

On Article 2 I have two amendments: Amendment No 1 tabled by Lord Mansfield is worded as follows:

The first paragraph of this article to read as follows:

'For the purpose of this directive, co-insurance means: the insuring by two or more insurance undertakings, hereinafter referred to as 'Co-insurers', of which one is called the 'leading insurer', each for his own part, of a risk under a single contract at an overall premium and for the same period, which contract is performed under the aegis of the leading insurer.'

and Amendment No 8 tabled by Mr Schmidt is worded as follows:

This paragraph to read as follows:

'For the purpose of this directive, co-insurance means: the insuring by two or more insurance undertakings, the 'co-insurers', each for his own part and in relation to one another, of a risk under a single contract, managed in agreement with the leading insurer, at an overall premium and for a single period.'

These two amendments can be considered jointly.

I call Lord Mansfield to move his amendment.

**Lord Mansfield.** — I intend to move this amendment as briefly as I can, but I must first point out where, legally, I depart, respectfully but nevertheless firmly, from the conclusions drawn, no doubt under advice, by the Commissioner.

The Commission's text of Article 2 refers to co-insurers 'acting at the instigation of one of them, called the leading insurer...'. I have already said that in many cases the leading insurer does not even know who the co-insurers are and certainly he instigates nothing. He merely sits in a receptive rôle waiting for a broker to call on him.

Secondly, in the next line the text goes on: 'in agreement with the other'. I have pointed out that frequently they do not know who the others are and, therefore, cannot be in agreement.

Thirdly, the text speaks of 'a single risk... at a single premium'. In many cases the risk is by no means single, because it changes according to those who have subscribed to the contract.

Fourthly, there can never be a single premium, because as the contract varies so do the rates. Therefore, if I may say so without offence, it is idle to talk about a single risk at a single premium. I hope by all that to show that the article as it stands will not do.

I then turn to the version of the Legal Affairs Committee, and here it is really a question of the words 'managed by the leading insurer'.

If I may say a few words to Mr Schmidt, the leading insurer does not manage anything. He merely, as it were, sets the scene for the co-insurers to enter into the contract. Therefore, it is inaccurate and legally a nullity to use the English word 'manage'. That is why in my amendment—which, I hasten to say, is not my own brain-child but has been adapted from the Economic and Social Committee—I have used the words: 'under the aegis of the leading insurer'.

That is the position so far as the amendment is concerned. The leading insurer sets the scene. The co-insurers follow suit according to their own ideas and inclinations and a contract is made. Therefore, in this, as far as my amendment is concerned, nothing has any effect either on joint and several liability or upon a claimant if a claim arises under a contract of insurance.

I beg to move.

**President.** — I call Mr Schmidt to move Amendment No 8.

**Mr Schmidt.** — (D) Mr President, I must, unfortunately, ask for permission to say something on my Amendment No 7 at the same time, since the two amendments are inseparable.

We have been told today by Lord Mansfield, who is doubtless a great expert in this field, that it will usually be the case that in matters of co-insurance it will not be an individual—i.e. not the widow referred to by Mr Broeksz—who is party to such an insurance. I would also waste no further time on the legal position of these people since, as a rule, the companies involved are usually so economically powerful and large that they are in a position to prove that they are in the right whatever happens.

We also have, unfortunately, the possibility—for airline companies if you like to take Mr Broeksz' example again—that claims which an individual may have against such a company may devolve on others. If this happens the individual suddenly finds himself faced with the problem of justifying claims to various co-insurance companies. They are only liable for part of the risk and are scattered through

**Schmidt**

various countries. It is certainly too much for the individual person, who does not have enough economic resources, to race around various countries putting in claims for the various proportions.

For this reason I can agree with you, Mr Simonet, in as far as you see my amendment as something of a reinsurance. I would indeed like to see a person who does not have such great economic means, when he is able to justify insurance claims, being treated in the same way as somebody who is practically covered by a reinsurance. I would, therefore, like to make it as easy for the individual insuree, who may possibly have taken over claims from another person, to proceed as if the whole insurance risk was covered under a reinsurance.

For this reason I would like to refer to the interests of the insurance companies. Of course, when it comes to large claims, they must be in a position to divide up the risk. But I believe that this should only apply amongst themselves and that anybody who has a claim should not have to bother about how the liability is divided up but that, for instance, the other companies must take a legal claim against one insurer to apply against themselves too. Under German law this is not so, even where 'einzelschuldnerisch' (each for his own part) is specified. If I had a judgment against an insurance company this would be no use to me against other insurance companies since the judgment only applies to the persons involved in the case. I would, therefore, like to see this difficulty dispelled. At the same time, I would not like to torpedo the institution of co-insurance; this is clear from the formulation of my amendment to Article 2. Only I believe that the institution of co-insurance is not called into question if we improve the position of the insuree and this can be done by, for instance, seeing that the insuree only has to claim from one source and making it then the responsibility of the co-insurer to distribute the claim proportionately so that it is enough, as in Germany, with a joint liability, for him to justify his claim to one insurer.

There is also the fact, Lord Mansfield, that the broker system is not so well known in our country as it is in Great Britain and this represents a further problem. One of the interesting things about Europe is that we often misunderstand each other because practices and institutions in other countries are not so familiar to us. There is a lot to be learnt in the course of such debates as this.

My concern is then that in the sphere in which this institution is not so well known, the insuree should be, so to speak, insured. For this reason, I believe that the co-insurers can and should be

able to entertain amongst themselves a several and proportionate liability but that the insuree or whoever finds himself in the position of claimant only has to deal with one insurer and that it is then a matter for the insurers to distribute liability amongst themselves. This represents a considerable easing of the position for the individual without the insurers being too heavily imposed upon. There are also other institutions in which the insurance companies have recovery or non-recovery agreements amongst themselves. For this reason I would be most grateful to you if you could accept both my complementary amendments.

**President.** — I call Mr Broeks.

**Mr Broeks.** — (NL) Mr President, the co-insurance under discussion is not written only for large projects but also for smaller ones. If it is very large projects that are at issue, one can be sure that the company seeking to insure its risk will have an expert available. In the case of smaller risks this is not the case.

A quite different case may arise, namely when a very large project is insured, but those concerned—say, airline passengers—know nothing about the concluding of the insurance.

We have to start from the assumption that a passenger involved in an accident has dependants. If he becomes an invalid he can himself press claims. If the co-insurance is written by a large number of participants, it is extremely difficult for a private person or his dependants to appeal to more than one judge.

In France, the situation was until now very simple. An appeal was made to a French judge, who decided. All co-insurers were always French.

It may now occur that insurers from every Member State are involved in the matter. It is impossible for a private person to press suit with judges in all nine Member States. I therefore, fully agree with Mr Schmidt that we should look into the possibility of adopting a regulation on this point. This does not concern the big airline companies. They have their experts. They need have no cause for concern here.

What Mr Simonet and Lord Mansfield have said is absolutely correct. There is no worry on this point on the exchange concerned.

I should now like to make an observation on my own amendment, which is concerned more with smaller insured. I do not wish the special agreement under discussion to be mentioned only in the small print on the policy. I should very much like the agreement to be concluded in writing between the leading insurer and the insured. I think this is very important.

**Broeksz**

If we adopt Mr Schmidt's amendment this will not be easy to arrange. Nevertheless, I propose that it be adopted, since the Commission will then at least be compelled to look into this important matter to see whether measures can be taken here.

I agree with Lord Mansfield that his version of Article 2 is better than the one approved by the Legal Affairs Committee. I am in favour of his text. If Mr Schmidt's amendment is adopted, then Lord Mansfield's amendment can be supplemented by the wishes expressed by Mr Schmidt.

**President.** — What is the rapporteur's position?

**Mr Brewis, rapporteur.** — I should like to give my opinion as rapporteur with considerable humility because I am not an expert in German law. I listened with great interest to what Mr Schmidt said. Like Lord Mansfield, I have been having discussions with insurance interests in Britain, and my understanding is that the practice much more resembles his amendment than it does the Legal Affairs Committee's amendment. As rapporteur, I recommend Lord Mansfield's amendment to Parliament, although the point is not a major one.

**President.** — I put Amendment No. 1 to the vote.

Amendment No 1 is adopted.

I therefore consider that this means Amendment No 8 is no longer necessary.

I call Mr Broeksz.

**Mr Broeksz.** — (NL) Mr President, I do not think Mr Schmidt's amendment conflicts with Lord Mansfield's amendment. Mr Schmidt intends merely to supplement the amendment proposed by the Legal Affairs Committee to Article 2. Lord Mansfield's amendment can be supplemented in the same way. I have therefore voted for this amendment. I shall also vote for Mr Schmidt's amendment. Both amendments can easily be fitted in together.

**President.** — I call Mr Schmidt.

**Mr Schmidt.** — (D) Mr President, I share Mr Broeksz' view. My main concern is not the concept 'manages'; here I would be able to agree with Lord Mansfield. The problem is whether an individual proportionate liability should be established for the relationship between insurers. This could be supplemented by Lord Mansfield's amendment, if my amendment is accepted, in

such a way that there would be no conflict. For this reason I would be happy if you could take a vote on the matter.

**President.** — I call Lord Mansfield.

**Lord Mansfield.** — Mr Schmidt's amendment has a totally different legal significance from mine. As I explained, my amendment preserves the position under which a contract of co-insurance is undertaken by a number of insurance companies or underwriters merely following one behind the other, usually behind the leading insurer, and there is no question of a joint and several liability or anything approximating to it.

With respect, Mr Schmidt is trying to sneak into his amendment a joint and several liability under the disguise of the English word 'manage'. It will not do. The two legal concepts are completely different and cannot be taken in conjunction with each other. May I be bold enough to suggest to Mr Schmidt that if he wants to put in the concept of joint and several liability he should do so? If he does, he will immediately be at complete variance and, indeed, in conflict with everything that has gone before in the world of insurance, including the original drafting of Article 2 by the Commission.

**President.** — I call Mr Simonet.

**Mr Simonet, Vice-President of the Commission of the European Communities.** — (F) Other Members have spoken. I am by no means an expert on the subject. I feel more and more plunged into confusion and it disturbs me. With your help, I shall try to extricate myself.

I have the impression that we are now talking of two different things.

I would be inclined to believe, from what has been said, that approval of Lord Mansfield's amendment implied rejection of Mr Schmidt's amendment.

On the other hand, it is true that Amendment No 7 by Mr Schmidt can quite easily be regarded as complementary. But that is something else and I cannot see Parliament adopting simultaneously Amendment No 8 by Mr Schmidt and the amendments tabled by Lord Mansfield, apart from the fact that at first sight, layman that I am, I felt there was a contradiction between Amendment No 8 by Mr Schmidt and Amendment No 7. In Amendment No 8 he very clearly states the concept of lack of solidarity between co-insurers and I feel that it could be inferred from Amendment No 7 that there would be solidarity.

**President.** — In view of the explanations we have just heard, I note that as a result of the adoption of Amendment No 1, Amendment No 8 becomes void.

On Article 5 I have Amendment No 3 by Mr Rivierez on behalf of the Group of European Progressive Democrats, proposing to revert to the text proposed by the Commission. Since the Commission has withdrawn Articles 5 and 6, however, Amendment No 3 is no longer necessary.

On Article 7 I have three amendments which can be considered jointly.

— Amendment No 5 by Mr Rivierez on behalf of the Group of European Progressive Democrats proposes reverting to the text proposed by the Commission.

— Amendment No 2 by Mr Broeksz is worded as follows:

This article to read as follows:

'The contract of co-insurance shall be governed by the law of the Member State where the policy holder is established, unless otherwise agreed *in writing* by the policy holder and the leading insurer.'

— Amendment No 7 by Mr Schmidt is worded as follows:

At the end of this article, insert a second paragraph worded as follows:

'If the insured makes a claim on an insurer, the latter cannot claim limited liability only under the terms of the insurance agreement.'

I call Mr Rivierez to move Amendment No 5.

**Mr Rivierez.** — (*F*) Mr President, the purpose of my amendment was to revert to the Commission's text. Now the Commission is declaring a preference for the text proposed by the Legal Affairs Committee. Consequently I am in a difficult position—it looks as if I am trying to be more catholic than the Pope. I would point out, however, that in tabling this amendment I was going back to the traditional system of applying the law of the country of the leading underwriter.

I uphold my amendment, although I have no illusions about what is going to happen to it, since Mr Simonet has already spoken very eloquently on the subject.

**President.** — I call Mr Broeksz to add to what he said earlier on his Amendment No 2.

**Mr Broeksz.** — (*NL*) Mr President, I don't want this matter to be settled in the small print or even in the big print on the policy, but separ-

ately between the two parties. This is clearer in my view.

I am, however, against Mr Rivierez's amendment. I do not know how catholic the Pope is, but in any case I do not think this is a good amendment.

**President.** — I call Mr Brewis.

**Mr Brewis, rapporteur.** — Mr Broeksz's amendment is acceptable. The point is simple, and I advise Parliament to accept it.

We have already covered the subject of Mr Rivierez's amendment. I still feel that, in the context of the Member States, the solution I offer is the better one, although I fully understand the point made by Mr Rivierez. I shall not offer Parliament any advice on which way to vote on his amendment.

Mr Schmidt's amendment has been discussed already. I believe it to be contrary to the practice of co-insurance, and I advise Parliament to reject it.

**President.** — I put Amendment No. 5 to the vote.

Amendment No. 5 is rejected.

I put Amendment No. 2 to the vote.

Amendment No. 2 is adopted.

I put Amendment No. 7 to the vote.

Amendment No. 7 is adopted.

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

Thank you, Mr Simonet.

### 13. *European Monetary Cooperation Fund*

**President.** — The next item is a debate on the report drawn up by Mr Lange 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 regulation amending Council Regulation (EEC) No. 907/73 of 3 April 1973 establishing a European Monetary Cooperation Fund. (Doc. 489/74).

I call Mr Lange.

**Mr Lange, rapporteur.** — (*D*) Mr President, ladies and gentlemen, it is a pity that it is

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

**Lange**

already so late, but we must, I feel, deal with all the items on the agenda. The proposal from the Commission which we are now discussing is an attempt to activate the European Monetary Cooperation Fund, to give it at the same time its own means of action and to change it from a managing agency into an instrument or institution of the Community genuinely capable of action as a Community institution with its own administration.

As with the earlier proposal for a decision which was later converted into a regulation by the Council, the Monetary Fund will of course retain its role in the area of monetary policy within the Community. This role will, however, be extended outwards and supplemented by appropriate provisions for taking action and influencing decisions.

The Committee on Economic and Monetary Affairs feels that this proposal from the Commission deserves the Parliament's full support principally because during the previous discussions on the Monetary Fund the representatives of the governments in the Council were not prepared to allow the Fund to act as a European organ.

In addition—this is our impression at least—the governors of the Central Banks showed in their committee some concern that their own freedom of action in the sphere of external monetary policy might be restricted; they do not therefore feel inclined to support this proposal and recommend its application to monetary policy to their own governments to whom they are responsible to greater or lesser degrees, which is what the Commission proposed to the Council.

We believe it can be said, Mr President, that the Commission's proposal does not encroach upon the Member States' decision-making powers in monetary policy; they continue to have unrestricted power in this field. What has happened in the past, however, is that the Member States have agreed to pursue a harmonized or coordinated monetary policy but have not then respected the agreement. From time to time there have been formal consultations, but the countries concerned have on occasions remained determined to achieve what they want even if the majority at such consultations favours completely different action. This applies to withdrawals from the snake, the Community monetary agreement, and to a number of other matters which we have discussed in Parliament in the past when the measures concerned were aimed at avoiding changes in parities or central rates from reasons of competition, for example. Monetary manipulations have often been re-

sorted to in an attempt to overcome certain difficulties and obstacles. The aim of the Commission's proposal is to make the outcome of consultations more binding on those who have taken part and to exert greater influence through the Monetary Fund. Experience alone will show whether the result is a success. The Committee on Economic and Monetary Affairs nevertheless feels that an attempt of this kind should be made.

At the same time the Monetary Fund is to be given another task and function. A degree of transparency is sought in respect of capital movements within the Community so that more can be known about the state of the foreign exchange and capital markets.

In this connection it is naturally also hoped that tendencies in bank liquidity and interest levels can be included in the consultation and consequently kept under observation in the Community. I have deliberately used the word 'observation' because the national governments and national authorities will remain responsible.

We approve of the Commission's intention in this respect. As spokesman for the committee, Mr Klaus Dieter Arndt called on an earlier occasion in Parliament for the Monetary Fund to be made independent of the Council. The Committee felt that this Fund should be closer to the quasi-executive body of the Community, the Commission.

To this extent, we are also in favour of the provisions contained in Article 6 that all proposals made by the Fund on monetary policy, credit policy, money market policy, credit market or capital market policy, should be submitted to the Commission and that the Commission's own proposals are then to be forwarded to the Council, and if necessary, to Parliament.

Certain decisions in this sphere cannot be previously discussed in public, in other words in Parliament. Parliament should not therefore try to interfere or push itself forward in these matters. For this reason we have refrained—although a suggestion to this effect was made—from insisting that the Council and Parliament should be expressly mentioned again. We have been content with the reference to the Commission because we see this as the fulfilment of what the committee proposed to Parliament on an earlier occasion in a resolution, which Parliament accepted. That is why we have also pointed out, in our very brief motion for a resolution, that we consider the earlier resolutions to have lost some of their topicality as regards the Fund's effectiveness and ability to

**Lange**

act. What we then wanted is still a long way from achievement; it will not even be achieved with these proposals from the Commission.

We are above all prepared—as I implied at the beginning of my speech—to support the Commission in the question of giving the Fund a management body with its own responsibilities. This is why it is also proposed that the Statutes of the Fund should be supplemented or rather amended to enable the Fund to be represented by a Board of Governors authorized to decide the organization, the powers to be delegated and the persons who may enter into commitments on behalf of the Fund *vis-à-vis* third parties.

The Board of Governors is also to appoint a Director-General, who will organize this body and also be responsible for the day-to-day administration of the Fund. This is exactly what we wanted: the Fund will conduct its business independently and no longer need to make use of a body outside the Community. However, with regard to general questions of balance of payments equilibrium, money and capital markets, it will be quite at liberty to avail itself of the services of a Community institution, even as an agent. We do, however, consider it important for the management activities of the present agent, the Bank for International Settlements in Basle, to be transferred to the Fund.

Those are the thoughts and reasons behind the decision of the Committee on Economic and Monetary Affairs to approve the Commission's proposal.

In the motion for a resolution itself we again state that even in its new form the Fund will not in itself constitute an effective instrument of Community monetary policy, unless economic policy is pursued on a Community basis and the responsibilities of the Community institutions for this economic policy strengthened. We said this some two years ago. We are repeating it now to stress that the Community cannot make progress as a result of organizational and technical steps or even measures with a political effect if they are taken in the monetary field alone; it is vital for these measures to be supplemented—in fact this is a precondition—by harmonization of economic policy, not only convergence but also coherence—I would stress the term 'harmonization'—to ensure the required uniformity of economic policy.

Mr President, I should like to propose a change in the wording of paragraph 4 of the motion for a resolution. It should read: 'Remains of the opinion that even in its new form the Fund will not in itself constitute an effective instrument of Community monetary policy unless economic policy is implemented on a Community basis

and the responsibilities of the Community institutions for this economic policy are strengthened.'

We did not want to dispute the effectiveness of the Fund, but merely to say that it would be inadequate if the harmonization needed in other fields was not achieved.

I should just like to add this on behalf of the Committee on Economic and Monetary Affairs. I should be grateful if the House could agree with the committee's proposal; we also expect the Council and the Governors of the Central Banks to give up their national ideas and their somewhat antiquated concepts of sovereignty in this field and to be prepared to seek solutions at Community level.

We shall see what the reaction of the governors of the Central Banks and of the Council is. In the final paragraph of the motion for a resolution we have therefore stated that the resolution should be forwarded to the institutions of the Community, the Governments of the Member States, the Parliaments of the Member States and the Committee of Governors of the Central Banks so that they can also study it.

I should just like to point out that the final paragraph also states that as a written explanatory statement is not attached to the report, the text of the oral explanatory statement is to be forwarded to the various bodies. I wanted to draw attention to this in case Parliament's administration had overlooked the fact.

I hope that the House will adopt the motion for a resolution.

(Applause)

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

**Mr Artzinger.** — (D) Mr President, ladies and gentlemen, in view of the time, allow me to make a suitably brief speech. I would like to start by thanking the rapporteur once again. Without his commitment in this matter we would not be able to debate it today and certainly would not be able to achieve such a clear and unambiguous resolution. We are grateful to him for this and are to a large extent in agreement with his ideas when he believes that the path which has been taken with the establishment of the fund must be pursued.

Nevertheless, we have the impression that the resistance to this course is very strong. We, therefore, entertain no over-optimistic illusions about the fate of this proposal for a regulation. We have heard that the monetary Committee has frequently taken up a position against this

**Artzinger**

proposal and it is consequently at least to be feared that the Governors of the Central Banks will not be any more well disposed towards it. Despite this fact, this House must give every support to the Commission in this matter. For this reason we shall also vote in favour of this motion for a resolution.

We are, however, of the opinion that paragraph 4 of the resolution is indispensable; it points out that the Fund will not be adequate if there is not a joint economic policy. I have been instructed to emphasize this point.

The rapporteur has already explained that organizational progress, however pleasing this may be, will probably not get us any further with regard to the main issue, and the main issue is and remains a common economic policy. It remains our wish—and therefore we also support this proposal for a regulation—to develop the future European central bank from the nucleus of the present European Monetary Fund. But the distance from today to the time when that is achieved is equivalent to the distance between the Sun and Sirius. This is quite clear to us. But the first step has to be taken even on the longest path! For this reason we will vote in favour of the motion for a resolution.

IN THE CHAIR: Mr McDONALD

*Vice-President*

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

**Lord Reay.** — We in the Conservative Group welcome Mr Lange's report and the Commission's proposal. The new amending regulation which has been put forward by the Commission, particularly in the re-writing of Article 2 and in the addition of the new Articles 4, 5 and 6, makes the responsibilities of the European Monetary Co-operation Fund more general and less circumscribed, though in itself I do not think this new regulation is enough to guarantee that in practice the fund will have an expanded function.

I wish to make two major points only. First, I think it is a very important question who is to be chosen to fill the post of Director-General. I welcome the fact that this office is being created, and that he is to have the power to recruit the permanent staff. It is a much-needed improvement. However, the person who is to fill that office will need to be someone of weight. The intention must be that he should have the weight to take important initiatives and to act as a proper co-ordinator of the relevant activities of

the central banks of the nine Member States. I do not think that is necessarily always an easy task.

My second principal point is that this fund is still a fund without a fund. It need not be so. It is the European Monetary Co-operation Fund that would be the obvious instrument to manage the currency reserves of Member States once these were to any degree pooled. I would welcome such a policy of pooling reserves as a means initially of lending to deficit countries within the Community in a way which was not bilateral, as at present, nor in the form of the European Community loan instrument, which has not yet been used but which, if and when used, will be linked more to the Council than to the central bank presidents, nor yet in a manner in which the funds made available to the deficit Member States were organized from outside the Community. This would be the best way in which funds could be made available within the Community on a Community basis.

A European Monetary Co-operation Fund in a situation of pooled reserves would be the beginning of a Community central bank system. It is that surely which we want eventually. This may be a difficult goal at the present time, when the different Member States have very different problems regarding their balance of payments, some countries having alarming problems as a result of their very substantial deficits, others—notably, of course, Germany—with the very opposite but often under-rated problems arising from large surpluses on their balance of payments.

My colleague Sir Brandon Rhys Williams—who, alas, is not able to be here this afternoon, because he had to return to London along with some other of my colleagues to fulfil parliamentary duties there—wished particularly to pay a tribute to the Bank of International Settlements with which hitherto the European Monetary Co-operation Fund has been closely linked and with which it has held joint monthly meetings in Basle. The Bank of International Settlements is a long-established and highly-respected institution which we hope will provide the same valuable services to world banking as it has in the past. I do not see any reason why we should be weakening it when we strengthen the European Monetary Co-operation Fund.

In conclusion, may I point out that Mr Lange's report places emphasis on the need for the Council to take its decision without delay and to respect the independence of the fund from outside pressures. He also emphasized the need for implementing economic policies on a Community basis if the ambitions which the Commission has for the European Monetary Cooperation Fund

**Lord Reay**

are properly to be fulfilled. These paragraphs of the motion have our full support.

However, with regard to the question which Mr Lange raised latterly, proposing an amendment to paragraph 4 of the motion, I would not be in favour of that on procedural grounds, and I would ask you, Mr President, to give a ruling on it. No amendment has been circulated, and I believe on those grounds it would not be in order for an amendment to be proposed now. I suggest that the text be maintained as it is.

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

**Mr Cousté.** — (F) Mr President, we have been consulted on a very interesting proposal by the Commission of the European Communities and I think that we should support it, as Mr Lange, Chairman of the Committee on Economic and Monetary Affairs, suggests.

We shall give it our firm and determined support because the decision does not depend solely on the Commission—which we congratulate on its initiative, replying as it does to current needs—but ultimately on the Council. In fact the Council, I must point out, has been absent from many of the debates today and this I find regrettable, because it should hear the views and suggestions of the members of Parliament. There is one suggestion which relates to this Fund: it seems impossible for it to function effectively on behalf of a Community which is moving towards greater solidarity in the form of monetary union, if it is not independent.

The independence of the Fund is something we consider essential and this has been strongly emphasized by the Commission. I should add that this monetary policy and aid from the Fund are not an end in themselves but simply a means of implementing a monetary policy inseparable from a Community economic policy.

In my view, although it is a good idea to define the Fund's responsibilities and allocate resources to it, it would be pointless without a consistent overall view of an economic policy based on discipline. It may be a generous gesture to the Commission, which has taken a useful initiative, but we would not be taking into account the magnitude of the problems facing us or the serious threats to the European economy, and more particularly, to each of our national economies and consequently to employment, as mentioned earlier. Ultimately all this is closely tied in with what we have already said at Parliament's joint meeting with the Council of Europe on inflation problems.

Our group will support this proposal unanimously because we believe that a system which calls for discipline also requires—and this answers what Mr Ortoli said this morning—greater harmonization of action and policies, in other words the definition of objectives.

We are well aware that, as the Committee on Budgets has specifically pointed out, the central banks would be responsible for introducing this new regulation and there would be no cost to the Community budget. Thus, once again the decision and the action are to be taken by the central banks.

I hope that the banks realize that although it is in Europe's interests that they should pursue an effective policy in all the Member States, too much selfishness is harmful and a little solidarity could be a great help in the present situation.

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

**Mr Lange.** — (D) Mr President, ladies and gentlemen, it was impossible for me to speak just now both as rapporteur and spokesman for my group; that would have been a bit difficult. I would like to say now simply that this group expressed its unreserved support for the proposal put forward by the Committee on Economic and Monetary Affairs through its applause.

Now, speaking as *rapporteur*, I could perhaps make an apology in respect of the observations made by Lord Reay. He said that there were procedural grounds against changing the phrase 'will not in itself constitute an effective instrument' into 'as such will be an insufficient instrument'. This is a linguistic problem in the German. A better formulation will no doubt occur to somebody, after decisions have been made and the text has been read through again, which will leave the original intention unchanged. And so I had allowed myself earlier, as rapporteur, without consulting all the members of the committee, to propose this editorial change which certainly does not call into question the effectiveness of the Fund which it doubtless has to a certain degree, but only intends to point out its inadequacy if the necessary supplementary economic measures are not taken with regard to harmonization of economic policy and standardization of economic policy.

I would ask the House to look at this point and would be grateful if Lord Reay could put aside his procedural misgivings and agree to this editorial change.

**President.** — I call Lord Reay.

**Lord Reay.** — For clarification, will Mr Lange say whether he is asking only for a change in the German text or for a change of wording in all the languages? If the change is only to the German text and can be done while leaving the other texts unchanged, I certainly have no objection.

**President.** — I call Mr Lange.

**Mr Lange, rapporteur.** — (D) I can answer this question quite succinctly. As far as the German text is concerned I recommend this change. As far as the text in other languages is concerned, if the ideas inherent in the text are similar to those in the German text I would also recommend the change. If this is not the case the change is superfluous.

**President.** — Do I understand correctly that paragraph 4 will read as follows: 'Remains of the opinion that even in its new form the Fund as such will be an insufficient instrument of Community monetary policy...?'

I call Mr Lange.

**Mr Lange, rapporteur.** — (D) Yes, in as far as this wording corresponds to the new German version. In the German 'kein wirksames Mittel' is to read 'ein unzureichendes Mittel'.

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-president of the Commission of the European Communities.** — (D) Mr President, ladies and gentlemen, I am grateful to the Committee on Economic and Monetary Affairs for its dispatch in drawing up an opinion on the Commission's proposal. I am especially grateful to the committee for giving its approval to our proposal. I would like to underline the significance of the fund for the Community's monetary and credit policy and as a Community instrument.

We debated this question once before two years ago when we made the first proposal for the establishment of this fund. It was clear then that this instrument would have no value in itself if it was not employed towards a Community economic and monetary policy. The *raison d'être* of the fund lies in this objective, and if the objective is accepted then the fund becomes an important instrument.

On 3 April 1973 the Council adopted the regulation. There were long debates, as we know, about the seat of the fund. When a decision was

finally made we expected that the fund would commence the activities assigned to it. So far the fund has remained a legal shell with its headquarters in Luxembourg.

The Board of Governors of the Fund meets regularly outside the framework of the Community. The technical work is done by an agent outside the Community. Here I would like to underline what Lord Reay said just now about the Bank for international settlements. This bank is acting at present as agent for the Fund and is carrying out this task excellently. However, we are of the view that a Community instrument should do its work within the Community, especially when its work is growing. Of course this Fund—like the other Community organizations concerned—will be constantly concerned with pursuing the exceptionally constructive and good relations we have with the Bank for International Settlements. There are opinions put forward by the governors of the central banks and the Monetary Committee. They deal mainly with technical aspects. For us this Monetary Fund is, however, not only a technical question but rather a major political and psychological question. The question now is whether the Community leaves this instrument on paper or develops it so that it can be used for effectively pursuing policies.

It is said that our coordination and concertation is good and adequate. I can only say that we have occasion to note that it is sometimes not as good as it should be in the sphere of monetary matters.

It is also said that people are, in principle, in favour of the development of this Fund but not yet, rather 'in due course'. But no opinion is given when this point in time should be or whether it should be a certain date or when there is a certain political constellation. It is pointed out that there is a problem arising from the relationship between the Central Banks and the Governments or the position of the Central Banks vis-à-vis the Governments.

We know that in this case the Community embraces varying structures. In some countries the Central Bank is exceptionally independent; in other cases the rules are different.

As far as the Fund is concerned the Commission has from the start expressed its hope—and this I would like to underline—that this Fund should be independent and work independently. Our proposals are directed towards this objective.

The significance of coordination and Community measures and attitudes in the sphere of monetary, financial and credit policy has quite clearly grown. We only have to think of the

**Haferkamp**

tasks arising from the fact that there are currencies in the snake and also four freely floating currencies, of the uncertainties in the world currency system which have grown exceedingly in the last few years and correspondingly affect the currency market, or the importance of financial and credit policy for the general economic policy!

We proposed in Article 4 that the Fund should be responsible for arranging continuing and prior consultation on the monetary and credit policies of the Central Banks of the Member States, particularly where they affect bank liquidity, interest rates, capital movements and exchange rates, etc. This shows how important coordination is, with a policy pursued by all the Central Banks and in all the Member States in the same direction. It also represents a contribution to the improvement of economic policy measures. Let us remember how often we have had considerable difficulties due to the differences in interest and bank rates. This is a task for the Fund which is an intrinsic part of economic policy. You are all, I believe, aware of this fact; I simply wished to draw attention to it once again.

May I make some observations on two other points; I will be very brief.

Of course, we too, as Lord Reay said, believe that it is very important to find a recognized figure in the banking and political world when we come to look for a director-general. I only hope that we will soon be given the opportunity to start looking once our proposal has been accepted.

Lord Reay also referred to the possible significance of the pooling of monetary reserves. Ladies and gentlemen, in 1972 the Commission submitted a comprehensive report on this matter, on which this House gave an opinion. We submitted a proposal for a regulation for the initial pooling of these reserves, linked with strengthening of short-term monetary aid. That was in November 1973. The Council of Ministers was not able to come to a decision at the time on this proposal. At its meeting of December 1973 it requested the Commission to draw up a further report on this matter. I declined on behalf of the Commission because I expected that a decision would be made and further reports would not be required. These were then requested by the Monetary Committee and the Committee of Governors of Central Banks and were to have been submitted by 31 March of last year. They still have not reached the Council, I mention this because I am fully convinced that this is one of the Community's missed opportunities. It would not have been necessary to accept

the full percentage rate the Commission proposed but an initial step in this direction could have been made on 1 January of last year. This would also have provided an instrument for removing the balance-of-payments difficulties and, even more important, would have provided a basis for a European unit of account.

I believe that in the turbulence of our times, where the question is in what currency should payment be made to this or that oil-producing country, a well-founded and solid European unit of account would already have had a most important role to play.

This is, unfortunately, something which we were not able to achieve. It is, however, certain that if we can develop this Fund there will be further progress in other matters which are so important for us, such as the European unit of account and similar matters.

Mr Cousté regretted that the Council was not present here today to take part in this debate. I regret this too. We will, I hope, soon hear the opinion of the Council. But if you were to ask my opinion, I would say that I fear that you, ladies and gentlemen, will have to see to it, in your national parliaments, that we make progress on this point.

*(Applause)*

**President.** — I call Lord Reay.

**Lord Reay.** — One of the points of my objection is that it is extremely difficult when an amendment is submitted orally, since it has to be taken through the translation when that translation is not fixed and one does not know for certain what one is agreeing to. Mr Lange will recall that when we discussed this matter in committee the only text we had was the German, which made it difficult for some of us. However, his amendment has now been repeated often enough for the translation to have settled down into a form which I think we can rely on seeing in the English written version. I do not think that the amendment changes in substance the meaning of the text but probably it improves the grammar. In the circumstances, I withdraw my objection to it.

**President.** — I put the motion for a resolution as amended in the fourth paragraph to the vote.

The resolution is adopted.<sup>1</sup>

Thank you, Mr Haferkamp.

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

14. *European Community's relations with the East European state-trading countries and COMECON*

**President.** — The next item on the agenda is a debate on the report drawn up by Mr Klepsch on behalf of the Committee on External Economic Relations on the European Community's relations with the East European state-trading countries and COMECON (Doc. 425/74).

I call Mr Klepsch.

**Mr Klepsch rapporteur.** — (D) Mr President, ladies and gentlemen, it is certainly regrettable that we should come to debate this important subject, for the preparation of which we had to wait so long, at such a late hour, but as rapporteur I am pleased to be able to accomplish here today the task which Parliament referred to us such a long time ago. I would like to remind you that on 13 October 1972 the final communiqué of the Summit Conference made it clear that an operational common policy on the subject was to be established by 1 January 1973.

Parliament then charged its Committee on External Economic Relations, and through it Mr Boano, with the compilation of this report, on the basis of a motion for a resolution by Mr Vredeling. Mr Boano experienced considerable difficulty and hard work in coming to terms with the complicated problems of terminology and demarcation—since on many points this was new territory for this House. I would like to thank him most sincerely since it would quite certainly have been impossible for me to present this report here to you today without his excellent preparatory work. I would also like to give my thanks to the Political Affairs Committee and their rapporteur, Mr Jahn. In the opinion which they provided for the Committee on External Economic Relations and which is attached to the report, they give an excellent picture of the relations and connections between the more specialized economic and trade policy aspect and general policy and structural and political questions.

This is the reason why the Committee on External Economic Relations has not concerned itself with dealing with these problems further but has explicitly incorporated the opinion in the report and attached it to the report as a valuable contribution to the report.

We have also been able to reach extensive agreement at our meetings on questions of terminology—and here I would like to thank the Commission and my colleagues in the committee—with the result that it has been possible for

us to submit this question today with everybody's approval. It is in the nature of the matter in hand—and this is something we shall see continually in connection with these reports and in this case too—that topical events connected with the subject of the report cannot be commented on in the report, as everybody would expect, since the report was concluded before they took place.

It is our pleasure to have Sir Christopher Soames with us here today and I would therefore like to address to him a request to complete this report.

We all know that meanwhile a delegation from the European Community, i.e. the Commission, under Director-General Wellenstein, has been having talks in Moscow with representatives of the Council for Mutual Economic Assistance. We will be grateful for information on the outcome of these talks from you, Sir Christopher. We have gained the impression from the media that the Commission's delegation was well prepared, that it conducted useful talks and gave a precise definition of the position of the European Communities. We hope that it will continue to be equally consistent in the future. Parliament would naturally be grateful if you could say as much to us today.

The first problem in this report—as I have already said—was that of terminology and what we really meant by the term 'state-trading countries'. We finally agreed that the original Commission and Council concept should be taken as a basis for the definition but suggest that—in order to keep a promise made to the members of the committee—at some point the whole complex of questions concerned with state-trading countries and their various nuances and origins should be worked out so that we all have a clear, equally binding, terminological basis to work on which is equally binding.

In my report—as I have already indicated—I have tried to bring out the real trade policy problems, those concerning the Committee on External Economic Relations in particular and those coming under the ambit described by the title of our report. All the questions dealt with by the Political Affairs Committee were therefore somewhat marginal for us. We did, however, believe that it was necessary to go into details in this case.

It is impossible for me to deal with everything here and I must therefore make do with making selective inroads into the contents of the report with the aim of drawing your attention to a number of problems which seem to us to be especially important. When talking of the

**Klepsch**

development of economic relations between the state-trading countries—the East European countries of COMECON as we frequently call them—and the European Community we must remember that there are a number of problems. May I recall that the preparation of information provided by the national statistical offices of the Member States often brings great difficulties. They do have figures broken down by groups of products for 1973, but it is difficult to distribute the increase over the various sectors. This is just one of the problems.

On the basis of the long-term economic plans of the East European state-trading countries and developments during the last few years it can be assumed that the structure of external trade between the EEC and the East European state-trading countries has changed but little. We can, therefore, assume that Community imports will mainly consist of agricultural products, raw materials, energy materials and semi-manufactured products, and EEC exports to these countries will continue to consist mainly of capital goods—although consumer goods have become fairly important recently.

One thing we must remember is that the basic problems of trade relations with the COMECON countries have undergone little change. They continue to be rooted mainly in the latter's chronic lack of currency reserves, the non-convertibility of their currencies, production structure the lack of complementarity and different quality criteria from the West as well as the inappropriateness or insufficiency of goods offered and balance-of-payment deficits with the Western industrial countries.

These problems will be intensified by the shortage and rising cost of energy and the continually increasing pressure of inflation, factors which are also becoming more acute in the East European state-trading countries. The expansion of credit facilities for COMECON countries therefore takes on increased importance in connection with balance-of-payments deficits.

Ladies and gentlemen, it would be easy to make too long a speech. I would like to confine myself to saying that the total credits granted in 1971 by the original six countries of the EEC to the Eastern European state trading countries for a period of five years amounted to \$3 000 million, or almost the equivalent of the total value of exports from the Community to these countries. I mention this simply to show the inevitable problems.

We must be aware of these difficulties; in the long term they set narrow limits to further extension of trade in this form.

There is also a number of external factors which we must also be aware of and which also affect trade; such as the negotiations in the Conference on Security and Cooperation in Europe, in which the European Community has a negotiating mandate. And I would like to give thanks on behalf of my committee for the fact that the Community is acquitting itself to great effect in this conference. The single representation of the Community has certainly contributed towards a process which, we believe, is nearing conclusion, namely the recognition of the European Community, its tasks and its structure, by the East European state-trading countries and in particular the Soviet Union. One thing is quite certain: the outcome of the conference will have repercussions on the formulation of the common commercial policy.

Our report outlines a number of basic elements for the common commercial policy such as most-favoured nation treatment, quotas and liberalization, general trade arrangements, and in particular a chapter on export trade credits and another on cooperation and also on the consultation procedure. We have made a few observations on the model for trade agreements as proposed by the Commission. There was also some criticism of this proposal.

I would like to go into a number of sets of questions in brief: much as we welcome the fact that the Council and the Commission have tried to achieve results on credit insurance and the agreement on the granting of credit—we were grateful to see that a number of initial steps in this direction had been made and hope that their success will lead to further steps in the near future (we mentioned this in the motion for a resolution and would like to encourage the Commission to urge that these initial steps should not be the last)—at the same time we regret the delay in following up these positive steps. We would like to say once again with the greatest of emphasis: of course we are pleased at the gentlemen's agreement which includes a minimum rate of interest, a maximum term for export credits and such questions. We also believe that there has been a change in external trade conditions in as far as it is clear that cooperation and credit questions, measured against the classical instruments of external trade policy, have been given a different order of priority than in the past. It is for this reason that the committee has given special attention to these questions.

Another point is that the special nature of economic relations with the state-trading countries has shown more and more clearly that the current trade policy should be concentrated less on steering flows of goods by means of customs

**Klepsch**

duties and quotas and more on the encouragement and even in many cases, the actual creation of an exchange of goods. This has given greater prominence to the rising number of cooperation agreements with the Eastern bloc states and the effects of these agreements on external trade. This is also the reason why the committee has given its attention to these two groups of questions. We also believe that the introduction of a consultation procedure for cooperation agreements between Member States and third countries is an initial step towards making it more difficult to by-pass the common external trade policy and later to prevent and even put an end to such manoeuvres. This of course will only be possible when the machinery is developed further and agreements in the Community on this group of questions are more effective.

I gladly admit that cooperation agreements represent a significant contribution to the international division of labour and the intensification of trade and that they can be of mutual benefit and therefore, ultimately, contribute towards international détente. But they must not be seen as a platform for efforts to by-pass the common trade policy. This is your committee's firm resolve. We therefore welcome without reservation the main objective of the agreed procedure, that is the guarantee that agreements, commitments, and measures of Member States should be compatible with common policies and in particular the common commercial policy, and that mutual information and coordination of action by Member States vis-à-vis the third countries concerned should be improved and that the effectiveness of measures which can be taken by the Community independently to further cooperation in areas falling under Article 113 of the Treaty should be examined.

But we are aware of the fact that the fulfilling of the Treaty agreements laid down in Article 113, by which the Member States accept the common external trade policy, depends on how far we are successful in making further progress in the sphere of credit guarantee, credit surveillance and cooperation agreements and in rounding off agreements which had to be made between the Member States to define precisely, clearly and in binding form the concept of a common external trade policy.

The committee would therefore like to emphasize that it supports the Commission in its efforts and requests Member States to take those steps necessary to create a foreign trade system which will function effectively in every respect.

But I would like to go one step further and draw particular attention to the fact that we

are concerned, in considering these questions, with telling the Commission how sorry we are that the development of the common external trade policy vis-à-vis the state-trading countries has not been as intense as envisaged by the 1972 Summit Conference.

We realise that we are not saying anything new to the Commission; we have often talked about this before. But we hope that the opportunity is favourable for a new start on the basis of present conditions and that this work can be completed, together, successfully.

Allow me to make one final remark, Mr President. We have been very careful to distinguish between bilateral trade relations with the individual East European state-trading countries and the contacts taken up with the Council for Mutual Economic Assistance at the latter's prompting. We believe that in view of the structural situation as described in the report that it would be good to distinguish carefully between these in the future and to work energetically on the development of bilateral relations between the Community and the individual state-trading countries of Central and Eastern Europe and also to be prepared to take up and exploit the contacts, and common measures, which are possible between COMECON and the European Community.

We believe, Sir Christopher, that we are now at the beginning of the road. We would therefore like to repeat, with the best of intentions: we believe that the position taken up by the Community in this question so far has been correct. The Parliament would like to request you sincerely to continue along the path you have taken with the same meticulous care and with the same concern for Community interests.

*(Applause)*

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

**Mr Jahn.** — *(D)* Mr President, ladies and gentlemen, it is my honour to give my group's opinion on this very important report drawn up by my friend, Mr Klepsch, an opinion which is basically covered by the opinion and decision of the Political Affairs Committee. May I state at the outset that I agree with the assessment of the position and prospects given by my friend Mr Klepsch with regard to external trade relations between the European Community and the state-trading countries, or COMECON.

Allow me, however, to go into a number of political aspects of the very varied problems involved. Our present debate comes at a time of careful probing by the Commission on talks

**Jahn**

with official bodies in Eastern Europe. This is no coincidence. The responsibility of the Community, under the Treaties, for organizing external trade with the state-trading countries can no longer be overlooked in the East. But we should beware of euphoria. The unrestricted participation of the Commission in the Geneva conference on Security and Cooperation in Europe and the visit by Deputy Director-General Wellenstein to Moscow has not only been a subject for rejoicing. These talks reveal mercilessly, the differences which still exist and, not least of all, the lack of knowledge about our Community existing in those countries. They also show our own problems. It appears to me that as the Community makes more use of the powers delegated to it, the Member States become increasingly inventive as to retaining as far as possible their national freedom to negotiate vis-à-vis the East European state-trading countries. I will go into this point briefly later.

The state-trading countries of Eastern Europe and their economic cooperation organization. The Council for Mutual Economic Assistance, are our neighbours. For this reason they expect our European Community to adopt from the start a comprehensive position based on a clear policy. Up to now the Community as such—and certainly its components—has not managed to develop into an independent antipole to the prevailing world power in Eastern Europe. At the same time Western Europe—and we must be clear about this—forms a part of the bipolar power system of the two super powers. The Eastern system has a different economic and social structure, but mutual respect of the status quo is one of the features of world balance.

If this is so, a naive observer would be justified in asking why we should be attempting to intensify relations beyond our own bloc. Why is the European Community trying to formulate its own policy? The answer to this is clear. There are latent conflicts inherent in the proximity of different systems. These conflicts are ambivalent and they could possibly lead to uncontrollable confrontations.

But there is also inherent in this proximity a positive opportunity to develop peaceful competition and exchange and—while respecting ideological differences—good neighbourly relations. We have an interest in peaceful and friendly relations throughout Europe. We believe that our European Community can work as a factor for creating and stabilizing peace in Europe. The Community provides positive psychological conditions for this because it is a new phenomenon in international politics. Furthermore, a common policy towards other countries—I hope that it will soon be possible

to speak simply of a common foreign policy—is indispensable since there can otherwise be no hope of success for internal integration.

Finally it must be remembered that the fact that the European Community is embedded in the Western part of the bipolar world system does not mean that Community interests are already given enough attention in this system. To speak frankly, we should not expect—and in any case I do not consider it to be the most desirable thing—the American Secretary of State and his colleagues to make agreements about the substance of our relations with Eastern European states. This is something we must do ourselves within the framework that evidently exists. I therefore welcome the open conduct of these talks.

So what can we do? First we must try to dispel tension in Europe by fostering trade, technological and political cooperation. The Community is prepared and willing to do everything in its power—and we should all remember that this is a great deal—to build up relations with the state-trading countries which also are compatible with the common organization. We all are aware of the problems standing in the way of rapid success. The conditions under which capitalist and socialist economic systems operate are too disparate and connections are not possible without further ado. The example of the breaking-off of the American—Russian trade agreement underlines this problem. I have noticed in all my talks that there is a need for much enlightenment on both sides to put facts in the proper perspective and see various things as they really are.

Here I believe it would be a good thing if the USSR, Poland, Hungary, etc. were to translate our reports—and particularly the annual general report, but also our other documents—into their languages and publish them in their countries. These documents and much other information about the Community is universally accessible; they can obtain all this from us whenever they wish to do so. But information policy should not be one-sided. Up to the present day it has not been possible for us to obtain COMECON organization plan. This is a basic requirement if we are to enter into negotiations with them and talk about these problems.

Allow me to say a few words, in connection with the expansion of trade, about the disagreeable problem of cooperation agreements. I subscribe fully to the views of my friend Mr Klepsch. Consultation agreements, Sir Christopher—including private agreements of which there are over 500 in Europe at the present time—should be examined so that we can get some idea of the conditions in which the

**Jahn**

individual nations compete with each other or even, as we have sometimes experienced, put pressure on each other.

Unfortunately, the Commission must be accused of some hesitation in the initial phase with regard to these agreements. This is not meant as a malicious reproach on my part; we did not think when the Treaties were concluded that such an instrument would ever take on such dimensions, and in fact we let it grow until we suddenly realized that external trade policy had been fully supplemented by cooperation agreements and we started wondering where our own external trade powers had disappeared to.

We have noted with satisfaction that the USSR's fixed ideological assessment of the European Community has begun to give way to a more rational view. We welcome this and are consequently prepared to make efforts to see that permanent relations are established between the Communities and the state-trading countries in the interests of world peace and peace on the European continent. In this we hope that the European Community, as partners who will probably grow closer together in the coming European union, will act as a single unit. Vis-à-vis the East we would be prepared—it would probably be better to say we are prepared—to accept COMECON as a trading partner. But—and here I underline what Mr Klepsch said—this does not exclude our negotiating as before with Warsaw, Prague, Budapest, Bucharest and Sophia; up to now we have always concluded bilateral treaties.

Let us, therefore, after the final abolition of the danger of war in Western Europe, work towards an equally definitive removal of the danger of aggression between East and West in Europe. And the Soviet Union, or COMECON or the Warsaw Pact, would be well advised to see that there is no new concentration of forces in Eastern Europe, but that their forces are reduced, in the name of peace. For its part, the European Community will do everything in its power and I am sure that the report which we have submitted shows suitable ways of going about it. On behalf of my group I would like to say that we approve both the report and the motion for a resolution.

*(Applause)*

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

**Mr Lange.** — *(D)* Mr President, ladies and gentlemen, the Socialist Group approves the motion for a resolution submitted by the Committee on External Economic Affairs. It is not our place to decide on the report itself; but I

could also say that we are able to approve the contents of the explanatory statement. We see in this report the practical fulfilment of a charge given to its committees by this Parliament—following certain ideas elaborated by the Commission.

Now, relations with state-trading countries are one thing; relations to the state-trading countries grouped together in COMECON are another thing. In introducing his report the rapporteur has already pointed out that the question of which country is to be regarded as a state-trading country played an exceptionally large part in deliberations in committee; on behalf of my group, I would like to elaborate once again on this critical point. The definition given to us on the occasion of a debate in Rome—or rather the list of state-trading countries which was given to us—does not in our opinion cover every country since they are basically the COMECON countries with the addition of North Korea and North Vietnam. We do however know—and this is the request which I make to the Commission—that there are countries in other parts of the world whose external trade relations are formulated and operated either by a state-owned or state-controlled import and export firm, and which thus in no way correspond to the concept which we have although this is also state trade. This is something for the Commission and also for us to consider together. We must therefore request the Commission to consider this matter again.

This also implies the further question how far the parts of the Community, i.e. the Member States, are prepared to subject their external trade relations to a common régime. If we refer to external trade policy in the original classical sense this does not cover the full range of external trade relations, and so we must here expect a further step to bring external trade relations under a common régime. Only when that has been done will it be possible to present a common front to the outside world and not, with our various bilateral intentions, indulge in internecine competition as has happened so often in the past, when it was a matter of obtaining orders linked with corresponding credit demands from the other party and in which interest rates were also a factor, and the countries of the Community, in alliance with other countries of the Western world, merrily undercut each other. The important thing is here that the Community should take up a uniform position; if this were to be realized it would represent a quite considerable step forwards.

Here I would like to refer to a number of points on which my colleague Mr Patijn also has a few words to say shortly. I wonder in fact

**Lange**

whether Article 113 is sufficient or whether we should not also refer to Article 235 as well if we are to attain the objectives of the Treaties as regards a uniform external trade policy. I consider that, in view of the disputed legal position, reference to Article 113 is not sufficient.

It is certainly useful and necessary for us all, and also not least of all for the Community, to endeavour to avoid or dispel tension between states with different domestic social constitutions and régimes, at least in respect of their external relations—here I am not referring specifically to external economic relations. This is a critical task for the Community and for its members individually in the light of power relations throughout the world which are no longer considered to be concentrated in two places, or rather polarized, but in which there are indications of a third and possibly fourth centre.

When we think of oil we cannot say that we have been completely spared from the consequences of the measures introduced by the oil producing and exporting countries, which we now have to bear the consequences of together. It is also impossible for us to say that the relationship between China and the Soviet Union and the United States is of no consequence for Europeans. The important thing is no longer the problem of the Europeans' attitude to the Soviet Union and to the United States but basically whether the Europeans manage, by dint of integration, cooperation and uniform action to develop one day, by their own efforts, such a position that other powers will not disregard them in their talks and actions.

In addition to this we harbour the usual illusion of the West vis-à-vis the East. We are all liable to take over a certain 'Eastern' vocabulary without thinking. We have no qualms about speaking of the socialist camp, as if it was that; we have no qualms either about speaking of socialist countries as if they were socialist countries. Politically speaking, this could give rise to long discussions during which it might be determined that the concept of socialism was being misused here as it was misused by the national socialists. But these are points which we do not have to clear up with regard to external trade relations and external relations. We must however realize certain facts and remain aware that conditions are quite different from what many people in the West believe. Furthermore it appears to me that, useful as the attempt to start talks with each other may be, we must be careful—as the rapporteur has already pointed out—not to compare COMECON, i.e. the Council for Mutual Economic Assistance and the European Communities. The European Communities represent something completely

different. We in the EEC are engaged in transferring powers from the individual parts, i.e. the Member States of the Communities, to the Communities themselves. In COMECON things are completely different. There is a framework which gives the impression of being something similar to the Communities but does not have the same content as the Communities. The illusion begins with the buildings: the COMECON building in Moscow and the European Parliament here look remarkably similar, but nevertheless the difference remains considerable. Furthermore, Moscow only has bilateral treaties with the members of COMECON, who do not even have comparable bilateral treaties amongst themselves. This is also evidence of a completely different structure.

We Europeans should be careful not to let levity, lack of understanding or whatever we wish to call it lead us along a path which might possibly—even in the wake of a policy of détente and any practical results this policy may have—help Moscow to strengthen its domination over the other parts of the Council for Mutual Economic Assistance. This danger exists and we should be aware of this danger in all the talks which are held.

I nevertheless have the impression—and I can say this without reservation—that the delegation led by Mr Wellenstein is fully aware of this fact. But I would like to say that all those in positions of authority in Europe should be aware of these differences and also not forget the fact that possible disregard of these differences could lead to undesirable political consequences for us and also for the East European state-trading countries. I wanted to refer to this point particularly once again since it played a special role in the talks, debates and negotiations of the Committee on External Economic Relations.

As long as we remain aware of all the risks from inside (narrow-mindedness on the part of the Member States) and from outside (the misinterpretation of certain facts) then I have no misgivings about the unreserved continuation of talks since economic relations could, in one way or another represent a contribution to the reasonable political organization of our European continent and we could then also avoid the dangers inherent in the tension and pre-war situations we have experienced in the past.

This must be our aim, but always subject to the proper assessment of our negotiating partner.

I believe that, all in all, these facts are well represented in the report. I repeat, we approve the motion for a resolution and the report

**Lange**

although the formal decision is only to be taken on the resolution.

(Applause)

**President.** — I call Sir Douglas Dodds-Parker to speak on behalf of the European Conservative Group.

**Sir Douglas Dodds-Parker.** — Mr President, I am pleased to follow Mr Lange, who speaks with such knowledge and authority on these matters, as on many other affairs which we discuss. I do not always reach the same conclusions as he does, but he always holds the interest of Parliament.

On behalf of the European Conservative Group, I support what Mr Lange, Mr Jahn and, indeed, Mr Klepsch said. I had the privilege of being on the committee, and I know how much work has been done by Mr Klepsch. The report is an important step on the long road towards reaching the goal which everybody desires — a free and united Europe. I am glad that the Commission is to be in charge of future trading negotiations.

I should like to ask the Commissioner two questions. Will Sir Christopher give us some information about the visit of the Commission to Moscow to talk with the authorities of COMECON, and will he say what proposals have been put forward? Secondly, will Sir Christopher confirm that there is no restrictions on individual trading countries' making agreements with Community countries? I am sure that there is not, but it is worth while confirming these matters, because from time to time there are misrepresentations in Eastern Europe to the effect that COMECON has taken to itself authority similar to that which we have freely given to the Commission. Will the Commissioner confirm that interest and credit terms will not be more favourable to state-trading countries than are those laid down in various Community and international agreements? One knows from commercial experience that from time to time the terms have been side-stepped, and it is important that that principle should be made clear once again.

Two amendments have been put down. We in the Conservative Group would accept Amendment No 1, which is to delete the following words: 'in particular towards the state-trading countries'. We feel that the rest of the paragraph holds good. It has been our object to facilitate a common commercial policy, and we have not yet made the progress that we should like to see, not only with state-trading countries but with others. No blame is attached to Sir

Christopher, who has laboured hard and successfully in getting as far as this.

We do not support the second amendment, as we think it is necessary to retain the words 'which allow only restricted freedom of action'. I hope that the rapporteur will be able to accept the first amendment even if he does not accept the second.

I look forward to hearing what the Commissioner says in answer to the questions. I express my appreciation of Mr Klepsch's hard work, and wish him many years of harder work in achieving further progress.

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

**Mr Kaspereit.** — (F) Mr President, ladies and gentlemen, I should like first of all to congratulate Mr Klepsch on his excellent report on the Community's relations with Eastern Europe. I must say straight away that the Group of European Progressive Democrats will adopt his motion for a resolution.

The question was a difficult one and your Committee on External Economic Relations appreciates this, since in such a difficult field there is a strong temptation to give the imagination a free rein in the hope that this will be the way to find a solution to the problem involved, whereas in fact—particularly in this case—a solution can only be found by means of a rational approach.

Nothing has been overlooked in this report; it covers the purely economic and financial aspects, the wide institutional differences between Eastern and Western States and between the organizations to which these states belong, and finally the political aspect, which is perhaps the most important.

In my speech—which will be very brief, I assure you, Mr President—I shall merely comment on three points.

First of all, I believe that we should not merely try to pursue a trade policy of the traditional type. Discussions centring merely around customs duties and tariff quotas are appropriate to the Western countries, whose state of development, although it sometimes varies considerably, is of a more or less uniform nature.

This is not the case with the Eastern bloc countries; Czechoslovakia, which has been industrialized for many years and has become inured to Western ideas, and Bulgaria, traditionally an agricultural country and only recently begin-

**Kaspereit**

ning to modernize, cannot be considered in the same light. The same solution will hardly be appropriate for the German Democratic Republic, which is as developed as the Western European countries and has abundant resources, and for Hungary, which has had to make considerable efforts to escape from its past, and a great deal still remains to be done.

In other words I do not think it is advisable simply to dense a trade policy which remains within the traditional limits and is more or less uniform for all the Eastern bloc countries. Priority should be given to evolving a cooperation policy diversified enough to be adapted to all eventualities so that, whatever the stage of development of the country concerned, trade will continue to increase.

My second point is that, although the establishment of relations with COMECON is to be welcomed, caution is advisable. We know that the Eastern bloc countries are not all satisfied with the results of this association. We do not know the real reasons for the action of the COMECON secretary in 1973 and I doubt if the Commission's Director-General for External Relations, who has just had talks with the COMECON authorities, can give us any explanation either; all he can report on is the good-will or otherwise of the partners in the discussions.

We must remember that the EEC's rules, duties, responsibilities and objectives are not comparable with those of COMECON. It is not our job to facilitate or complicate COMECON's policy or to place any of its members at an advantage or disadvantage; we are not revolutionaries and are not trying to persuade others to adopt our institutions.

So let us maintain good relations with COMECON, but at the same time let us establish or maintain or rather develop relations with each of its members individually.

My last point is a political one and concerns both the Community's internal and external policies. Europe's situation is far from sound—this has perhaps been said too often—but this could be remedied if we took advantage of every opportunity to introduce more common policies. The policy we are discussing now is not, perhaps, of crucial importance, but in my view it holds out prospects for the future and may give rise to solutions which could be applied elsewhere, in the interests of a genuine trade policy. So let us take advantage of what appear to be the wishes of the Eastern bloc countries and COMECON, at a time when our Member States too would benefit from such a policy.

Let us also take advantage of this opportunity to assert Europe's identity and importance in the international field. History has shown that trade relations are often established as a result of conflict—sometimes very serious conflict—and are, in fact, a consequence of the settlement of these conflicts. Today, fortunately, trade relations appear to be a decisive factor in maintaining peace and they are all the more important because they seem to lead to cooperation in all fields, particularly the political field.

This is something we must think about very carefully. It is ridiculous to think of the world as being permanently dominated by two superpowers. Remember that the establishment of trade relations between the EEC and the countries of Eastern Europe can bring considerable political advantages to Europe. I repeat, we must not miss this opportunity.

*(Applause)*

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

**Mr Sandri.** — *(I)* Mr President, I want to make, very briefly, two observations on the report which Mr Klepsch has submitted and which we have read with great interest.

I think it would have been useful, if we had had the time, to look more closely at the assertion contained in the report, that it was more force of circumstances, rather than any deliberate choice, that led the Community to take the first steps towards a common trade policy. Since we do not have the time for such detailed consideration, I shall go on to the substance of the problem.

The rapporteur has stated that the increase in imports from the COMECON countries to the Community amounted to 40% between 1972 and 1973, while Community exports to the socialist countries increased by 45%.

These figures show us the possibility of developing existing relations, notwithstanding the obstacles of a technical nature—and not only technical—which undoubtedly exist and which result from the structural and political differences, or, to put it in a nutshell, the differences between the social systems of the socialist countries and those of the EEC.

All the same, it would appear that these obstacles, the existence of which certainly cannot be denied, are not insurmountable wherever political options and a political will, as opposed to the force of circumstances, are such as to allow them to be tackled. It looks, indeed, as if pre-

**Sandri**

cisely this has emerged from the first meeting between the Community and COMECON. We await with great interest what Sir Christopher Soames is able to tell us about this meeting. As far as we know, the results were modest, which is hardly surprising since this was a first meeting, but it was nevertheless an important event in itself; it indicates a path which can probably be followed in seeking further results in the future, results which can certainly be achieved as long as they are backed by the political will to which I have already referred.

I want to lodge an objection—and that is the main reason I asked to speak—to the resolution, or more precisely to one paragraph in the resolution tabled by Mr Klepsch. It is certainly not a minor objection. In paragraph 8 the rapporteur states that bilateral agreements constitute a danger to be avoided. Now, I believe that we should put the following question: have these agreements constituted, or do they effectively constitute a danger, or are not they too a way of healing the old wounds, the vertical divisions which have split Europe into two halves, a way to improve the ties which should then lead on to that harmonious development of relations which the rapporteur himself said was the goal, on the basis of the principles of non-interference and reciprocal advantage. Well, our answer to this question is that even bilateral agreements, if we take into account the past, the cold war from which we are emerging, can and should constitute a means for achieving the higher goal of a harmonious development of relations. Let us take, for example, the cooperation agreement which was signed yesterday between the Soviet Union and the United Kingdom. Well, I think this is something which can be greeted as a step, after others taken by other countries, towards the creation of a climate which we are all seeking.

I would like to conclude by making one final point. We share the judgment made by the rapporteur in his explanatory statement, where he states that détente has facilitated, or even promoted trade, and adds that the more that trade increases, the more a situation of interdependence will come into being between the two Europes, which will make war impossible or next to impossible, which will above all make it impossible to turn back from the path of coexistence and cooperation. But if this is the case, it would seem that rather than express satisfaction at the mandate received by the Commission for the Conference on Security and Cooperation in Europe, we should be expressing the hope that this Conference can be brought to a rapid conclusion and committing ourselves to do all we can to make that conclusion a successful one.

For these reasons, Mr President, while we appreciate the spirit of this report, we shall feel obliged, basically because of our objections to paragraph 8, to abstain in the voting.

**President.** — I call Mr Patijn.

**Mr Patijn.** — (NL) Mr President, I shall demand very little of your time. I do not like long speeches, certainly not at a time when stomachs are beginning to rumble. I shall therefore be extremely brief about one point, namely credit policy.

On 13 November the French Secretary of State Mr Destremau explained as Council representative in this Parliament that in his opinion the question of credits for exports to Eastern bloc countries did not come under the EEC treaty. He stated this explicitly in answer to a question by a fellow member of my group, Mr Seefeld. That was an interesting development, since a month previously the Commission, in answer to a written question by Mr Klepsch, had very explicitly said—and I am quoting a French text I have in front of me—: 'La Commission a toujours estimé que l'organisation des crédits à l'exportation relevait d'une politique commune et plus précisément de l'article 113 du traité CEE'.

It struck me then that the Commission representative present did not get up and point out Mr Destremau's error to him, but that has nothing to do with the case at the moment. What I am concerned with is finding out how things lie at the moment. Are export credits a matter the Community has something to do with or not? I know I have already asked this question in the past—and Mr Destremau answered it—in connection with a gentlemen's agreement concluded between a number of Member States. Mr Klepsch already mentioned this, and Mr Lange also said that it was not important whether only Article 113 or a combination of both Articles 113 and 235 was involved, as long as it was clear that in our view the common trade policy also extended to the export credit sector.

This is an example of a case where no one will doubt that it is a question of Community policy that is at issue. Imagine Mr Ertl, Mr Peart and Mr Bonnet meeting each other at the 'Grüne Woche' in Berlin and coming to an agreement that the price rise for 1976 will be 10%. Mr Ertl as host then rings up Mr Lardinois and says, 'It'll be 10%'. I'd like to hear Mr Lardinois and the ministers of the other Member States then.

In this situation it is no longer the legal question of the Community's standpoint regarding trade

**Patijn**

policy that is at issue. I am not concerned with finding out whether something is or is not included in the Treaties. What I am concerned with is that when we are bringing out the report on the common trade policy, the Eastern European countries and COMECON, a number of things have to be fixed. My question is, therefore, whether Sir Christopher Soames will once more clearly explain what policy the Commission is going to follow on export credits. Does export credit policy fall under the EEC treaty, and is it a matter on which the Commission is the 'responsible' authority in the context of the common trade policy?

Once I know that for sure, once I have a positive answer to that, then as far as this little point of this discussion is concerned I can betake myself home in peace.

**President.** — I call Mrs Goutmann.

**Mrs Goutmann.** — (F) Mr President, I have only two brief comments to make on Mr Klepsch's report.

The conditions for the development of trade between the EEC and COMECON are favourable at the moment.

This trade would be to the advantage of both sides if no pre-conditions were laid down and the trade structures were altered with a view to implementing the principle stated in the Klepsch report—reciprocity and safeguarding of equivalent arrangements, benefits and obligations—which is not at present observed.

I would point out that the terms of trade work to the disadvantage of the Eastern countries. The negotiations in progress should not be hampered by the Member States' attempts to evolve a common commercial policy and find a common position. There are undoubtedly objective difficulties, both technical and economic, arising from the enormous differences between the EEC and COMCON. But our actions must be governed by the determination to succeed in these negotiations.

And while on the subject of common commercial policy, I should add that trade between the EEC and COMECON should not result in national independence and sovereignty being called into question. There is now a Community consultation procedure for the conclusion of cooperation agreements between the Member States and third countries. Under this procedure, the Commission has just declared itself opposed to the French proposal for the liberalization of certain imports from the Soviet Union. We are extremely concerned, especially as such a decision, if implemented—it is to be taken in March

—would seriously jeopardize France's commitments to the Soviet Union.

I believe that Denmark has also submitted a request for an exemption in regard to bilateral agreements with the Eastern bloc countries and that any decision opposing this request could be equally prejudicial to Denmark's commitments. We therefore repeat emphatically that the Member States of the Community must be able to conclude bilateral agreements with the COMECON countries and the Community should not have any right of veto, like the coordination committee of NATO which, according to press reports, is currently opposing the execution of a contract between the German Federal Republic and the Soviet Union for the construction of a nuclear power station.

If we really want to develop trade, it must be on the basis of respect for national independence — this is in any case the only way to develop European cooperation to the mutual benefit of all.

**President.** — I call Mr Blumenfeld.

**Mr Blumenfeld.** — (D) Mr President, I shall really be brief. I would like to ask Sir Christopher Soames to take two things into consideration in the answer which he is about to give us.

Firstly, since the conclusion of this report, which was begun in spring 1973 and completed in 1974, the world economic situation has changed considerably. In the debate which I have followed with great attention one view does not seem to have been given enough prominence, namely that the quality of relations between Western Europe and the countries of Eastern Europe has undergone a great change and will continue to change as a result of the developments triggered off throughout the world by the petrodollars. Sir Christopher Soames could possibly offer us some thoughts on this point.

The second point is the taking up of contacts with the East. I would very much like to hear Sir Christopher's views and those of the Commission on the negotiating position of the Soviet leaders in COMECON. Are there signs of the well-trying Soviet gambit in negotiations of sticking to a position until the other partner becomes impatient and finally submits to the wishes of the Soviet Union? I hope Sir Christopher will be able to put our minds at rest on this point.

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** —

**Soames**

Mr Klepsch's report is a thoughtful and constructive contribution and I congratulate him on his hard work. It is forward-looking and I agree unreservedly with most of its conclusions. In particular, I want to take up the reference in paragraph 13 of the resolution, relating to the Conference on Security and Cooperation in Europe.

We are very pleased with the success achieved at the Conference in coordinating the positions of the Member States. Thanks to this coordination, the Community, as such, has been able to explain and defend its ideas and to obtain for them a wide measure of acceptance. The Community's contribution to the Conference has, we believe, been important and constructive. As the report says, a very great deal has happened over the past year, especially with regard to relations between the Community and Eastern Europe. There have been some fundamental changes. There has been substantial progress in defining the Community's policies towards state-trading countries.

Considerable emphasis is rightly placed in the report on the progress made towards coordinating Member States' policies in industrial and economic cooperation. This area has for some time been growing in importance alongside the traditional forms of trade relations. I appreciate the interest which Parliament takes in this complex matter, because in many ways there has always been a danger in the temptation for Member States to try from time to time to find a way around a common commercial policy by resorting to national cooperation agreements.

It is not always easy to define just how far measures taken in this area have a genuine influence on trade, but it would be a mistake to underestimate it. In July 1974 it was agreed by the Council, on a proposal from the Commission, to set up a procedure of consultation which applies to cooperation agreements themselves and also to governmental measures taken under them—in other words, not just to the signing of the agreements and what they are, but how they are implemented as the years go by. This is an important step in the right direction. Experience will show how the new consultation and coordination procedure will develop and to what extent it may be necessary to think about reinforcing or supplementing it in order to avoid incoherence and disarray in our relations with Eastern European countries.

My view—shared by Mr Klepsch and Mr Jahn—is that the present procedure is but the beginning of the process—a process which must ultimately lead to a more fully coordinated cooperation policy as an integral part of our common commercial policy.

I turn now to the question of export credits, raised by Mr Patijn. In the Commission's view, there is no doubt that these fall under Article 113 of the Treaty. We are drawing the appropriate conclusions. There is negotiation by the Commission and conclusion by the Council on these matters in the case of certain sectorial agreements; for instance, in the OECD.

If Mr Destremau said what it has been suggested he said, I find it very difficult to speak on his behalf. Things may have moved on since then, as there is now a different presidency. All I am able to say is that we in the Commission have no doubts in our minds that export credits come under Article 113. I do not doubt that there are differences of emphasis and nuance in the minds of individual member governments, but, generally speaking, we stand firmly by this and we proceed accordingly.

A splendid lady, Mrs Archibald, who works in my Directorate General, spends her whole life thinking about these matters. She is one of the greatest experts in the world on the subject. We would not have the services of such a great expert if this was not Community policy. If proof were needed, there it lies.

As to the gentlemen's agreement, the Commission was prepared to take the view, since this was not in its inception a formal agreement and was not so described, that there was no need on this occasion in view of the differences of opinion held round the Community to insist that it fell under Article 113. However, I repeat that this in no way detracts from the Commission's firm view that credit policy is a part of commercial policy and as such falls under Article 113.

I move now to the more traditional forms of trade policy, where much has happened over the past few months. At the end of last year, existing bilateral trade agreements between the Member States and Eastern European countries expired, and it was time that they did. Long before the Community was enlarged and long before I had anything to do with it, the Commission had been putting forward proposals to the Council again and again to the effect that if there was to be a common commercial policy, there was no room in it for these nation-to-nation bilateral trade agreements. Finally, they expired: they exist no longer. They are non-agreements, they are dead, defunct agreements, they have no more life in them.

In view of that situation, the Commission proposed, and the Council agreed, that the Community should draw up and present to the state-trading countries—some, but not all, of whom had these agreements on a bilateral basis

**Soames**

before—a document indicating what kind of agreement we in the Community would be ready to negotiate with them against suitable concessions on their side. This was communicated by the Commission to all the countries concerned in November.

I would have liked to go further into Mr Lange's question as to the reason for restricting the proposal to a particular list of countries. When he was referring to some countries with a form of state-trading organization, I do not know whether he meant certain countries in Africa or in Asia. It was my impression that that was in his mind. However, if that is the case, the relationship there is of a different character, because we rely on a generalized preference scheme.

The purpose of the document was to express in a concrete and definitive form our readiness to conclude with each of these countries a Community trade agreement to take the place of expiring bilateral agreements with Member States, or a fresh agreement on its own with any state-trading country that did not have such a bilateral agreement. I need not go into the details of the contents of the document, because it is well described in the report. We are dealing here with countries which have a very different economic system from our own. An essential element in any negotiation with them is the need to ensure that concessions granted by the Community are not matched just by formal identical concessions on their side, because these could mean a lot or they could mean nothing. Those concessions must be matched, and we must make sure that we receive counter-benefits of equivalent real value. I am glad that the Klepsch report makes that abundantly clear.

There has so far been no response to this declaration of our readiness to negotiate and, in the absence of any reaction, the Council has taken two steps to create a firm basis for the uninterrupted flow of development and trade with the state-trading countries.

First, the Council pointed out that in the practical application of the common customs tariff the state-trading countries have always been granted 'most-favoured-nation' treatment by the Community, barring certain traditional exceptions, and that, in the present circumstances, in spite of the non-existence of these agreements—particularly in view of the possibility of new negotiations' taking place with these countries in future—the Community does not intend to alter this tariff treatment.

Secondly, on 2 December last year the Council created a new legal basis for our autonomous trade régime with these countries. It is a Com-

munity basis, because no other is possible. It also has to be, for the present, a unilateral basis, because there has been no possibility of negotiation. The quotas applicable for the Member States in 1975 are laid down on the basis of those applicable in 1974, but it is also provided that the final form of the 1975 quotas will be settled in a further decision which will be taken towards the end of March. The Commission is at present working on these, and hopes shortly to send a draft decision forward to the Council.

We hope that this second decision, too, will be only of temporary duration, because our offer of negotiation made to each of the state-trading countries remains open, and we are looking forward to a time when the Community will be able to negotiate with the individual East European countries about our trade relations with them in just the same way as we do with other countries.

That brings me to the question of the Community's relation with the Council for Mutual Economic Assistance—or COMECON, as it is usually, though mistakenly, called. I emphasize again that the Community welcomed both Mr Fadeyev's original informal approach to the Community in 1973 and his invitation to the Commission of September 1974. We welcome the invitation as a sign of willingness on the part of COMECON countries to normalize their relations with us. The relations of the Community either with COMECON or with its member countries have not been normal in the past, and they are not normal now. We would regard as normal a situation in which they accepted us as we are and we accepted them as they are.

Given that, the Community could then establish and develop relations with COMECON in those fields where the two organizations have more or less comparable functions and could find matters of mutual interest to discuss, and eventually to work on, together. At the same time, and in parallel, relations between the member countries of COMECON and the Community would be established and developed in those areas such as trade policy for which we, the Community, and they, the member states of COMECON, are each responsible. These relations would be of the same nature as those which the Community has with other countries throughout the world.

What we would not regard as normal is a situation in which COMECON itself talks to us and seeks to establish official relations with us while at the same time its constituent countries continue to be unwilling to do so. This is an unsatisfactory situation for both sides. I am sure our partners in Eastern Europe under-

## Soames

stand this. That is why we took Mr Fadeyev's invitation as a hopeful sign that a process of normalization had begun, a process of normalizing not only our relations with COMECON but also our relations with the countries which make up that organization.

In approaching this, as Mr Lange and Mr Kaspereit have said, we must be guided by certain considerations. One of these is that COMECON is an organization of states and is not an organization with powers of its own as distinct from those of its constituent states. I particularly welcome the opportunity of saying a few words on this subject today because many honourable Members have referred, in their speeches, to the delegation led by Mr Wellenstein which visited Moscow early this month for the first round of talks with the COMECON secretariat. A good deal of work was done, but time ran out before they had got as far as we would have wished. It was therefore agreed that we would continue discussions at a further meeting in the future.

The process of getting to know each other is bound to be a gradual one for two organizations which have had no direct contacts before, and there were bound to be misunderstandings at first. But we say the visit was useful for two reasons. First, it enabled each side to obtain a good deal of factual information. We explained the functioning of our organization. Our delegation gave to the delegation from COMECON a lot of documentation and received certain explanations in return. We were able to ask our questions and answer theirs. This aspect of the visit was useful.

Secondly, I believe the visit brought a better understanding of the points of view of each side. We were able to distinguish a number of fields in which the two organizations have more or less comparable functions and mutual interests, such as certain environmental problems, for example, and also industrial standards; and there are other fields with some potential on which we do not yet have enough information. But before there can be a worthwhile dialogue between COMECON as such and the Commission as such, a good deal more work needs to be done. To continue this work we have invited the COMECON secretariat to send a delegation to Brussels for a further meeting, and it has already been agreed in principle that there should be a further meeting. We suggested that this time we would like to welcome them in Brussels. We are awaiting their reply and their suggestions as to dates. In the light of this further meeting, which we hope will take place, we hope to be able to assess the prospects for

a useful meeting with Mr Fadeyev at Commission level.

The delay by the Community in defining its policies towards East European countries has until recently left a serious gap in our trade policy. We now have the beginnings of a coherent common policy and the legal instruments needed to make it work. I claim no more than that. We have but a beginning, but that is already something. But let us in no sense underestimate what remains to be done! The hard fact is that what Mr Brezhnev said he recognized was the reality of the Community. We shall make progress in our relations with East European States and COMECON only by demonstrating the reality of our common policies towards them, and, that Mr President, is what we intend to do.

*(Applause)*

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

On paragraph 1 I had Amendment No 1 tabled by Mr Radoux and Mr Corterier and worded as follows:

'Towards the end of this paragraph, delete the following words:

"in particular towards the state-trading countries".'

and on paragraph 11 I had Amendment No 2 tabled by Mr Radoux and Mr Corterier and worded as follows:

'At the end of this paragraph, delete the following words:

"which allow only restricted freedom of action".'

The authors have informed me, however, that they wish to withdraw their amendments.

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

I thank Sir Christopher Soames.

15. *Recommendations of the EEC-Turkey  
Joint Parliamentary Committee*

**President.** — The next item is a debate on the report drawn up by Mr Klepsch, on behalf of the Committee on External Economic Relations, on the recommendations of the EEC-Turkey Joint Parliamentary Committee adopted in Istanbul-Tarabya on 11 October 1974 (Doc. 448/74).

I call Mr Klepsch.

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

**Mr Klepsch, rapporteur.** — (D) Mr President, ladies and gentlemen, I realize that at this late hour I must endeavour to keep the presentation of my report as brief as possible. I intend to do this, although I also realize that some Members might be tempted to refer to recent events in connection with the subject now under discussion. As rapporteur, I at any rate would like to avoid this.

Honourable Members, this report really gives particular emphasis to two questions. The first concerns the further development of the Association with Turkey. Our Turkish friends have pointed out that there should also be a greater exchange of political views in the Association Council and the Community with Turkey, which like Greece is associated with the object of achieving full membership.

At parliamentary level this exchange has of course taken place, and as the report states, we have also discussed with all frankness some very sensitive points and, we believe, received relevant information.

In addition we touched on subjects which the report does not go into in detail, but which we as parliamentarians thought should be raised, for example, the question of opium growing and its supervision in Turkey and Turkish population planning policy, subjects of considerable interest to parliamentarians on both sides.

I should not like, however, to comment on this in detail but simply stress that one of our major concerns is to increase the exchange of views at political level.

The second major subject was in fact forced on us by the difficulties today faced on the labour market in central Europe by migrant workers in the European Community. We find the principal questions reflected in the proposals from the European Community. Unfortunately, little progress has been made in the negotiations on this subject. At this juncture, I should like to thank the Committee on Social Affairs and Employment of this Parliament for its excellent opinion on the matter, which is to be found attached to the report. We were very pleased to include it in the report, and I would particularly draw your attention to it.

While this subject has been under discussion, more and more questions have arisen, for example how, if the planned flow of workers from Turkey to Europe cannot be achieved, the rapid development of the country can be promoted so that added difficulties do not occur. We of the Community therefore raised the question of movements of capital from the Community to Turkey, which might contribute to

the speedy development of Turkey's industry and economy.

We found that there are still many difficulties to be overcome in this area before the possibilities offered by the financial protocols added to the Association Agreement can be exhausted. I would also draw your attention to a third point. In the first half of 1974 we noted a very successful tendency which we pointed out to our Turkish friends—thanks to the information promptly provided. This concerned the fact that imports and exports between the Community and Turkey had grown at approximately the same rate. Both imports and exports had risen by 56.9% compared with 1973, whereas Turkey's exports to third countries had increased at a far slower rate, namely 47.4%, and it had imported 86.5% more from third countries. This is therefore the first time that the tendency has come very close to the goal of the Association Agreement, that there should be a balanced relationship in the exchange of goods.

Much as this is to be welcomed, since it shows what efforts the Community is making to achieve progress under the Association Agreement, it must be realized that there are a number of tiresome questions—and I have to draw your attention to them again today—in which the parliamentary bodies cannot quite understand why the Community institutions adopt such a negative attitude.

For example, why do we refuse to include Turkey in the list of countries enjoying generalized preferences, even though we have reported on this four or five times. We know of course that we treat Turkey as if it had generalized preferences and that it is consequently at no disadvantage, but our Turkish counterparts repeatedly point out that because we do not include Turkey in this list, other countries which take it as a guide, also refuse it this status. On behalf of the committee I would therefore ask the Commission and Council to look into this question once again.

In this connection, we must of course realize that, as the Turks put it, the preferences granted to Turkey by the Community are eaten away or, in their view, completely eliminated in many respects—we find this is claimed by other negotiating partners as well—by concessions we grant to third countries. But we should say with all emphasis that this is an area in which the Community has made every effort to accommodate Turkish wishes. What we are concerned with here are in fact questions of form, which we unfortunately have to raise again and again.

I should like to say a few words on the social problem, although I can refer the House in this

**Klepsch**

case to the excellent opinion of the Committee on Social Affairs and Employment. It would be a great step forward if Turkey could accept the proposals put forward by the European Community so that we could conclude appropriate agreements.

We have tried to improve the activities of the Association bodies to the extent that this can be done by the Joint Parliamentary Committee.

We have suggested that the Joint Parliamentary Committee receive from the Association Council the answers to Association problems submitted by individual members between meetings. We also agreed to meet for a week three times a year, with the additional meeting taking place either in Strasbourg or in Luxembourg. The Turks will then have an opportunity to make contact with the other bodies of this House and to exchange information with them, and we may therefore obtain a clearer picture of the implementation of Association measures.

Finally, a political remark: the Joint Committee felt that as a parliamentary body it should openly discuss with the Turkish representatives the problems facing the eastern half of the Mediterranean. This suggestion was made as a result of the increased tension in Cyprus shortly before the meeting in Istanbul and Tarabya. We were not only extremely interested in information on the situation, but also made our own opinion known and were grateful that it could be agreed that the requirements of humanity take preference over a multitude of other questions and that the independence of our other Association partner in Cyprus should remain unquestioned.

That concludes my brief presentation, and it only remains for me to thank all those who have helped me with the report.

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

**Mr Jahn.** — (D) Mr President, ladies and gentlemen, on behalf of my political colleagues, I should like to congratulate Mr Klepsch on his report on the recommendations of the EEC-Turkey Joint Parliamentary Committee. In principle, we welcome the increased cooperation between our Community and Turkey. We also hope that the objective of full membership will progressively be achieved, as we stated at the last meeting in Tarabya. The Committee on External Economic Relations also shares this view.

However, we consider the strengthening of consultations in all areas, not only the political field, but also in foreign policy, to be essential, a

point which our Turkish friends particularly stressed again and again in Tarabya. If Turkey, an associated country which is working towards full membership, would like to participate in the drawing up of the Community's foreign policy—this is what it said in Turkey—it would be well advised to consult with us beforehand on the steps it intends to take in foreign policy. If political problems are to be solved, there must be consultations when such problems develop into a crisis and not after the event. Political consultation—this just happens to be the way with an association—would have been decisive before the outbreak of the Cyprus crisis, since Cyprus is associated with the European Community.

The Community attempted two years ago to underpin the Association Agreement with Cyprus by parliamentary means. Both sides agreed at that time—the Turks under Denktash and the Greeks under Klerides—to come to Strasbourg and, with both Greeks and Turks reasonably represented, to cooperate with us in a committee. There has been a delay in this. We could give the precise reasons for this delay, but this is not the place.

We condemn the attempted coup in Cyprus just as we condemn the military solution, and now, too, there should be increased commitment on our part to maintain peace and develop democracy in the eastern Mediterranean, as paragraph 2 of the motion for a resolution states. That is why I have mentioned it here. We should not simply go on talking without giving the reasons that led to our wording the motion for a resolution in this way.

Peace and democracy presuppose that an end is also put to the suffering of the civilian population of Cyprus. I would therefore emphasize paragraph 4 of the motion for a resolution which calls for the continued independence of the island and respect for the rights of the two communities. What Cyprus needs is a peaceful and lasting solution, Mr President, honourable Members, which must also eliminate the causes of the tension. Otherwise, we shall be faced with the same situation again and again in the years to come.

I should now like to say a few words on the part of the motion which deals with economic matters and the recommendations adopted in Tarabya. One of the recommendations includes the request that Turkey be included in the list of countries benefiting from the Community's generalized system of preferences. Mr Klepsch has already spoken about this. If, then, this subject has been examined from all angles and at several meetings, this formal step should be taken so that the subject can at last be removed

**Jahn**

from the agenda. It is natural that the Turks should want the same treatment as third countries. But we cannot refuse Turkey the advantages enjoyed by some third countries, especially where its agricultural products are concerned.

The second phase of the first agricultural review should be completed without delay. It has been held up by the situation in the Mediterranean. But for the very reason that it is linked with the overall Mediterranean policy, we should find a solution.

Finally, a third problem, which Mr Klepsch has already explained. It is the problem of workers employed in the Member States. We discussed this subject this morning in another context. All I should like to stress is that we appreciate the contribution these workers have made to the economic and social development of our Community. Even as the number of unemployed increases in the Community, we will continue to attempt not to act unfairly. We do not want to see workers from third countries who have been dismissed put at a disadvantage. We parliamentarians are also in favour of general recognition of any contributions paid by Turkish workers to any form of social insurance scheme in any state of the Community in which they have worked. We all hope—and this is my concluding remark—that the economic situation in Europe will improve so that workers can in the end be given greater freedom of movement than is possible at the moment.

My group approves the report and the motion for a resolution.

(Applause)

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** — I listened once more with great interest to Mr Klepsch and Mr Jahn. As Mr Klepsch said, the first few points of the draft resolution touch on the Cyprus question. Like him, I would not wish to go into the details of the issues involved in the present situation when we are in this debate discussing our relations with Turkey. I can say, however, that the Commission is at one with Parliament in saying that one of the Community's chief objects throughout must be to contribute to the consolidation of democracy in the Eastern Mediterranean.

Most of the draft resolution deals with the development of economic relations between the Community and Turkey. Like Parliament, the Commission is pleased to see the rapid growth in trade between Turkey and the Community which has taken place both in agricultural products and in industrial goods.

Under the Additional Protocol, every two years the Association Council can agree on improvements in agricultural trade. We stand ready to discuss certain improvements with the Turkish Government whenever they wish.

The draft resolution then raises the problem of the erosion of preferences. As of 1 January last, we have granted Turkey new agricultural preferences, which should help increase her agricultural exports in the future. Though these preferences may not cover a very large volume of trade, they have been granted in addition to the much more substantial preferences already agreed in the Additional Protocol and in order to ensure that Turkey will not in any way lag behind the beneficiaries of the Community's system of generalized preferences.

I know that this has been a much-discussed problem—whether Turkey should or should not be a beneficiary under the generalized preferences scheme. The argument has gone on for many years. The fact is that there is a considerable difference among Member States on whether Turkey should or should not be a recipient. The Commission's view, based on the current political situation, is realistic and pragmatic. We are concerned to see that Turkey benefits in such a way that she does not lose by not having generalized preferences. That is a most important point for Turkey from the point of view of both her economy and her people. It is much more important than the other side of the argument, dealing with institutional aspects. I suspect that the argument will go on in the future. I can only tell you where the Commission stands now.

On the industrial front, Turkey's exports to all destinations have done extremely well over the past few years. From 1971 to 1973 they rose in value quite considerably: in the case of textiles, from 35 to 106 million dollars; in leather and skins, from 11 to 45 million dollars; in capital products, from 9 to 20 million dollars; in non-ferrous metals, from 6 to 22 million dollars; and in drinks and preserves, from 53 to 150 million dollars. These are very considerable increases. We do not yet have any up-to-date commodity break-down of exports from Turkey to the Community alone. However, overall they were up by between 22 and 23% in the period January—October 1974 as compared with January—October 1973, which is no mean performance.

The Commission hopes that Turkey will continue her successful efforts to diversify her exports, to rationalize her export formalities and to explore the potential of the European market with considerable market research effort and increased public relations, thus using to the full the very substantial advantages in trade which flow from the Association Agreement.

**Soames**

As I see it, and I believe that on the whole Parliament shares this view, the Community has done what it can to be of help, but in the last resort it is on Turkey's effort that it will depend whether or not the most is made of the opportunities offered.

The resolution then turns to capital investment. Of 195 million u.a. of loans promised to Turkey under the Second Financial Protocol, three-quarters has already been allocated. That leaves another 48 million u.a. available for loans up to May 1976. Once the complementary Financial Protocol which was negotiated to take account of the enlargement of the Community has been ratified, there will be a further 47 million units of account added, making a total of 85 million units of account still available to be taken up by Turkey during the life of the present five-year financial arrangement.

However, public-sector investment is not by a long way the only source of finance for Turkey's development. We must hope that those articles in our agreement which deal with foreign private investment in Turkey will be implemented to the full. That should enable Turkey to derive even greater benefit from her association with the Community.

Reference has been made to migrant workers. The Community has now formally proposed the aggregation of insurance periods as foreseen in Article 39 of the Additional Protocol. We are awaiting the reply of the Turkish Government on this subject.

In conclusion, I congratulate Mr Klepsch once more on his report. It has been most useful to us. We are very happy that the parliamentarians of the Community and of Turkey are following so closely the development of our association.

I had the pleasure of talking to some of the Turkish guests of Parliament who made a recent visit here. My feeling is that as these visits build up more and more, both inwards and outwards, there comes a degree of human understanding which is an important prop to the Association Agreement, to which we all attach importance.

The Tenth Report of the Council of Association is now in process of being written. This will provide an occasion for us to pursue our dialogue further on the subject.

**President.** — I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

Thank you, Sir Christopher Soames.

16. *Regulation on the exchange rate to be applied in respect of the tariff classification of certain cheeses*

**President.** — The next item on the agenda is a debate on the report drawn up by Mr Baas, on behalf of the Committee on External Economic Relations, on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 950/68 on the Common Customs Tariff as regards the exchange rate to be applied in respect of the tariff classification of certain cheeses (Doc. 440/74).

I call Mr Baas.

**Mr Baas, rapporteur.** — (NL) Mr President, honourable Members, I shall not defend this report with very much enthusiasm. Political compromises are often questionable in view of the economic implications. In the discussions on the agricultural policy much was said on frontier measures following revaluations and following devaluations that had not been carried out. In our Community now we have to deal with real reductions in the value of currency units without devaluations having taken place.

The Committee on External Economic Relations finds it particularly hard to swallow that there is now a proposal on the agenda to take measures for a single product. Cheese imports to Italy from third countries have increased by 44%, whereas cheese imports into Italy from France have fallen by 29%. The figures thus show a displacement in certain trade flows following the application of a minimum price to be respected for imports into the Community. We understand that for technical, political and economic reasons, it is extremely difficult for the committee to bring forward proposals to make a genuine settlement in this matter.

I have just heard Sir Christopher Soames say that if there is no settlement, the Community will deal with the matter pragmatically. And we are now dealing with a proposal to take pragmatic measures regarding the calculation of the minimum price for certain types of cheese.

I am, of course, in a somewhat difficult position, since I can see the consequences of this for the agricultural policy. If one of the important products from the dairy sector—cheese—is under-

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

**Baas**

going difficulties, this will, of course, also have consequences for butter, and low-fat milk products as a whole.

We certainly do need some peace in the settlement of trade transactions for cheese.

I can say nothing except that the Committee on External Economic Relations has very mixed feelings and was in fact not prepared to accept this proposal. Mr Haferkamp, however, said that there would shortly be a proposal for a general solution. I have, however, the impression that he said that more to put us at ease than on a basis of reality. Further information has given me the impression that the technical, political and economic consequences of the calculation of a minimum price on the basis of the usual rate for the agricultural policy in the Community are of such a nature that the rate will certainly not be accepted as such by the International Monetary Fund.

Since the Community ought not to interfere with the development of trade flows, in particular for cheese, to such an extent that serious difficulties occur at a given point, the Committee on External Economic Relations was prepared to give a favourable opinion, but you will realize from the small amount of enthusiasm I have been able to show this evening that this question is extremely hard for us to take. The Committee on External Economic Relations, however, cherishes the wish that the Commission will inform it when it is really going to present a proposal to us according to which the interim regulation which now applies only to cheese will in fact be applied generally.

For purely practical reasons, I would advise Parliament to approve the proposal for a regulation. All other considerations would lead me to advise its rejection.

**President.** — I call Mr Liogier, draftsman of the opinion of the Committee on Agriculture.

**Mr Liogier, draftsman of the opinion.** — (F) Mr President, ladies and gentlemen, the proposal from the Commission to the Council regarding the exchange rate to be applied for the tariff classification of certain cheeses, in particular Emmenthal, has been referred to the Committee on External Economic Relations for detailed discussion; the Committee on Agriculture has only been asked for its opinion.

Mr Baas, the rapporteur, is to be congratulated for his clear and concise five-paragraph explanatory statement. May I read for example, paragraph 3:

'This situation requires an urgent solution as regards the importation of cheeses into certain Member States, since the price of such cheese on importation from third countries is considerably lower than the price of similar products manufactured within the Community.'

The motion for a resolution simply approves the Commission's proposals. Mr Baas's report was unanimously adopted by the Committee on External Economic Relations.

The opinion of your Committee on Agriculture endorses the Baas report and was approved unanimously with two abstentions. The opinion contains six paragraphs; paragraph 3 reads: 'The Commission is preparing to place before the Council a proposal for a regulation to find an overall solution to this problem'.

and the final paragraph:

'In view of the urgency of this matter the Committee on Agriculture, which has been asked for its opinion, approves the proposed regulation while reserving the right to give more thorough consideration to the whole matter when it delivers its opinion on the regulation dealing with the matter as a whole'.

The purpose of this is to take into account the views of some of our colleagues and to express our interest in finding an overall solution.

As regards the urgency of the matter where certain cheeses are concerned, this can be demonstrated by one example. The considerable fluctuations in the Italian currency and the creation of the 'green lira' have led to a drastic distortion of competition in favour of two countries in particular: Switzerland and Austria.

Levies are in fact payable when Switzerland and Austria export their cheeses to Italy, but these levies are based on the former parity, so that a unit of account is equivalent to 625 lire, which gives these two non-Member States an enormous advantage.

This is why imports of Emmenthal from the traditional French area to Italy, the main importer of this type of cheese, have fallen so much that they are gradually becoming non-existent.

Thus the Commission, realizing the injustice of this situation, which is steadily growing worse, is proposing this regulation, which will alter the common customs tariff and reestablish the Community preference on the basis of the current rates, in other words in the case of Italy a unit of account will be equivalent to 820 lire and not 625. This will ensure greater protection against third countries and reestablish the com-

**Liogier**

pulsory Community preference for the cheeses concerned.

Your Committee on Agriculture therefore feels that we should approve the Commission's proposal, since it concerns a temporary measure relating to cheeses in category 004 only and conforming to the milk prices laid down by the Council, and this measure will merely reestablish the balance in relation to third countries, which has been disrupted by strong currency fluctuations.

*(Applause)*

**President.** — I call Mr Lange.

**Mr Lange.** — *(D)* Mr President, I am sorry that on this question, too, I have to take the floor once again. We could of course adopt the view that Mr Baas, the rapporteur, has explained: let us create a special unit of account for Emmenthal cheese. I do not know how many times we have done this. Tomorrow or the day after difficulties may again arise with a product which would not even fill a lorry—in this case, according to what was said in the Committee on Agriculture, not even a lorry-and-trailer-load is concerned—and so we give it its own unit of account; to all intents and purposes we are manipulating currency.

In connection with the agricultural price negotiations we submitted certain proposals which have not been accepted. The Commission itself says—and I am not sure whether it believes this itself—that the situation as described—Mr Liogier explained it—is in urgent need of a solution in the form of special measures, in other words a special unit of account, simply because the difference in the price of imported cheese and the price of Emmenthal cheese produced in the Community is 25%.

Now we know that such situations can occur temporarily with other products. Are we then to do the same thing? Do we then create the next special unit of account and then the third and the fourth? If we do, we will have more than two dozen units of account. On the other hand, we are all aware of the need for the Community to replace the large number of different units of account by one uniform unit of account. The Commission is now working along these lines. A first paper has already been drawn up on a uniform unit of account. In addition, the Commission, Parliament and, at their last meeting in Paris in December, the heads of government, again stressed that for reasons of competition there should be no manipulations in the monetary field. The measure that the Commission proposes here is in stark contrast to the position it has hitherto adopted. I therefore find this

proposal incomprehensible. Unfortunately, I was not able to attend the meeting of the Committee on External Economic Relations on 9 January when this matter was discussed, because a meeting of the Committee on Economic and Monetary Affairs was taking place at the same time. Nor, for other reasons—we do have a few other political functions to perform—was I able to express my opinion on 4 February after the matter had been referred back to the Committee on External Economic Relations. Questions were asked by Members. Mr Baas himself was not able to attend either, and the Committee on External Economic Relations passed the proposal back again unchanged. But the committee would not go into any of the questions in detail. We cannot even agree to a solution of this kind for pragmatic reasons—and I am very much in favour of a pragmatic approach, as you know. The proposal should either be referred back to the committee again so that the Commission can clarify the overall situation and state what it intends to do in comparable situations which do not at present exist, or we should reject it here in the Chamber. If it cannot be referred back so that the committee can get down to a real discussion of the outstanding questions, I would advocate the rejection of this proposal, in other words propose that the House vote against the motion for a resolution, which Mr Baas, if he used his own good sense rather than his heart, would also recommend had he not become so intent on adopting this pragmatic approach on one point. So the choice is between reference back to the committee and rejection.

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames,** *Vice-President of the Commission of the European Communities.* — This is a fascinating and somewhat technical subject, and I appreciate the anxieties that Mr Baas went through before arriving at a conclusion. I think that Mr Baas has been wise. I cannot believe that Mr Lange's view would find favour with Mr Lange himself, because he is a wise man and has reached the conclusion that, as so often happens in politics, one cannot always get the best but sometimes has to accept the least bad. That is what we have here. In this situation we have to face the fact that in the first eight months of 1974 the importation of cheeses into Italy from third countries increased by 44 per cent while the importation of cheeses from France decreased by 30 per cent...

**Mr Lange.** — How many units of account? You should give absolute figures!

**Sir Christopher Soames,** *Vice-President of the Commission of the European Communities.* —

**Soames**

...There was about 25,000 tons from third countries and member countries imported into Italy. The percentages I have quoted show that there has been an erosion of common Community preferences. It has happened suddenly. It has happened because of the falling value of the lira. The Commission therefore thought it right to try to put the situation right. Of course it is not just a question of cheeses. My colleague Mr Haferkamp has given an assurance that the Commission is considering the general problem of the exchange rate to be applied throughout the common customs tariff, and will let the Council have proposals on that much wider subject shortly. I am not in a position now to give a firm assurance about the date, but there is a serious problem and we have to find our way through it. It has already been discussed in plenary session and referred back to committee.

Although I acknowledge that this is not the most harmonious or perfect solution to a very difficult problem, it seems to us, as to those who have examined it in depth in Parliament, that this is the best solution we can look for at present. I earnestly invite the House to approve the Commission's proposal, as Mr Baas in his wisdom has already so decided.

**President.** — I call Mr Lange.

**Mr Lange.** — (D) I should just like to say this: according to the latest figures available to me the value of imports into Italy from France in 1972 was 80 u.a. That is why I asked for absolute figures. It seems to me rather ridiculous to work with percentages in these circumstances.

Sir Christopher and I undoubtedly agree that the Commission's proposal was not the wisest that it could have made. But I do not intend to go further into where wisdom or stupidity are to be found.

Nor do I intend to enquire further whether the attempt being made by the Commission in the case of Emmenthal does not open a door which can later develop into a sluice-gate if comparable and allegedly intolerable changes in movements of goods of this magnitude occur.

Sir Christopher, what the Commission has put forward here does not really appeal to me. I feel we should in fact bury this matter, and the Commission should seek a solution to the problem of the unit of account as such, so that we do not become encumbered with the millstones of yet more special agricultural units of account for individual products.

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** — Perhaps I can help Mr Lange. I know that if he is convinced he will gladly come along with us, and how nice that would be! Let me give him a few figures. Of cheese coming into Italy from different countries the cost after it has been through customs in Italian lire per quanto would be: from France 1,443 lire; from Germany, 1,507 lire; from Switzerland, 1,280 lire; and from Austria or Finland 1,218 lire.

After this new wheeze has been put into operation the figures will be: from France, 1,443 lire as before; from Germany, 1,507 lire as before; from Switzerland, 1,686 lire; and from Austria, 1,582 lire. I believe this shows that it achieves what it sets out to do, which is something which I know is close to Mr Lange's heart—the preservation of Community preference.

**President.** — I put the motion for a resolution to the vote.

The resolution is adopted. <sup>1</sup>

Thank you, Sir Christopher Soames.

*17. Regulation extending the Association Agreement with Tunisia — Regulation extending the Association Agreement with Morocco*

**President.** — The next item on the agenda is a debate on the report drawn up by Mr Kaspereit on behalf of the Committee on External Economic Relations on the recommendations from the Commission of the European Communities to the Council for

— a regulation concluding an agreement extending the Association Agreement between the European Economic Community and the Tunisian Republic, and

— a regulation concluding an agreement extending the Association Agreement between the European Economic Community and the Kingdom of Morocco

(Doc. 497/74).

I call Mr Kaspereit.

**Mr Kaspereit, rapporteur.** — (F) I wish to remind my colleagues that the Association Agreements that the Community signed with Tunisia on 28 March 1969 and with Morocco on 31 March 1969 expired on 31 August 1974.

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

**Kaspereit**

Negotiations have been started with a view to renewing these agreements. The most recent negotiations between the contracting parties took place at the end of last year. At that time, it emerged that there were considerable differences of opinion on the main topics of discussion. According to the Commission officials responsible, further meetings will be held early in March, that is in a fortnight's time, and the negotiations could be completed by the end of March.

In view of the fact that the negotiations were not completed within the specified period—although they began in good time—it seemed advisable to extend the existing arrangements until 31 August 1975 and your Committee on External Economic Relations agreed to this procedure.

However, I must point out that according to my information the new agreements will probably not be ratified before this additional period expires, that is before 31 August, and I believe that the intention is to implement the new trade provisions of the agreement without further delay, on the basis of Article 13 of the Rome Treaty.

In any case, I am sure that Parliament will be notified and consulted on this matter in due course.

Subject to this condition, Mr President, I propose that Parliament should adopt this motion for a resolution.

*(Applause)*

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** — The Commission welcomes Parliament's approval of the Council regulations, so ably and succinctly put forward by Mr Kaspereit, but I know that Parliament would like to know and is entitled to know—and this was the main feature of his remarks—what progress has been made in the negotiation of new agreements between the Community on the one hand and Morocco and Tunisia on the other, which will take over from the interim period over which the regulation prolongs the two Association Agreements, a period which comes to an end next August.

There has been substantial progress, particularly on economic, technical and financial coopera-

tion, which will be an important aspect of our future agreement with these two countries. On the other hand, there are still various points to be settled, notably the replacement by Community concessions of the tariff concessions which France still gives bilaterally to Morocco and Tunisia. These two North African countries have also asked for certain improvements in the social security advantage given to their workers in the Community. Our negotiations on all these points are expected to be taken up again some time in March, and we hope to be able to conclude them by Easter.

*(Applause)*

**President.** — I put the motion for a resolution to the vote.

The resolution is adopted. <sup>1</sup>

Thank you, Sir Christopher Soames.

#### 18. Agenda for next sitting

**President.** — The next sitting will be held tomorrow, Wednesday, 19 February, with the following agenda:

11.30 a.m.

— Question Time

— Statement on the economic situation in the Community

3.30 p.m. and 9 p.m.

— Report by Mr Spénale on the joint declaration on the establishment of a conciliation procedure

— Joint debate on

— the report by Mr Radoux on the results of the Paris Summit Conference of December 1974 and

— the Eighth General Report and programme of work of the Commission

— Oral question, with debate, on the political situation in Portugal.

The sitting is closed.

*(The sitting was closed at 9.10 p.m.)*

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

## SITTING OF WEDNESDAY, 19 FEBRUARY 1975

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## IN THE CHAIR: MR BERKHOUWER

*President*

*(The sitting was opened at 11.35 a.m.)*

**President.** — The sitting is open.

### 1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

### 2. *Statement concerning Petition No 9/74*

**President.** — At the plenary sitting of 15 November 1974 Petition No 9/74, submitted by Mr Fabre and 31 other signatories, was referred to the Legal Affairs Committee.

This Committee has examined this petition and has come to the conclusion that its subject matter does not fall within the sphere of activities of the European Communities. It has therefore been filed without further action pursuant to Rule 48(3) of the Rules of Procedure.

### 3. *Tabling of a motion for a resolution and adoption of urgent procedure — Change in the agenda*

**President.** — I have received from Mr de la Malène, Mr Yeats, Mr Cousté, Mr Cointat, Mr Duval, Mr Kaspereit, Mr Laudrin, Mr Liogier, Mr Nolan and Mr Terrenoire a motion for a resolution on the European Regional Development Fund.

This document has been printed and distributed under No 505/74.

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

Are there any objections to the request for urgent procedure?

The adoption of urgent procedure is agreed.

The enlarged Bureau proposes that Parliament should deal with this motion for a resolution during the joint debate on the report drawn up by Mr Radoux on behalf of the Political Affairs Committee on the results of the Conference of Heads of Government held in Paris on 9 and 10 December 1974 (Doc. 436/74) and the presentation of the Eighth General Report of the Commission of the European Communities on the activities of the Communities in 1974 and the programme of the Commission of the European Communities for 1975.

Are there any objections?

That is agreed.

The vote on this motion for a resolution will take place after the joint debate on the report by Mr Radoux and the presentation of the Eighth General Report of the Commission of the European Communities.

### 4. *Congratulations*

**President.** — I should like to extend a warm welcome to Mr FitzGerald, President-in-Office of the Council of the European Communities.

We congratulate our colleague and former Vice-President, Mr Nørgaard, on his appointment as Minister for Community Affairs in the Danish Government. Perhaps Mr FitzGerald will be kind enough to pass on our congratulations to Mr Nørgaard.

Furthermore we are pleased that Mr Dalsager, also a former Vice-President of the European Parliament, has been appointed Minister of Agriculture and Fisheries in the Danish Government.

### 5. *Question Time*

**President.** — The next item on the agenda is Question Time. The texts of the questions have been published as Doc. No 492/74.

**President**

We begin with the questions to the Council of the European Communities.

Question No 1 by Mr Radoux to the Council, which reads as follows:

'Is it true that the text of the official communiqué published at the end of the Paris Summit Conference has been altered, in the utmost secrecy, to render it more restrictive?'

and Question No 2 by Sir Douglas Dodds-Parker to the Council, which reads as follows:

'Will the Council consider the possibility of transforming the Channel Tunnel Project into a project on a European Community basis?'

have been declared inadmissible. A report on the final communiqué of the Paris Summit is, in fact, on the agenda and the problem of the Channel Tunnel was discussed last Monday.

I call Sir Douglas Dodds-Parker.

**Sir Douglas Dodds-Parker.** — I quite understand the procedure, Mr President, but I wanted only to ask the President-in-Office to give the same wholehearted support to the Channel Tunnel project as the Commission and this Parliament did.

**President.** — I call Mr Radoux.

**Mr Radoux.** — (F) Mr President, am I right in thinking that I may put my question during the forthcoming debate?

**President.** — Yes.

I call Mr Hill.

**Mr Hill.** — I wish to refer back to the statement that Sir Douglas Dodds-Parker has just made. It would be quite wrong for us not to hear the views of the President of the Council of Ministers on this very important question. We did not receive the views of the Council on Monday. That was an oral debate which did not include the Council in any way whatsoever, and I would be grateful to hear its views.

**President.** — I would remind Mr Hill of the relevant provisions of our Rules of Procedure. We shall now proceed to the two remaining questions to the Council, beginning with Question No 3 by Mr Fellermaier.

The question reads as follows:

'What political contribution has the Council of the European Communities made so far towards settling the Cyprus question, and what steps does it intend to take in view of the mounting tension on the island?'

I call Mr FitzGerald.

**Mr FitzGerald, President-in-Office of the Council of the European Communities.** — The Council as such has taken no decision on this matter. Parliament will, however, be aware of the declaration made on Thursday last by the Ministers of the Nine, meeting in a political cooperation framework.

**President.** — I call Mr Fellermaier.

**Mr Fellermaier.** — (D) Mr FitzGerald, I am afraid the Council has misunderstood my question, so with your permission, Mr President, I shall repeat it: 'What political contribution has the Council of the European Communities made so far towards settling the Cyprus question?' Or, to put it another way, 'What political contribution has the Council of the European Communities made since the outbreak of the Cyprus crisis?' This is what my question is about. I should like to know what individual diplomatic measures the Council has so far undertaken with regard to Greece and Turkey, who are striving for full membership, and what its attitude is to the independent Republic of Cyprus in the light of the association agreement.

**President.** — I call Mr FitzGerald.

**Mr FitzGerald.** — The Council as such has not taken any initiative in the matter. It is one which falls primarily within the framework of political cooperation. In that framework, of course, the Nine have taken various initiatives at different times, both during the crisis last July and August and most recently on Thursday last when we made a declaration, the contents of which will be known to Members of this House. It involves communicating to the Governments of Cyprus, Greece and Turkey our views on the importance of seeking a fair and lasting solution through consultations between the two Cypriot communities; and also our willingness to continue to work with the representatives of all parties concerned. But this matter is primarily a political issue and, therefore, it has been dealt with in a political cooperation framework rather than by the Council as such.

**President.** — I call Mr Johnston.

**Mr Johnston.** — Will the Council be prepared to indicate its opposition to continued partition in Cyprus, and is it considering any action or any pressure on the Turkish Government with a view to the withdrawal of Turkish troops?

**President.** — I call Mr FitzGerald.

**Mr FitzGerald.** — The Council as such has not engaged itself in this matter but the Nine, in a cooperation framework, have throughout made clear their attachment to the principles laid down in United Nations resolutions for the settlement of the problem in Cyprus.

**President.** — I call Mr Kirk.

**Mr Kirk.** — In view of the fact that, as Mr Fellermaier has said, all three countries concerned in this are Associate Members of the Community, can we be assured that the Council or the nine member governments will be putting forward a concerted Community view at the forthcoming meeting of the Security Council dealing with this matter?

**President.** — I call Mr FitzGerald.

**Mr FitzGerald.** — I am afraid the Council as such has no function in the Security Council, and therefore I do not think that that question arises. But, as I have said, the position of the Nine on this matter has been one of maintaining support for the relevant United Nations resolutions. On this there is no divergence between the nine countries.

**President.** — I call Mr Patijn.

**Mr Patijn.** — (NL) Mr President, must we deduce from the Council's press declaration of 13 February this year, which peaks on the one hand of the territorial integrity of Cyprus and on the other hand of seeking a solution through negotiations between the two populations, that the Council is thinking in terms of a federal solution for the Cyprus problem? Does this represent a change in the Council's attitude to this matter?

**President.** — I call Mr FitzGerald.

**Mr FitzGerald.** — If Members read the text of the declaration made by the Nine they will find nothing in it which involves any change of position. The text of the declaration is addressed to the Cypriot, Greek and Turkish Governments, and it clearly indicates the position of the Nine in relation to this matter.

**President.** — I call Mr Jahn.

**Mr Jahn.** — (D) Might I ask the President of the Council why it did not prove possible for the EEC—Turkey Association Council to meet, in spite of the fact that this was urged at the height of the crisis and that Parliament was

told at that time that the Association Council would meet shortly. In the present situation, when the fragile peace is at stake, this is a crucial question.

**President.** — I call Mr FitzGerald.

**Mr FitzGerald.** — Provision is made for an annual meeting of the Council. It has not met recently, but the question of the annual meeting will no doubt come up for consideration in due course. There has been no recent decision on the matter. It has not come before us recently.

**President.** — I call Mr Corterier.

**Mr Corterier.** — (D) In the Dublin declaration the Nine said that they were prepared to hold discussions in order to facilitate a peaceful solution of the conflict. Is this passive attitude adequate in the light of the present development? Should not the Council take action to prevent unilateral moves, such as we witnessed last week on the part of Turkey, and thereby prevent the situation from deteriorating still further?

**President.** — I call Mr FitzGerald.

**Mr FitzGerald.** — I do not think that the Nine were passive at the meeting. We prepared the declaration and we communicated the text of it that night to the three governments. In that declaration we offered to hold discussions with all the interested parties, an offer which depends for its implementation on a positive response from the interested parties. Discussions are a two-way process, and I do not think that there is any further initiative that we can take. We await the response of the three governments to our message.

**President.** — The next question is No 4 by Mr Patijn, which reads as follows:

'Is the Council prepared to follow the Netherlands Government's example and grant humanitarian aid to the Kurdish people?'

I call Mr FitzGerald.

**Mr FitzGerald, President-in-Office of the Council of the European Communities.** — The Community has always been attentive to all requests for humanitarian aid submitted to it. As to the question about humanitarian aid for Kurdish refugees, the Commission, which is responsible for submitting proposals to the Council, has not so far proposed any such aid.

**President.** — I call Mr Patijn.

**Mr Patijn.** — (NL) Mr President, is the President of the Council prepared to state if the Commission should submit such a proposal, it would be favourably received by the Council?

**President.** — I call Mr FitzGerald.

**Mr FitzGerald.** — I am not in a position to commit the Council on a matter that has not yet come before it. Any proposals of this kind made by the Commission would be considered by the Council, which has a reasonably good record in handling such proposals.

**President.** — I call Mr Johnston.

**Mr Johnston.** — Is the Council prepared to take action on its own initiative in this matter? In particular, is it prepared to make any declaration about the oppressive action of the Government of Iraq.

**President.** — I call Mr FitzGerald.

**Mr FitzGerald.** — Making a declaration would be a political matter rather than one for the Council. In matters which come under the Treaty, the Council acts on proposals from the Commission and can act only in accordance with Community competences.

**President.** — I call Sir Douglas Dodds-Parker.

**Sir Douglas Dodds-Parker.** — May I press the Minister to take an initiative on this long-standing problem and to put it on the agenda for discussion with the Turkish Government or the Arab League?

**President.** — I call Mr FitzGerald.

**Mr FitzGerald.** — What I can do is to report back to my colleagues that the matter has been raised here, and take it from there. The question of aid of this kind arises between states, and there are sometimes practical problems involved in a situation of the kind that exists in this part of the world.

**President.** — I call Mr Noè.

**Mr Noè.** — (I) Does not the President of the Council think that a positive reaction to a request for aid would permit an overall consideration of this problem, which has a number of political aspects, which was raised in this House a few months ago and on which we are awaiting an initiative on the part of the Council?

**President.** — I call Mr FitzGerald.

**Mr FitzGerald.** — All I can do is to pass on the points raised here to my colleagues in the Council, and the Commission will also take note of the discussion we have had.

**President.** — I call Mr Broeks.

**Mr Broeks.** — (NL) Is there anything to stop the Council asking the President of the Commission to take the initiative?

**President.** — I call Mr FitzGerald.

**Mr FitzGerald.** — The Council from time to time raises with the Commission the possibility of taking the initiative to enable the Council to act. Such a course of action is, of course, always open.

As President, however, in respect of a matter which has not come before the Council, I cannot undertake that the Council would take that sort of action. As I say, I will report back the points raised here to the Council.

**President.** — We now proceed to the questions to the Commission of the European Communities.

The first is Question No 5 by Mr Blumenfeld, which reads as follows:

'Is the Commission aware that the rising administrative costs and increasingly complicated paperwork handled by the Communities' customs services as a result of EEC regulations are placing a growing burden, not only on customs officials, but also on importers and consumers? This is hardly calculated to enhance the Communities' popularity. What action does the Commission intend to take to remedy the situation?'

I call Mr Gundelach.

**Mr Gundelach, Member of the Commission of the European Communities.** — I am extremely grateful to Mr Blumenfeld for having drawn attention to this question by raising the matter of the functioning of the customs union. It is of great political and economic concern.

The customs union is one of the elements of the basic foundation of our European construction. We have, indeed, achieved the customs union in the sense that customs tariffs have disappeared between the original Member States, or are scheduled to disappear gradually over a fairly short period of time between those original Member States and the three new Members.

However, in a customs union one must expect goods to be able to circulate freely not only

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from the point of view of tariffs but also from the point of view of not being hindered unnecessarily by complex and lengthy administrative procedures.

As to the latter point, we have not achieved a satisfactory customs union. There exists a very complex system of customs administration and formalities. As I have stated, it is a matter of principle to do away with the unnecessary part of this very cumbersome administrative set-up.

It is inherent in a customs union that goods should circulate freely not only from the point of view of tariffs but also from the point of view of administrative bureaucratic procedures.

However, this is not only a matter of principle but also a matter of cost. These costs concern not just the public authorities, be they Community or national, who are maintaining these administrations, but, even more important, they concern industries and, in the last resort, the consumer. They are not negligible.

It has been found that the collective burden of administrative practices regarding customs administration accounts for a little more than 7.5 per cent of the value of the goods traded. This is close to the average of the Community's common external tariff in itself. Lowering that figure by simplification of the customs procedures by a small percentage, bringing it down, say, from 7.5 to 7.4, would in money terms bring about a saving of approximately 130 million units of account. I quote that figure to make it clear that we are dealing here not with some technical refinements or some irritating points but with a matter of some considerable economic and thereby political importance.

I have considered it to be one of my major tasks—and the Commission has accepted this view—to bring about a progressive but quick simplification of the scope of customs procedures and administrations. During Question Time, however, it is not possible to go into all the specific aspects of this matter. It touches upon agriculture, such as the monetary compensatory mechanism. It touches upon the question of how the customs tariffs are put together, and on proliferation of tariff positions. It concerns the matter of tariff documents to be filled out and the way we are handling our negotiations with the outside world. We have a number of free trade areas. We have the general preference scheme. Quite often, as in agriculture, these have been brought about in the last resort by political compromises which have either not been able to take, or have not in fact taken, into account important tariff administration aspects. There are others, but those will suffice by way of example.

I have considered it a main task of the Commission to come to grips with this type of problem. The Commission submitted an action programme as early as June 1973, followed by a second action programme on simplification of customs procedures in December 1973. Some progress has been made on the basis of the various proposals, but not enough.

Next week, therefore, the Commission has scheduled a decision on a much wider-ranging and more concrete proposal which will be submitted to the Council with the object of simplifying the customs procedures, this time taken in the broadest context.

It is our hope that, on the basis of this comprehensive programme—the outline of which I have already had the opportunity to give information on to the Committee on Economic and Monetary Affairs with which I shall be having further discussions shortly—we shall obtain the full support of this House in order to make a breakthrough in this politically and economically very important area.

*(Applause)*

**President.** — I call Mr Blumenfeld.

**Mr Blumenfeld.** — *(D)* I should like to thank Commissioner Gundelach for his remarkably clear and shrewd account of all the various aspects of this question, and ask him whether he can tell Parliament when we can finally expect the harmonization of customs duties, which was originally planned for 1 January 1975, to be completed.

I should like to remind you in this connection that as long ago as August 1972 the European Parliament urged the Commission and the Council to push forward the work on the harmonization of customs duties and administrative practices. Has a new date now been fixed? Can you tell us that, Mr Gundelach?

This is one of the points I should like to bring up in the light of what President Ortolí said yesterday. If the Commission cannot manage to achieve this, then it seems to me that Europe doesn't mean very much.

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — It follows from what I have said that the Commission, in view of the importance of the matter, has no intention of delaying the dates which have been set for the completion of its task. We are keeping to time in our work and we hope that the other institutions of the Community will do likewise.

**President.** — I call Mr Dykes.

**Mr Dykes.** — The Commissioner has shown that he is not complacent about this great problem. Will he be more precise about the way in which he intends to return to Parliament on the issue in view of its importance? May I express the hope that he will do it through the relevant committees of Parliament in the coming months? I hope, too, that he will consider making a definitive *ad hoc* statement to Parliament, perhaps in the summer, about the progress and the target date for completion of the rationalization of these documents, costs, and so on.

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — It follows that I would be delighted if Parliament would hold a debate on the matter, since it would give me the opportunity to go into detail on the subject that I am bringing before the Council in about a week's time.

**President.** — I call Mr Jahn.

**Mr Jahn.** — (D) Is the Commission aware that the vast number of new customs duties, compensatory amounts and agricultural market regulations are an enormous impediment to import trade? In 1973, for example, the number of EEC regulations issued for products subject to a marketing system in itself amounted to 2 210.

I am very grateful if we are taking a step forward, but a definite and swift decision is now imperative.

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — As I have said, it is evident that one of the major problems in this matter is agriculture, in relation to monetary compensatory amounts. But that is a political matter, and we alone do not have the power to settle the issue. It will also be dealt with in the context of the agricultural review, which the Commission must complete by the end of next week. Whether and when there will be the political will to come to grips with this difficult and complex problem of monetary compensatory amounts, I cannot prophesy. I can only say that the Commission will make every endeavour to make progress. But that is only one aspect of the matter. In respect of all the other aspects, there should be no major political obstacles to significant progress within a fairly short period of time.

**President.** — I call Mr Giraud.

**Mr Giraud.** — (F) Mr Commissioner, you have stressed particularly the economic aspect of the problem. Do you not agree with what I believe is the opinion of many Members of Parliament, i.e. that there is a psychological aspect affecting the populations of the Community themselves which should be studied very carefully, since it is here that the construction of Europe will succeed or fail?

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — I began by saying that this is a matter of principle and, therefore, I agree with Mr Giraud—the principle comes first, and the image of the Community is at stake.

**President.** — I call Sir Douglas Dodds-Parker.

**Sir Douglas Dodds-Parker.** — Is not harmonization of excise duties of prime importance? When does the Commission expect to achieve it?

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — Harmonization of indirect taxes is, naturally, another element in the overall package, but it is not necessarily a determining one. It remains part of the working programme of the Commission, but it is making slow progress. Yet the difficulties in that area should not hold us back from making progress in other equally important areas.

**President.** — I call Mr Broeksz.

**Mr Broeksz.** — (NL) Mr President, is Mr Gundelach aware that the red tape at the customs offices affects not only goods but people?

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — Yes. That is why, when I began, I spoke about people and not goods.

**President.** — I call Mr Schwörer.

**Mr Schwörer.** — (D) We thank the Commissioner for his promise of a radical reorganization in this field, and I should like to ask him whether the Commission has allowed sufficient time for customs administration and foreign trade to adjust to the new regulations?

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — Yes, because the problems have been known for a while. As I have said, our initial proposals in this matter were made in 1973, so the first significant basis for action has been known to the member governments for close on two years. Therefore, I think that there is sufficient basis, if not to solve all the problems in one go, at least to make significant progress in a short period of time.

**President.** — The next question is No 6 by Mr Herbert, which reads as follows:

'As the Irish Government have been endeavouring to promote cross-border cooperation along the Irish border with the UK Government, has either government made any approaches or inquiries to the Commission on the possibilities of availing of Community funds to finance consultations, studies or surveys?'

I call Mr Ortoli.

**Mr Ortoli, President of the Commission of the European Communities.** — (F) Mr President, this question has been the subject of a number of informal discussions, but we have received no official request from the two governments involved.

**President.** — I call Mr Herbert.

**Mr Herbert.** — Has the Commission received any similar requests from other Member States?

**President.** — I call Mr Ortoli.

**Mr Ortoli.** — (F) Mr President, there has not recently been any request involving two countries simultaneously for cross-border studies. However, we do of course have a programme involving consultation with Member States who are informed of what we are doing and may put any questions they wish.

**President.** — The next question is No 7 by Mr Cousté, which reads as follows:

'Subject: Completion of the Rhine-Rhône-Mediterranean link.

"The linking of the North Sea to the Mediterranean by a wide canal is not an exclusively French enterprise, in view of the loan made available for this purpose by the European Investment Bank. I would therefore ask the Commission if it intends to take any action in regard to the completion of this link and if so on what basis."

I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities.** — (I) Mr President, as Mr Cousté already knows

from a recent Commission answer to one of his written questions, I should like to confirm that this project has been discussed in general terms, but we do not yet know the details.

The project is currently being studied by the French Government. When the results of this study are available they will be subjected to the consultation procedure of which we spoke at length on Monday during our debate on the Channel Tunnel.

I should like to add—and this announcement is new—that as soon as these results are available they will be submitted to all the Member States in order to establish the Community character of the project.

**President.** — I call Mr Cousté.

**Mr Cousté.** — (F) Mr Scarascia Mugnozza, I should like an answer to the question of financing and the measures proposed, not only in connection with the European Investment Bank, but in a wider context in view of the sums involved and the nature of the financing required.

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) Mr President, perhaps I have not made myself clear. I said that we were only acquainted with the general terms of the project, not the details; we therefore do not know what financial consequences are involved and for this reason we cannot enter into any commitments ourselves.

**President.** — I call Mr Fellermaier.

**Mr Fellermaier.** — (D) Mr Scarascia Mugnozza, would you agree with me that the question of direct or indirect financing of this waterway project by Community bodies must be made subject to a thorough cost-benefit analysis, and that the question of the overall costs is relevant with regard to the use of new waterways?

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) These are precisely the questions which will be examined in the consultation procedure.

**President.** — The next question is No 8 by Mr Hougardy, which reads as follows:

'Does the Commission consider that the decision taken pursuant to Article 66 of the ECSC Treaty, with a view to restricting the acquisition of share

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capital and thereby preventing the takeover of Marine-Firminy by another French company, has been complied with?"

I call Mr Borschette.

**Mr Borschette**, *Member of the Commission of the European Communities*. — (F) Mr Hougardy is no doubt referring to the decision taken by the Commission on 5 April pursuant to Article 66 of the Treaty establishing the ECSC, forbidding the acquisition of a 'controlling' proportion of the shares of Marine-Firminy by the Schneider (formerly Empain) company.

The Commission took two further decisions on this matter on 21 December, the first suspending the public offer from the Denain holding company for exchange of Marine-Firminy shares, and the second forbidding CLIF, formally De Wendel, to acquire further shares in Marine-Firminy. These three decisions were made pending the adoption of a position on the substance of this matter on the part of the Commission.

As far as the Commission is aware, these decisions have been fully complied with and no restriction has been infringed by any of the three companies involved.

**President**. — I call Mr Hougardy.

**Mr Hougardy**. — (F) I must first of all thank Mr Borschette for the details he has just given, and should like to put the following supplementary question. Does the Commission feel that its decision is in keeping with Article 66 of the Treaty establishing the ECSC, i.e. does it prevent a group—in this case Creusot-Loire Framatom—from acquiring complete control of the company they wish to get their hands on?

**President**. — I call Mr Borschette.

**Mr Borschette**. — (F) I think Mr Hougardy means that this affair might involve a restructuring of the French nuclear industry. The provisions of the Treaty do not empower the Commission to intervene in a structural reorganization of this kind, provided, of course, that the rules of competition are adhered to.

Hence, if these rules are observed the Commission cannot intervene in the reorganization of this industry.

**President**. — I call Mr Normanton.

**Mr Normanton**. — I recognize that the question put to the Commission related specifically to competition policy, which is why Mr Borschette replied to it. But would not he agree

that this matter highlights the conspicuous absence of an identifiable policy for industry within the Community? Will the Commission take urgent steps to reach an agreed formula for dealing with industry as a whole rather than the piecemeal approach which appears to have been the practice to date?

**President**. — I call Mr Borschette.

**Mr Borschette**. — (F) I would not say that the Commission had a piecemeal approach to industrial policy since there is a memorandum, and concrete proposals have been submitted to the Council.

I am, however, fully prepared to recognize that our competition policy hitherto may sometimes have been rather restrictive; nevertheless it has for this very reason allowed us to launch an industrial policy in certain fields, particularly that of advanced technology.

**President**. — The next question is No 9 by Mr Härzschel, which reads as follows:

'Is it true that, as reported in the press, considerable quantities of food were destroyed or used for other purposes in the Community in 1974? If this is the case, what quantities were involved, what financial resources were used for this purpose, and what action does the Commission intend to take to prevent a repetition of this situation in 1975?'

I call Mr Hillery.

**Mr Hillery**, *member of the Commission of the European Communities*. — I would like to take the opportunity offered by this question to point out as clearly as possible that there are no provisions in any Community legislation which allow for the destruction of food products. The press articles of which the Commission has knowledge refer more especially to the fruit and vegetable sector. Under the rules in this sector producers' organizations may, to stabilize prices, intervene in the market by applying to products covered by intervention arrangements a withdrawal price below which these products will be withdrawn from sale. This price varies between 40 and 70 per cent of the normal market price depending on the product.

In the 1973/74 marketing year, 740 000 metric tons of products covered by intervention arrangements were withdrawn from the market. This represents only 3.6 per cent of the total Community production of these products. Community regulations do not, however, allow products withdrawn from the market to be destroyed. On the contrary, Article 21 of the market regulations stipulates that they must be disposed of in one

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of the following ways: distributed free of charge to charitable organizations and foundations; distributed free of charge, fresh or processed, to schools; used for animal feed when fresh or after processing; or used for non-food purposes, and for some products processed into alcohol. It is true that small quantities of perishable products withdrawn from the market become unfit for processing or consumption before they can be disposed of in one of those ways. However, these quantities represent no more than 1 per cent of the total production offered for sale.

This is a small quantity in relation to the security of supply for the consumer that these intervention arrangements offer. The Commission makes every effort to reduce even this small percentage. The main responsibility in this field however lies with Member States and producers' organizations.

Products covered by intervention arrangements which are withdrawn from the market can, according to the Community rules, be financed by the European Agricultural Guarantee and Guidance Fund. The cost of intervention in the 1973/74 marketing year came to approximately 40 million units of account for all withdrawal operations. Intervention costs are subject to seasonal swings in production. In the previous campaign these costs were less than 7 million units of account.

**President.** — I call Mr Härzschel.

**Mr Härzschel.** — (D) Mr Hillery, may I ask whether in the light of the world-wide food shortage the Commission will do everything in its power to avoid the destruction of foodstuffs? And is the Commission prepared to demand and promote the distribution to charitable organizations and underprivileged sections of the population in order to avoid any food being destroyed?

**President.** — I call Mr Hillery.

**Mr Hillery.** — To answer the question positively would be to deny the previous answer I have given. The Community regulations do not allow for the destruction of food. The most the Commission can do is to ensure that private producers' organizations are aware of this. It is a matter of food which does not conserve and which has, because of its nature, to be destroyed because it cannot be used in any of the ways mentioned, or processed into other products.

**President.** — I call Mr Jahn.

**Mr Jahn.** — (D) If, as the Commission says, 40 000 u.a. were paid for the withdrawal operations, I fail to understand how it was still possible for 1% to be destroyed. That's heaven knows how many tons of food. Were these also paid for by these units of account.

**President.** — I call Mr Hillery.

**Mr Hillery.** — Again, what were destroyed were foodstuffs which could not be used because of their nature.

**President.** — I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — Will the commissioner circulate in the written report the breakdown of the quantities of vegetables and fruit which have been disposed of in the four categories he mentioned?

**President.** — I call Mr Hillery.

**Mr Hillery.** — I will try to have those figure available.

**President.** — I call Mr Liogier.

**Mr Liogier.** — (F) Mr President, does the Commission regard the destruction of a large quantity of wheat by denaturation as normal when there is currently a world shortage of this product?

**President.** — I call Mr Hillery.

**Mr Hillery.** — It no longer exists.

**President.** — The next question is No 10 by Mr Noè, which reads as follows:

'Does the Commission not think that the time has come to intensify studies and action within the Community with a view, where the geological characteristics of the subsoil so allow, to generalizing the practice of discharging polluting effluents from specific industries into deep wells as is being done increasingly frequently in other countries?'

I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities.** — (I) The Commission is in full agreement with Mr Noè and the studies are under way. I should just like to stress that careful attention must be paid to the geological characteristics of the area in which these wells are sunk, in order to ensure that the groundwater is not contaminated.

**President.** — I call Mr Noè.

**Mr Noè.** — (I) My question already implied that the geological conditions would have to be taken into account. Does not the Vice-President of the Commission think, however, that the Community as such, if it wishes to be in the forefront, should take steps towards the introduction of these difficult techniques where the geological conditions permit, so that Europe does not subsequently find itself lagging behind the United States of America or even Russia?

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) Mr President, I have already confirmed that the Commission intends to study this problem. I might add that this matter is one of the main elements in our exchanges of information with the United States.

**President.** — The next question is No 11 by Mr Scott-Hopkins, which reads as follows:

'It has been suggested that the deficit in trade in 1973 and 1974 between Britain, on the one hand, and the eight other Member States on the other, is caused by Britain having become a Member of the Community. Does the Commission consider that this point of view is justified?'

I call Mr Gundelach.

**Mr Gundelach, Member of the Commission of the European Communities.** — The overall trade balance of the United Kingdom has worsened in the last three years. This overall deterioration of the United Kingdom's external position is also reflected in the United Kingdom's trade balance with her Community partners, but less so than with the rest of the world.

In 1972 the deficit in the United Kingdom's trade with the eight other members of the EEC accounted for 42% of the total deficit of her trade balance, but in 1974 only about 32% of the total deficit could be ascribed to trade with the other members of the EEC.

This is due to the fact that in the first two years of membership the rate of growth in the United Kingdom's exports to the EEC was considerably higher than the rate of growth in her exports to the rest of the world, whereas the rate of growth in imports from the EEC was only slightly higher than the growth in imports from the rest of the world.

Taking an average of the two years, the yearly growth of exports to the EEC was 38%, in contrast to a 27% rise in exports to the rest of the world. The corresponding figures for the

growth in imports were 48% from the EEC and 44% from the rest of the world.

The facts do not indicate that the deterioration in the balance of payments is due to membership of the EEC. For years the United Kingdom has moved towards a closer relationship with the EEC countries for obvious geographic and economic reasons which are not likely to change. That process has, naturally, been accelerated in the first two years of membership, as my figures, in particular on export increases, indicated.

It may be useful to recall the following principal factors involved. The first year of United Kingdom membership was one of unprecedented rapid growth in demand and output. In these circumstances one would normally expect a deterioration in the trade balance, both in relation to other EEC members and to the rest of the world.

In 1974 the miners' strike and the three-day working week prevented domestic output from satisfying domestic demand, so that once more exports were dampened, and imports were imperative to keep the economy going. That is particularly true of steel and chemicals.

As prices of many foodstuffs were lower in the Community than on world markets, the United Kingdom importers switched increasingly to cheaper European sources of supply. The size of this switch is around £500 million in relation to the original six members of the Community. Given the size of the switch and the magnitude of the price differentials, the United Kingdom's total food bill would clearly have been higher if the United Kingdom had not been a member of the EEC. To make the point quite clear, had the United Kingdom not been able to take advantage of the Common Agricultural Policy, her overall trade deficit in the last two years would, indeed, have been even higher.

Last, but not least, the increasing deficit in trade with the EEC reflects the higher cost of imports of refined oil products, in particular from the Netherlands and Belgium. Had the United Kingdom not been a member of the EEC, she would still have imported a considerable part of her required oil products from the continent. The trade statistics and the factors I have mentioned influencing the United Kingdom's trade balance thus demonstrate that the deterioration in the trade balance is by no means due to the United Kingdom's membership of the EEC.

(Applause)

**President.** — I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — I am grateful to the Commissioner. Will he confirm that the basic purpose of the Treaty, which is to increase trade between Member States, has to a large extent been fulfilled and that it has been greatly to the advantage of the United Kingdom to have become a member of the EEC?

Will the Commissioner say a little more about the saving which has accrued to the British housewife in foodstuffs, which represents an increase of £500 million in the deficit? Will the Commissioner give figures showing how the saving has been achieved? Will the Commissioner say what has been the trade deficit with the Commonwealth during this period?

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — The figures clearly demonstrate that the basic purpose of the Treaty, which is freer trade, has worked, though not always to perfection, to the benefit of the United Kingdom economy.

I should not like to give a figure for the savings which have accrued to United Kingdom housewives but, as I said, they are considerable. In some basic foodstuffs the price on world markets in the period under review has been several hundred per cent higher than in the Community—less so recently than previously, but the savings have not been inconsiderable.

In answer to the question on the development of trade between the United Kingdom and the Commonwealth countries, with your permission, Mr President, I should like to quote a reliable source. According to what Mr Shore said earlier this week in the House of Commons, the United Kingdom's crude trade deficit with the Commonwealth was £321 million in 1972 and £637 million in 1973 and £580 million in 1974. If we are speaking about a rise in exports to the Commonwealth countries, we find that exports to Commonwealth countries rose in value by 12 per cent in 1973 and, on the figures for the first eleven months, by about 30 per cent in 1974. The average for the increase of exports to the Community for the two years is 38 per cent, and the average of 12 per cent and 30 per cent comes to between 20 per cent and 22 per cent for exports to the Commonwealth.

**President.** — I call Mr Dykes.

**Mr Dykes.** — I thank the Commissioner most sincerely for that comprehensive and reassuring reply. As last year about 32 per cent of trade was in respect of United Kingdom exports to the Community and United Kingdom imports from

other Community countries, does not the Commissioner's answer indicate that a lot of artificial anxiety has been generated about the mythology of the trade deficit with our trading partners? Will he say why he thinks this artificial anxiety has been created in certain quarters?

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — If there is general anxiety concerning the United Kingdom's overall balance of payments deficit, that is a real anxiety. The figures show that anxiety about developments with the other members of the EEC should be less serious than the anxiety about the United Kingdom's relationship with the rest of the world and that the anxiety is consequently artificial. Why that anxiety has been expressed is a matter of internal politics on which I would not wish to pronounce.

**President.** — I call Sir Brandon Rhys Williams.

**Sir Brandon Rhys Williams.** — Does it not stand to reason that as British industry learns to adapt itself to take advantage of membership of the larger market, the trading balance will move towards equilibrium?

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — Yes, I certainly think so. As I said, because of the geographic proximity of continental Europe to the United Kingdom and because of the economic and dynamic forces of European markets, even before membership there was a marked and natural development of trade between the United Kingdom and the rest of the EEC countries. In particular there was a drive towards an increase in British industrial exports to what is the normal part of the home market—the big, solid home market without which no modern industry can compete in other parts of the world.

The existence of this market—and it is becoming freer and freer, and the exporters and industrialists are becoming more and more accustomed to operating in this market—would tend to accelerate the increase of exports which we have already seen over the last two years and, therefore, lead towards a more healthy trade balance between the Community and the United Kingdom. This can help the United Kingdom to finance its deficit with the rest of the world, which, due to imports of raw materials, will never disappear.

**President.** — I call Mr Kirk.

**Mr Kirk.** — Would the Commissioner be good enough to send his answers to Mr Peter Shore, because he obviously has not heard them before?  
(*Laughter*)

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — I am sure Mr Shore will learn about this.

**President.** — I call Lord O'Hagan.

**Lord O'Hagan.** — Would the Commissioner accept that the Commission as a whole has an obligation to explain to the people of Member States the real consequences of membership of the Community?

Would he accept my congratulations and those of this House for having started on the demolition of this myth, and will he give an undertaking that he and his colleagues will continue to demolish this myth?

For example, if the Commissioner or some of his colleagues were to receive an invitation to give evidence on this matter to the House of Lords Scrutiny Committee to make sure that the British Parliament was well informed, would that opportunity be taken, as well as others, to come and explain the truth of this position to the British people?

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — I believe it is the duty and obligation of this Commission and its individual members in appropriate forums in all the Member States to explain the development of the Community and put the facts as we see them as objectively as possible to the peoples of Europe and to the peoples of individual Member States. We shall continue to do so wherever the appropriate occasion occurs to do this, as it does in this House.

**President.** — The next question is No 12 by Mr Kirk, which reads as follows:

'What steps are the Commission proposing to alleviate the difficulties to pig and poultry producers in Northern Ireland, where imported Community wheat and barley are currently costing eight pounds per ton more than at West Coast ports in Britain?'

I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities.** — (I) I would inform Mr Kirk that the price difference he mentions in his question does not exist. Ac-

ording to the information available to the Commission, the market conditions for supply of feed grains from the continent to the West Coast of Great Britain and to Northern Ireland are identical.

It is nevertheless true that merchants who obtain their supplies on the national market rather than directly from the continent will in all probability find a certain difference in price, as Mr Kirk mentioned in his question, as a result of the compensatory amounts.

We feel, however, that the merchants should obtain their supplies wherever they can find the most favourable prices.

**President.** — I call Mr Kirk.

**Mr Kirk.** — I am absolutely astonished by the Commissioner's answer, because there is clear evidence from the feed manufacturers' associations in Great Britain that there is a discrepancy of eight pounds a ton between feed grains at Liverpool and feed grains at Belfast.

This is clearly a matter that we must go into further. I shall therefore table an oral question with debate.

**President.** — The next question is No 13 by Mr Brewis, which reads as follows:

'The Commission is asked what attitude it has adopted to Norway's expressed intention to extend her territorial waters?'

I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** — Norway has declared its intention of extending its fishing limits of 50 miles as regards its northern coast. Norway has stressed that this will be done by negotiation and not unilaterally. However, the Norwegians are, for understandable reasons, not likely to want to begin any discussion on this subject until after the next session of the Conference on the Law of the Sea to be held in Geneva in March. The attitude of the Commission towards such a proposal will, of course, equally be affected by the results of this conference.

**President.** — I call Mr Brewis.

**Mr Brewis.** — Could the Commissioner tell me the Community's attitude to Norway's recent introduction of trawler-free zones?

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames.** — In October 1974 Norway announced that she wanted to introduce four trawler-free zones in certain areas of the high seas outside the 12-mile fishing limit on a non-discriminatory basis, mainly to protect passive fishing gear. This immediately called into question the tariff concessions on certain fish products granted to Norway by the Community in 1973 at the time of the conclusion of the EEC/Norway Trade Agreement.

As a result of negotiations which then took place between Norway and the Community as well as bilateral discussions between Norway on the one hand and France, Germany and Britain on the other, Norway agreed to reduce the number of zones from four to three, to reduce the area of the three remaining zones substantially and to increase the period during which the zones would be closed.

As a result of this willingness to compromise, the Community was able to take the view that, while the general conditions of competition would to some extent be affected, they would not in the present circumstances be affected so seriously as to warrant a reconsideration by the Community of its autonomous tariff concessions on Norwegian fish products.

**President.** — I call Mr Johnston.

**Mr Johnston.** — Is the Commissioner aware that Scottish fishermen are currently taking up an attitude and position similar to that of the Norwegians in that they are pressing for a unilateral extension of the limit to 50 miles?

Would he take this opportunity to say that the Commission accepts that no Community fishing policy would be acceptable unless it combined protection for those traditionally engaged in fishing with assured conservation of stocks?

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames.** — I can assure the honourable Member that the Commission has no doubt that conservation and all that that means will play a most important part in all international regulations on fisheries in the future. Up to now this has not played anything like sufficient a part.

However, I would not like to comment on the desires of individual countries as to their fishing limits today because this is bound to be one of the major topics at the next Conference on the Law of the Sea.

**President.** — I call Mr Normanton.

**Mr Normanton.** — Although the question to the Commissioner relates to sea fishing and the like, would he care to comment on the possible impact of unilateral action by Norway on the North Sea oil exploration arrangements, bearing in mind that there are areas over which there is considerable speculation and doubt in the minds of many in the United Kingdom as to sovereign rights over waters in the North Sea?

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames.** — The fishery limits and matters concerning North Sea oil are two very largely separate questions.

The Member specified 'unilateral'. Any unilateral measure by Norway would again raise the question of the concessions granted to Norway as to the entry of its fish into the Community.

**President.** — The next question is No 14 by Mr Johnston, which reads as follows:

'The Commission is asked whether they will list those major questions not resolved in the so-called renegotiations between the UK and the remainder of the Community and set out the areas of disagreement.'

I call Mr Ortoli.

**Mr Ortoli, President of the Commission of the European Communities.** — (F) Mr President, Mr Johnston will understand that the current discussions within the Community on this subject have not yet reached a stage which would allow me to answer this question.

**President.** — I call Mr Johnston.

**Mr Johnston.** — Is it not the case that the Community is in a non-stop renegotiation, in which, at any point of time, there will never be no unresolved questions? Would not the Commissioner agree that the genuine difficulties facing the United Kingdom would in any event have been sorted out through the normal methods of discussion without resorting to a specific renegotiation? In short, is your renegotiation really necessary?

**President.** — I call Mr Ortoli.

**Mr Ortoli.** — (F) Mr Johnston must answer this question for himself. We will, of course, continue to discuss many of the problems requiring solution as part of our normal work, and give whatever answers the nature of our Treaties and the flexibility of our institutions permit.

**President.** — The next question is No 15 by Mr Hansen, which reads as follows:

'What effect is the Cyprus crisis having on the application of the Association Agreement between the Republic of Cyprus and the EEC?'

I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** — Ever since the events of last year in Cyprus, the Community has watched the situation closely, and it has frequently reaffirmed the importance it attaches to its Association Agreement with the Republic of Cyprus and to the spirit which inspired it. But the dire difficulties which the island is now facing have inevitably affected the extent to which Cyprus can benefit fully from the agreement.

I take the question of trade first. The Community has kept its commitments and opened its tariff quotas for 1975 for Cyprus sherry and early potatoes. I am afraid that we do not yet have available the statistical data for the whole of 1974, but the figures for the first nine months show that trade between the Community and Cyprus, despite the crisis in the island, was running at about 90 per cent of the 1973 total. On the institutional side, the meeting of the Association Council scheduled for 22 July last year had to be postponed and it has not yet proved possible to fix a date for the next meeting.

Finally, there is the question of aid. The present tragic situation has clearly called for a special effort by the Community. We have already sent substantial food supplies, and we are asking the Council of Ministers to approve a further 5 000 tonnes of cereals and 300 tonnes of butter oil.

**President.** — I call Mr Hansen.

**Mr Hansen.** — (F) Mr President, I should like to thank Sir Christopher Soames, and to put a very brief supplementary question. Can he say what the economic consequences for the Cyprus - EEC Association will be if the island is partitioned?

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames.** — That is a hypothetical question and it would be unwise of me at this stage to comment. One cannot foretell what the exact situation will be. It would be rash and unhelpful if I tried to envisage it.

**President.** — I call Mr Fellermaier.

**Mr Fellermaier.** — (D) May I ask the Vice-President of the Commission whether he agrees with my view that the economic relationships between the European Community and Cyprus, including their influence on trade and traffic and the further economic development on the island itself, can only survive if Cyprus is a single and autonomous republic?

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames.** — It is an autonomous and single republic, that the Community has always wished to see in Cyprus.

**President.** — The next question is No 16 by Mr Laban which reads as follows:

'How big a quantity of sugar has been imported under the sugar imports subsidy scheme so far, and was it done at costs within the expected limits as mentioned in the comments to the original draft report?'

I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities.** — (I) Mr President, as regards the first question, I can say that in October 1974 an initial purchase of 200 000 tonnes of sugar was authorized and that three orders were placed. The weighted average of the subsidy is 387 u.a. per tonne. Between the introduction of the regulation permitting this purchase and performance of these three orders there was a reduction in the price difference on the world market. Consequently, the increase in the subsidy has been greater than initially expected.

As regards the second question, I should like to say that in 1975 the Council approved the importation of 200 000 extra tonnes of sugar, 18 200 tonnes of which have been ordered, with a weighted average for the subsidy of 231 u.a. per tonne. The difference is therefore smaller than in the case mentioned above. The total cost of the quantities ordered so far is 82 million u.a.

**President.** — I call Mr Laban.

**Mr Laban.** — (NL) Mr President, now that the costs incurred by the purchase of sugar principally destined for the United Kingdom and Italy have considerably exceeded the original estimates, I should like to ask whether there will be a supplementary budget for the EAGGF to cover the financing of this additional expenditure?

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) Yes, a supplementary budget will always be requested in the case of unforeseen additional expenses.

**President.** — I call Mr Scott-Hopkins.

**Mr Scott Hopkins.** — May I, coming from one of the main recipient countries of the direly-needed sugar, congratulate the Commissioner on the way he and the Commission have helped out the people of my country. May I ask him if he has any estimate of the cost to the Community, under the future arrangements of imports from third countries, during the period from June to December this year?

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) I do not have the relevant information at my disposal, but I shall make it available as soon as possible.

**President.** — I call Mr Albers.

**Mr Albers.** — (NL) Mr President, how does Mr Scarascia Mugnozza regard the suggestion made by the Netherlands Minister for Agriculture and Fisheries that the purchase of expensive sugar on the world market should be discontinued, and consumer prices in the Community increased with a view to reducing consumption?

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) Mr President, I cannot give a precise answer since this problem is currently under examination. I do not, however, feel that we should think in terms of an increase which would put the consumer at a disadvantage.

**President.** — I call Mr Broeks.

**Mr Broeks.** — (NL) Mr President, in connection with Mr Scott-Hopkins' question I should like to ask whether further sugar will be purchased for Italy and the United Kingdom, and if so, what quantities will be involved and at what price will it be bought.

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) Mr President, as I said before, I have no precise information on this matter. As soon as such information becomes available, I shall transmit it to the European Parliament.

**President.** — Question Time is closed.

Thank you, Mr FitzGerald, Mr Borschette, Mr Gundelach, Mr Hillery, Mr Ortoli, Mr Scarascia Mugnozza and Sir Christopher Soames.

#### 6. Economic situation in the Community

**President.** — The next item is a statement by the Commission of the European Communities on the economic situation in the Community.

I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission of the European Communities.** — (D) Mr President, ladies and gentlemen, I should like to begin this statement on the economic situation in the Community at the beginning of 1975 by thanking this House and, in particular, its Committee on Economic and Monetary Affairs for its constant and intensive involvement, valuable expert help and, above all, its political support in a period of particular difficulty for our economic and monetary situation.

Last year was probably the most difficult for the Community since its establishment, and the worldwide economic crises meant an extremely testing time for the Community. It became clear that despite the successes it has recorded the Community is still not in a position to act and exist in the world as an independent economic and political unit.

A review of the balance sheet for 1974, appropriately named Oil Year No 1, gives cause for concern, on the one hand, but for a certain feeling of relief on the other. The economic situation in Europe and in the world at the beginning of 1975 is anything but good; the highest unemployment figures, the highest inflation rate and the greatest imbalance in international economic relations in the history of the Community are major economic and political challenges. On the other hand, our worst fears following the outbreak of the oil crisis have not materialized. Only a few months ago many observers were forecasting the imminent collapse of both the world economy and the Community, and neither has happened. In saying that I do not wish to minimize the seriousness of the problems; they are indeed grave enough. I merely wish to draw attention to the fact that economic and political structures of the Western world are evidently more flexible and resistant than was thought. We should bear this in mind, especially when tackling the problems ahead of us. While we have every reason to remain alert and to recognize the gravity of the situation we should not lose heart, especially in the face of the coming challenge, namely the oil years to come.

**Haferkamp**

As regards the achievement of our economic and political aims in the past year the result is unsatisfactory right along the line. Economic growth in the Community decreased by approximately 2% to one third of the 1973 rate of 5.5%. There were also marked differences between the individual countries, ranging from stagnation in the United Kingdom to a growth rate of 4% in France and Belgium.

This poor growth rate was reflected in an exceptional drop in the number of employed persons: 3.7 million out of work, an unemployment rate of 3.5% in the Community and a high percentage of short-time are a shocking record. I think you will all agree that this state of affairs cannot be borne for very much longer. Those responsible in parliaments, governments, economic and social groups and, of course, Community institutions must devote their fullest attention and unceasing efforts to solving this problem.

An equally worrying record was set up in Community prices. In 1974 consumer prices rose on average by 12.5%, and—perhaps even more serious—these increases fluctuated enormously between Member States, ranging from some 6% in the Federal Republic of Germany to 19% in Italy. Inflation rates of this order must be reduced at all costs; otherwise our economic, social and political system may, sooner or later, be put at risk. The fact that the balances of payments of the Member States were upset by the oil price explosion was predictable and has not surprised us. The result was, however, somewhat more favourable than we had expected. The Community's deficit on current account reached 16 000 million dollars whereas the forecast had been 20 000 million. However, this result is due to the fact that we had an unexpectedly high surplus in the Federal Republic of Germany and the Netherlands while the deficit for Italy, the United Kingdom, Ireland, Denmark and France totalled approximately 27 000 million dollars.

Monetary trends throughout the world were marked by the oil price explosion of autumn 1973, the great challenge of the past year being recycling. In 1974 this challenge was, on the whole, met, the world capital markets showing considerable flexibility.

This does not of course mean that the problem of the future is already solved. It would be wrong and dangerous to rely solely on the possibility of private recycling and to sit back and relax at political level. The problem of recycling has worldwide dimensions and thus demands worldwide efforts to solve it. The Community will continue as in the past to lend its active support.

In this connection I should like to call to mind the Commission's proposals in January 1974 for a more regulated recourse to the capital markets by the Member States and the Community and mobilization of the official gold reserves. These proposals, as you all know, led to the creation of the 'Community loan', unfortunately only after much too long and often petty discussions, and resulted in the Zeist agreement on the handling of gold by central banks.

I would also remind you that last year the Community's short-term monetary support scheme was applied for the first time. The credit granted to Italy goes a long way to easing its particularly difficult balance of payment problems.

Much progress has been made at international monetary conferences on recycling. The last Washington conference took place, and I would stress this, in a far better atmosphere than the one in February 1974.

The consequences of the oil price explosion, however, are not limited solely to monetary problems. The consequences in the goods sector are at least equally important. No matter how ingenious recycling techniques become they cannot and must not hide the fact that at the end of the day increased oil bills can only be met by greater exports of goods and services. The increases in oil prices are inexorably exposing the need for changes in the structure of the world economy and although we cannot yet foresee the results of these changes we know that they will be far-reaching, long-lasting in their effects and demand a great deal of effort and sacrifice from the population.

It is not just a question in our economies of making additional resources available to pay the increased oil bills. Additional funds for investment must be found, investment in the power industry, investment in new production branches and processes and investment to create new jobs.

We shall not be able to prevent—nor should we try—certain sectors of production from shifting to other countries. We must concentrate on the production of higher quality goods and on advanced-stage processing. Funds for additional exports and investments can only be made available by limiting consumption. In future the growth rate of private consumption must be lower than that of the overall national product. However, this cannot and will not be achieved without conflict. Greater sacrifices and greater flexibility will be required of our peoples and we must tell them quite plainly that the times of substantial growth in prosperity are over once and for all.

**Haferkamp**

The structural changes needed must not be delayed, they must be implemented with all speed. The friction, notably in the social sphere, must be minimized. Our social and employment policies, in particular, will again be severely tested.

In this situation the politicians responsible must prove their skill. They must ensure that these burdens are equally and justly distributed and not borne merely by the lower income brackets. In the long term they must lay the foundations for closer cooperation between the two sides of industry, and this will not be possible without common convictions and joint action. However, wherever common interests necessitate cooperation between management and labour, both must have the right to participate in the decision-taking. A will to share the load must be accompanied by a right to share in the decisions. I recall in this context the contribution made by this House towards codetermination in the European company.

The present economic situation must be seen in the light of the worldwide structural changes, for never before have economic and structural problems been so closely linked. The current demands made by the economic situation, especially in employment, can no longer be met by traditional means. We cannot change the structures by means of short-term and superficial operations, such as inflationary injections to stimulate economic activity.

What we need are patience, steady nerves and the courage to tell the public the truth about the gravity of the situation. In asking for patience I do not mean that no short-term economic measures should be taken. In the deficit countries reduction of external deficits and control of inflation must remain the prime objective. Last year's efforts to control inflation and restore the balance of payments equilibrium will all have been in vain if countries with high inflation rates and high deficits should now suddenly abandon their stringent anti-inflationary policies, especially as in recent months we have seen the first fruits of their endeavours. The continuation of a strict budgetary and monetary policy does not rule out carefully chosen measures of promoting public works in the construction sector and improving the exports structure. Vocational training and rehabilitation measures must also be introduced to help workers adapt to the new labour situation.

The deflationary policy has already been relaxed in the surplus countries and programmes to stimulate economic activity introduced. The time is not ripe for a general policy of demand-led expansion but for a policy of selective invest-

ment and furtherance of structural reorganization. The quicker and more effectively the economy is relieved of the great pressure on costs, the sooner we can expect it to take an upward turn.

Excessive wage increases are certainly not in keeping with the present situation. If there is a stable situation this upward trend must take effect in the second half of the year. The points are set; the budgetary and monetary policy is set for a course of expansion. We must now wait and see what happens.

We must, of course, devote our utmost attention to the increase in unemployment in our countries. In the short term, however—let nobody have any illusions on this point—a return to a normal employment situation is not possible.

In the light of the present uncertainty any forecast of economic trends in the year ahead would be extremely hazardous. Nevertheless I should like to make a forecast on certain aspects.

An average growth rate for the Community of even 2% this year must be considered as a success. Member States such as Italy may in fact display negative growth whereas France probably still has prospects of a positive growth rate of 3%.

Although there will be little change in the average rate of unemployment of 3 to 3½% there is some hope that the growth and employment situation will improve in the latter part of the year. The attitude of management and labour, especially to wage claims, will have considerable bearing on the trend of unemployment.

There are also some rays of hope for prices and the balance of payments. In 1975 we expect an average rise in consumer prices of approximately the same order of magnitude as last year, although the rate will decrease to some extent as the year goes on owing to reduced pressure from wages and interest costs, lower raw material prices and production capacities currently not fully utilized.

The improved terms of trade and lower domestic demand may substantially reduce the Community's deficit on current account, one of the main factors of uncertainty here being world economic trends, especially in the United States.

A positive sign is the trend towards a closing of the gaps between the individual economies in the Community.

We are in a difficult economic position, of that there is no doubt, and will be so for some time to come. However, there is no reason for defeatist or alarmist attitudes. We have, after

**Haferkamp**

all, survived greater challenges: one only need think of the post-war period.

To overcome these difficult problems two things, above all, are needed, cooperation and solidarity. In view of our interdependence there is no alternative to a policy of intensive coordination and joint decision-taking at European and international levels. Thus, mutual aid is not only in the interest of those needing the support but also of those giving it, although solidarity will only achieve its objective if those being supported pull their weight.

A great responsibility rests with the Community in tackling these problems. It shares responsibility for the maintenance of free world trade and for the development of world trade and world economy based on division of labour. Everything must be done to prevent protectionism, or, indeed, any obstacles to free world trade.

The Community's first task will also be to maintain and secure what has been achieved. We must defend the Common Market with all the means at our disposal. However, we can only safeguard what we have if we also keep moving forward, and I believe this is not the time for overambitious goals, schedules and programmes. We must work resolutely towards extending and using the existing institutions and instruments. The fund for monetary cooperation, for example, must be developed step by step, but continuously, into a European central bank. I should like to thank Parliament for once more giving its support yesterday to the Commission's efforts in this sector. Other Community financing instruments must also be developed and, if necessary, enlarged.

Mr President, ladies and gentlemen, over the years we have grown accustomed to constant growth in production, consumption and prosperity. We have often wasted energy and raw materials, put too great a stress on the national product and demanded too much of State and economy. These times are over. Before us lie many difficulties, a need for greater effort and much sacrifice. Europe was faced with even greater challenges following the catastrophe of the Second World War and overcame them. We shall overcome the current challenge, too, although not as individual countries, but all together as one Community. But it is vital that all of us, governments, parliament, parties, Community institutions and the economic and social groups alike, realize our responsibilities and accept them, and that we have confidence and trust in our own strength.

*(Applause)*

IN THE CHAIR: MR BERSANI

*Vice-President*

**President.** — The Commission's statement on the economic situation in the Community has been referred to the Committee on Economic and Monetary Affairs.

The proceedings will now be suspended until 3.30 p.m.

The House will rise.

*(The sitting was suspended at 1.15 p.m. and resumed at 3.50 p.m.)*

IN THE CHAIR: MR BERKHOUWER

*President*

**President.** — The sitting is resumed.

*7. Procedural motions*

**President.** — I call Sir Brandon Rhys Williams on a procedural motion.

**Sir Brandon Rhys Williams.** — Mr President, I rise on a point of order concerning Mr Haferkamp. His extremely important statement had to be started only a few minutes before one o'clock and did not finish until a quarter past one. At that time many honourable Members had had to go to official engagements, and it was a perfectly proper decision of the Chair to suspend the meeting at a quarter past one. But it happened in such a way that Mr Lange, the Chairman of the Economic and Monetary Affairs Committee, and I and other honourable Members who might have wished to make a contribution to the discussion on Mr Haferkamp's statement were not able to do so. It would obviously be futile for us to seek now to exercise our rights, because he has had to leave and therefore would not be available to reply to the debate. I feel, however, that it is unfortunate that this should have happened.

I hope that on another occasion the Chair will be especially indulgent when arranging business and making decisions as to when the meeting should be terminated—for instance, for luncheon—because we are, after all, an economic community and it is my impression, after relatively short service in this Parliament—though nevertheless it extends over more than a couple of years—that perhaps we do not give as much attention as we should to debates on economic affairs when we have Mr Haferkamp with us.

**Rhys Williams**

I believe this is partly because of the inconvenient times at which our economic debates are taken. I hope, therefore, that for the future note will be taken of my protest and that my colleagues in Parliament will be given every possible opportunity to take part in debates on economic statements and economic affairs.

**President.** — I agree with Sir Brandon Rhys Williams that Mr Haferkamp's statement came at a rather unfortunate moment in that many Members were already engaged elsewhere. I, too, should have preferred a more suitable time. Since the amendment to our Rules of Procedure we now have the possibility of the 20-minute procedure following statements by the Council and the Commission. After Mr Haferkamp's statement, however, the House did not ask for this procedure to be applied.

I call Mr Lange.

**Mr Lange.** — (D) Ladies and gentlemen, Sir Brandon is perfectly right to protest about the times at which such important matters as the economy of the Community are discussed. This has not only happened today, it has also happened before. Mr President, we have spoken about these matters on various occasions without the Bureau's being able to decide on other timetables. Better arrangements should be made to allow such important matters affecting the Community to be heard by an appropriate public.

As far as the present situation is concerned we are now in a somewhat awkward position. Mr Haferkamp is no longer here and left, in fact, with a clear conscience in that in the committee we had already agreed to combine the debate on his statement with a debate on a report by the Committee for Economic and Monetary Affairs at the March part-session. Thus, we cannot blame Mr Haferkamp.

But, I do not think it right to blame anybody, Mr President, since yesterday, following the presentation by the President of the Commission, Mr Ortoli, of the Commission's general report and programme and the report on the social situation by Mr Hillery, not a word was said about either. Both these subjects are also to be discussed in March or April. We should not make any different arrangements for the economic situation than those already made with Mr Haferkamp.

Thus, at the moment we should leave things as they are but draw the necessary conclusions for the future, including the matter of the timetable.

**President.** — I call Mr Burgbacher.

**Mr Burgbacher.** — (D) Mr President, ladies and gentlemen, what has happened has happened and we cannot change it. I would, however, like to ask why Mr Haferkamp's address has not been distributed like the other addresses and would suggest that it should be distributed so that at least Members who cannot be here can read it as a form of mental preparation for the coming debate.

**President.** — It will be distributed shortly.

I call Mr Lückner for a procedural motion.

**Mr Lückner.** — (D) May I request that the oral question with debate on Portugal be brought forward and included in the joint political debate we shall have this afternoon on condition that after the report by Mr Radoux on the Summit Conference the written question of the Groups be submitted and discussed in the context of the joint political debate? I think there is general agreement on this point between the Groups and the Commission and I would be grateful if this could be agreed.

**President.** — I put to the vote the request by Mr Lückner to deal with the debate on the political situation in Portugal as part of the joint political debate scheduled for this afternoon.

Are there any objections?

That is agreed.

8. *Joint declaration by Parliament, the Council and the Commission on the establishment of a conciliation procedure*

**President.** — The next item on the agenda is the report by Mr Spénale on behalf of the Committee on Budgets on the letter from the Council of the European Communities on the draft joint declaration by the European Parliament, the Council and the Commission on the establishment of a conciliation procedure (Doc. 483/74).

Before calling Mr Spénale, I should like to read out the following letter which I have just received from the Council and the contents of which can be appended to this dossier.

'Sir,

By letter dated 16 January 1975 you informed me of the observations made by the Committee on Budgets regarding the draft joint declaration by the European Parliament, the Council and the Commission on the establishment of a conciliation procedure.

**President**

The proposed version of the third recital of the draft declaration submitted by that Committee has been examined in detail. The Council considered that it could accept most of that proposal and is prepared to amend the text of the third recital of the draft declaration to read as follows:

"Whereas the increase in the budgetary powers of the European Parliament must be accompanied by effective participation by the latter in the procedure for preparing and adopting decisions which give rise to important expenditure or revenue to be charged or credited to the budget of the European Communities."

The Council did not feel that it could agree to the suggestion that the reference to the budget of the European Communities be omitted from the recital, since, pursuant to the Treaties, all Community revenue and expenditure must be entered in the budget.

Please accept, Sir, the assurance of my highest consideration.

Richie Ryan'

I call Mr Spénale.

**Mr Spénale, rapporteur.** — (F) Mr President, thank you for reading out this important document, which marks the final stage of the lengthy exchanges of views which we have held on conciliation.

The subject we are about to debate is the introduction of a conciliation procedure between the Council and Parliament, with the active participation of the Commission.

This is in our view a matter of great importance and I should like to thank the Council of Ministers and the Commission of the European Communities for being represented here today at the highest level. I hope they will put forward their views, and comment on the elements of satisfaction or reservation which emerge during this debate.

Our desire for a conciliation procedure springs from the following idea: the budgetary power of this Assembly is no more than an illusion if most of the budget funds are necessarily dependent on decisions taken elsewhere and in which this Assembly has had no part. It is for this reason that, in conjunction with the amendment of the Treaties in April 1970, Parliament requested a special conciliation procedure with the Council; firstly at various stages of the budgetary procedure at which a great number of new items of expenditure appear; secondly, outside the budgetary procedure, when acts having appreciable financial implications are under consideration.

As regards the first of these points, you will find in the Official Journal, in the debate of Parliament, of 18 November 1971, the letter from the Council which made it possible to initiate what we call today budgetary conciliation, which has worked with an increasing degree of success and had become almost satisfactory by 1974.

As regards the second point, the decisions having financial implications and taken prior to the budgetary procedure, we have, by exchange of letters, the last of which, from the Council, is dated 31 October 1972, organized collaboration between the Council and Parliament for the consideration of acts having financial implications. The text of this letter may be found in document PE 31.494 of the enlarged Bureau.

These two documents were the starting point for a discussion which today has reached a decisive stage. We realized that they were not at all satisfactory and we have had to fight hard and persistently to have our rights recognized one by one. Annex I of the report which it is my honour to present on behalf of the Committee on Budgets contains a summary of the stages by which we arrived at the proposal for an exchange of letters which the Council is putting to us today.

We exerted constant pressure on the other institutions, even going so far as to table a motion of censure to force the previous Commission to make proposals, and I think I can say that after encountering much reticence and scepticism on the part of the other institutions we succeeded in convincing them. Towards the end they granted us attentive, active collaboration which enabled us to have, before the letter, 'conciliation on conciliation'. So even if there are still some differences of view, I should like to thank them through Mr FitzGerald and Mr Ortoli. I must also mention the part played by our delegation and in particular by you, President Berkhouwer, who twice led it in the discussions with the Council.

Annex II of the report contains the points on which, throughout this procedure, we have requested modifications of the initial positions of the other institutions and the results which have been obtained. On the whole, the Committee on Budgets thinks they are very good and, in a manner of speaking, constitute a preliminary, concrete demonstration of what can be expected of conciliation.

What, then, does the conciliation procedure look like, after this long drawn-out struggle?

The objective: to ensure the effective participation of the European Parliament in the process of drawing up and taking decisions involving

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considerable expenditure or revenue charged to the budget of the Communities.

Its scope: acts of general application having appreciable financial implications and which are not required by virtue of acts already in existence.

Its initiation: at the request of Parliament or of the Council if the latter intends to depart from the opinion delivered by the European Parliament.

The machinery: a Conciliation Committee consisting of the Members of the Council and representatives from Parliament.

The goal: to reach agreement between the two institutions.

The result: when the positions of the two institutions are sufficiently close, Parliament may forward a new opinion and the Council then takes definitive action.

It's as simple as that. It is astonishing that to achieve this such a long struggle was necessary. But it takes a long time to be brief. And since, according to Pascal, beauty is the elimination of all superfluity, let us say that this draft has a certain Pascalian beauty.

The major difference of view consists, of course, in the fact that the Council has refused to impose upon itself any non-unanimous majority according to whether it agrees or disagrees with the European Parliament when it takes definitive action.

Now it is obvious that the weight of Parliament in conciliation is reflected in the different types of majority required of the Council according to whether it is in agreement or disagreement with us.

In its resolution of 5 October 1973, paragraphs 10-13, the European Parliament requested that if the Council wished to depart from the position of the European Parliament, and by analogy with Article 149, it could only do so by voting unanimously.

The basic argument of the Council that this would change the balance of the institutions is obviously incorrect since it is already obliged to apply the unanimity rule for proposals from the Commission and since it does not hesitate to impose unanimity upon itself in numerous cases in which it is not obliged to do so by the Treaties.

The argument of expediency, whereby the Council wants to decide less and less on a unanimous basis, as a result of the Paris Summit, is equally unconvincing, since the unanimity referred to

in the Paris communiqué is precisely that which it unnecessarily imposes upon itself for its internal operations, as it were, whereas what is involved here is the basis on which its decision should prevail in an inter-institutional dispute, which is something quite different and should be settled by analogy with Article 149.

In any case, the absence of such a rule would lead, in some cases, to preposterous results.

Let us imagine a case in which Parliament and the Commission disagree over a Commission proposal.

If the Council agrees with the Commission, it decides by simple majority against Parliament's opinion.

If it agrees with Parliament, it must decide unanimously against the Commission's opinion. Which means that in this particular case the extent of Parliament's power, in what is after all a budgetary question, is in fact less than the Commission's.

We can obviously not tolerate indefinitely a rule in the application of which it emerges that even for matters having budgetary implications, the Commission, which is not a budgetary authority, has more influence than Parliament, which is.

What then should one think of the conciliation procedure we are being offered? Well, depending on the point of view from which you look at it, you can be fairly hesitant or fairly enthusiastic. I personally am both: hesitant because we must continue to fight in order to obtain, at the end of the procedure, a solution in conformity with our resolution of October 1973, which remains as relevant as ever; hesitant because we are well aware that, even from the financial point of view, the whole budgetary procedure is even more important, and that everything which is decided during conciliation may be put in jeopardy again; hesitant also, because the scope of conciliation remains confined to budgetary decisions alone, whereas it would be desirable, as requested by the Political Affairs Committee and its rapporteur, Mr Kirk, to use it right from the start in the legislative process.

In this connection, you will doubtless have noted that paragraph 10 of the motion for a resolution submitted to Parliament points out that it is in the interests of the Community to establish an active procedure for parliamentary participation in all major decisions, particularly when they have appreciable financial implications, which is a direct reference to the legislative process. This paragraph is elucidated in paragraph 32 of the explanatory statement, in which the Committee on Budgets, in agreement with the opinion

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put forward by Mr Kirk on behalf of the Political Affairs Committee, maintains that this procedure should be extended to all Community decisions of major importance, whether they have financial implications or not.

This position regarding legislative powers derives from the following considerations. Firstly, if I may remind you, on 13 May 1970, during the debate on the Treaty of 22 April 1970, the representative of the Commission declared: 'As we have already stated and as we reaffirm today, our intention and the intention of our successors in the Commission is to make proposals regarding the legislative power of the European Parliament by September 1974'.

In July 1973, during the debate on the extension of budgetary powers, Mr Cheysson declared: 'The granting of legislative powers is a prerequisite to the granting of true budgetary powers. It would be wrong not to admit this from the beginning'.

Finally, the Summit stated quite clearly that Parliament's powers needed to be extended, in particular by the granting of certain powers in the legislative process of the Communities.

So, ladies and gentlemen, everyone is in agreement: the Commission which has promised it and repeated its promise, the Summit, which, I believe, commits the Council, and Parliament which is insistently demanding it.

And given that there is a consensus of all the Community institutions, there is no longer any reason why it should not start, and I would ask Mr Ortoli if the Commission has worked on this matter and when it intends to make proposals on it.

Those, ladies and gentlemen, are the main reasons why our opinion is not over-enthusiastic. Nevertheless, the Committee on Budgets is unanimous in advising you to accept the introduction of conciliation on a provisional, experimental basis, provided, of course, that it undergoes improvement before the European Parliament is elected by universal suffrage.

A degree of enthusiasm is, however, justified if one considers the following points.

We must make a start and we cannot start at the end. I would add that the most vigorous starts do not necessarily lead the farthest. The stone cast by prehistoric man did not go further than 80 yards. Today's projectiles which cover a mile in the first second do not go further than 10 miles or so, but Soyuz or Apollo which move an inch or two in the first second end up by orbiting Saturn.

The problem is to maintain the thrust, and to do that you have to make a start. We therefore see four main reasons for regarding this conciliation procedure as highly important.

Firstly, it meets a fundamental requirement. During the difficult period of upheaval ahead, better cooperation between the Council and Parliament will be essential. This procedure is capable of being effective, despite its imperfections, as the results of the first conciliations have shown.

Secondly, the procedure may be extended and improved as Community integration progresses and as the present institutional imbalance receives the necessary adjustments, in particular when Parliament is elected by universal suffrage. The scope of the procedure may be extended and the decision-making process improved. It should also be borne in mind by all concerned that the outcome of conciliation is not final, as there is still the budgetary procedure in which both the Council and Parliament have very considerable deterrent powers.

The Council retains the last word on compulsory expenditure and has a power of veto on the increase of the expansion rate of non-compulsory expenditure. Parliament also has a power of veto on the expansion of the rate of non-compulsory expenditure and it has the power to reject the budget as a whole.

Each institution therefore retains, over and above the conciliation procedure, certain deterrents which may be highly effective, but may also have a paralysing effect. From this point of view, conciliation is clearly a kind of attempt to deter deterrents. In this respect it can help us gain time, contrary to what some people might think, since stalemate in the budgetary procedure would cost us far more time and energy than a well conducted conciliation procedure.

Thirdly, this procedure is remarkably well suited to the structures of the Community institutions. A parliamentary institution fighting for the normal rights of such an institution faces a Council of Ministers which resembles somewhat an international conference with executive powers and the power to legislate, but in which national sovereignties remain fully alive. It is not possible for a Parliament to remain for ever subject to the law of such a Council of Ministers, but it is equally impossible, at least in the short term, to subject such a Council to the rule of a Parliament.

This conciliation procedure thus shows the path along which conflicting views may be reconciled. It is a highly original path which, to my knowledge, does not exist elsewhere; it is a path which

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will surely lead to results, and I would add that if, in due course, the legislative and other powers pass to other institutions, we shall have to see to it that this procedure continues to apply, for if today it enables Parliament to participate in the taking of decisions, tomorrow it will perhaps allow the Council to do so.

It is a highly original system which I have no hesitation in calling a sort of historical precedent in Community law which is likely to have very far-reaching effects. It is in any case the first major act of institutional development resulting from a simple internal agreement between the Council and Parliament, with the active participation of the Commission.

In remaining within the terms of the Treaties, as it were, this agreement acquires a kind of constitutional force and we must hope that, while taking all the necessary precautions, we shall henceforth make use of the path we are inaugurating today, especially to devise new legislative processes and gradually improve inter-institutional equilibrium.

We are stepping out today on a broad highroad. I fervently hope therefore that Parliament will approve this draft with the largest possible majority, since it is the gateway to a new future for Parliament and for all concerned.

*(Applause)*

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

**Mr Kirk.** — There is a story, which will be known to my British colleagues, told about that great English—or perhaps, in deference to the President of the Council, I should say Irish—statesman, Edmund Burke, that on one occasion when he and another man were campaigning for election for the City of Bristol, Mr Burke addressed the electors for some five hours. His fellow candidate was then required to speak, and he rose to his feet and said, 'I say "ditto" to Mr Burke'.

I can do roughly the same to Mr Spénale. The arguments that he has advanced are the arguments that I would have advanced—not surprisingly, as I am a member of the Committee on Budgets. On concertation, we have been in pretty well full agreement all the way through.

The Political Affairs Committee has discussed the matter at considerable length. We believe this is a question of accepting half a loaf rather than getting no bread at all, and that we are reluctantly prepared to do. We do so, however, while at the same time putting down certain markers for the future.

We accept this as a starting-point, as Mr Spénale has said, and no more than a starting-point, in the relationship between the two legislative bodies of the Community, the Council and Parliament. We reserve the right as a committee to reopen this matter either before or after Parliament is directly elected. We reserve the right to open it in two specific ways, both of which were mentioned by Mr Spénale: that is, the right to extend the procedure outside acts having financial consequence arising from previous decisions, and the right of Parliament at the end of the day—and this may not be possible before direct elections—to have the final say on what the legislation should be.

Subject to those reservations—and they are very considerable reservations—the Political Affairs Committee unanimously supports the Committee on Budgets' view that we should proceed along this road and see how we go, in a good pragmatic style. I have often accused Mr Spénale of being too Cartesian: on this occasion he is being as pragmatic as any Anglo-Saxon could wish him to be.

I go all the way with Mr Spénale on this, and I hope Parliament will do the same.

*(Applause)*

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

**Mr Notenboom.** — *(NL)* Mr President, I should like to say a few words on behalf of the Christian-Democratic Group about the significant step we are now taking towards the further strengthening of the place and role of this Parliament among the European institutions. I should like to thank the rapporteur, Mr Spénale, who for years has been battling with great competence and determination and with powerful, logical arguments for the strengthening of Parliament's legislative role.

I recall what occurred when the 1975 budget was being adopted, the first budget financed wholly of own resources, although not yet out of VAT, etc. We are convinced that in December 1974 Parliament emerged strengthened from this procedure. This was achieved thanks to the efforts of men like Mr Spénale, Mr Aigner and you, Mr President, who led the Parliamentary delegation during conciliation. It was also the consequence of the caution which was wisely shown in December of last year, when Parliament did not try to secure the last million, but showed by give and take that it wanted to be a trustworthy partner for the Council in discussions and in the taking of decisions.

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We are again about to take a step, albeit a provisional and experimental one, in the field of Community acts having financial implications. This is a kind of connecting link between the position of Parliament as laid down in the Treaty as regards the adoption of the budget, and the normal legislative procedure for legal acts without financial implications. In his capacity as rapporteur for the Political Affairs Committee, Mr Kirk laid special stress on this.

Mr President, my Group will vote for the motion for a resolution, because we feel that it reflects a reasonable, intelligent attitude—the Committee on Budgets was in fact unanimous. On the one hand, it allows for the possibility of improvement, which is once again now clearly within our grasp and, on the other hand, the motion for a resolution contains clear conditions which Parliament as a whole considers must be complied with, if we are not to abandon the principle established by Parliament several years ago, which Mr Spénale has just referred to and which was reaffirmed in 1973.

I shall not repeat Mr Spénale's excellent arguments; that would be pointless. My Group fully supports them. The most significant point in our view is that the Council can only depart from the opinion of the Parliament at the end of the conciliation procedure by acting unanimously, by analogy with Article 149 of the Treaty.

This is in harmony with the idea of Parliament having a say in affairs; the Council and Parliament share the responsibility for the decisions which are eventually taken. It is also in harmony with the idea which Mr Aigner, who cannot be present here today, defended so emphatically on 5 October 1973. We cannot regard as progress a procedure which does not include at least what has already been provided for in the Treaty with regard to the Commission. It is therefore clear that the Council must decide within a certain time and not leave certain proposals, for which unanimity cannot be obtained and which the Council does not like, lying on the shelf collecting dust. This cannot be the intention. Hence the specified time limit for the taking of the decision. It is a procedure which must bring pressure on the parties to agree with each other on a joint decision. The whole procedure is intended to permit give and take between the institutions so that they can arrive at a joint decision.

It is also important, in our opinion—these are points of lesser importance but equally worthy of mention—that the conciliation procedure should concern not only expenditure but revenue, which is after all the burden which is imposed on our peoples to cover expenditure.

The wording of the draft letter is rather vague about this, but we feel it is axiomatic that the conciliation procedure should not only concern the participation of Parliament in the implementation of specific decisions but also their content.

Finally, I should like to underline, on behalf of my Group, the proposal in the motion for a resolution that the procedure should involve not only the financial implications of the budget in the strict sense of the term, but the implications for the whole Community, so that the European Development Fund would also be included.

On behalf of the Christian Democratic Group, I would like to acknowledge once again the constructive atmosphere experienced by our colleagues who have recently taken part in the various conciliation meetings with the Council. I hope that this spirit of goodwill on the part of the Members of the Council will mean that the conciliation procedure, which in our view is theoretically far from perfect, will lead nonetheless to a great step being taken forward along the road to a democracy worthy of Europe.

*(Applause)*

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

**Mr Fabbrini.** — *(I)* Mr President, I should like to draw attention, as other Members have already done, to the fact that in October 1973, following a very interesting debate, this Parliament adopted by a majority vote a resolution including the requirement, noted here, that the Council should only be able to reject Parliament's opinions by a unanimous vote. I recall that in reaching this conclusion, which was in itself a compromise since our debate centred on the problem of which institution, Parliament or Council, should have the final word, this compromise was said to be irrevocable. I think it right to recall this one year later so that the reasons for the position we shall be taking can be better understood.

We feel that the Council's proposal now rejects in practice the demand contained in the October 1973 resolution, a request which, had it been accepted, would doubtlessly have had far-reaching effects for the Council. The result now is that, should the two institutions fail to agree, the Council not only still has the final word but it can also decide by a simple majority to disregard the European Parliament's opinion.

Speaking on behalf of the Committee on Budgets, Mr Spénale has, however, asked us to approve on a provisional and experimental basis the proposal submitted by the Council, except for certain marginal amendments, and to trans-

**Fabbrini**

mogrify what in October 1973 was considered to be an irrevocable demand into a formal reservation first of the Committee on Budgets and ultimately of Parliament. My Group cannot accept this turnabout for the simple reason that by repudiating our original demand we are in practice according to conciliation more a formal than a fundamental value. On the other hand, the Communist Group does not wish to oppose the conciliation procedure completely, not to recognize the small improvements in the Council's latest proposal as compared with the previous one. In other words, we see the adoption of the conciliation procedure as a first step forward on a hard and difficult road towards extending the powers of the European Parliament.

While adding that I was not present at the meeting of the Committee on Budgets at which the document in question was approved—I say this so that nobody can accuse me of contradicting myself since Mr Notenboom stated that this motion for a resolution was approved unanimously by the committee—these are the reasons why the Communist Group intends to abstain.

**President.** — I call Mr FitzGerald.

**Mr FitzGerald, President-in-Office of the Council of the European Communities.** — I recognize that what has been agreed here does not give full satisfaction on all points to Parliament. The process by which we have reached agreement on this procedure as being suitable is an evolving procedure by which Parliament, quite properly seeking to extend its powers, is gradually doing so in a process of taking two steps forward and half-a-step backwards. I note that most of the speakers accept that this is a significant step forward. It would not have been achieved but for the efforts of Members, including yourself, Mr President, in taking the initiative, negotiating with the Council and being willing to meet difficulties and arrive at a compromise solution.

But what has been achieved is only a small part of the long-term process which I believe and hope will take its next great step forward in several years' time, when we reach the stage at which, simultaneously, as agreed at the Summit Meeting, a system of direct elections will be introduced and the powers of Parliament will be significantly extended.

I thank those Members who have spoken in the debate for the way in which they have received what has been agreed. We must learn from the way it operates, and must be willing then to move ahead, step by step, in a process of which

this is to be a small part. I think the fact that the position taken up initially by the Council was modified in response to pressure by Parliament is evidence that a genuine conciliation procedure is in operation already. It is no longer the case, as it once was, that the Council lays down what it is prepared to do on a 'take-it-or-leave-it' basis. We have moved beyond that point, and it is an important step. I hope that we shall take another and even more important step when we reach direct elections and substantially increase the powers of Parliament in what is now no more than three years' time.

**President.** — I call Mr Ortoli.

**Mr Ortoli, President of the Commission of the European Communities.** — (F) Mr President, this new procedure has begun auspiciously and it is true, as Mr Spénale said, that we have seen here conciliation on conciliation, that form of attentive, active collaboration of which he spoke, with the result that the texts before us today represent an important step forward. You were right, Mr President, and you too, Mr FitzGerald, when you said that this is not a final step, and that others remain to be taken. You asked the Commission about the prospects in the legislative sphere. Happy are those who by searching reins and hearts are able to know the intentions of their successors. However, it so happens that when the Commission's representative spoke of the intentions of its successors, i.e. ourselves, he was not mistaken because since this Commission has been at work it has produced a number of proposals enabling Parliament to participate in the legislative process.

I should like to emphasize that together we have made progress—and Heaven knows that you have worked hard for it—on the essential matter of budgetary powers. You were right just now to set this problem of budgetary powers in the context of the whole system, for we are indeed dealing with a sort of chain whose links can be considered separately.

I should like to recall three other points. The first, the one we are debating today, is that as early as April 1973 we proposed a system, which was modified after our first debates and which has evolved into approximately what will be proposed here today. Secondly, I would point out that shortly afterwards we initiated the extension to which Mr Spénale and Mr Kirk have referred; we submitted a document to Parliament entitled 'Practical measures... to improve relations between the Parliament and the Commission' and which has not yet met with very much success, and we suggested that the procedure we are discussing today might be

**Ortoli**

implemented on a more general basis. This is certainly something we shall need to discuss again.

I should like to recall a third, final point, which is not altogether without interest. One of the first things we agreed with you about was that the Commission should listen—and we are very careful to do so, as you know—to what Parliament says. As soon as Parliament delivers an opinion, we examine the amendments it wishes to make to our proposals. We do so very frequently and report to you at each part-session; this may not seem a very big improvement but it is a real one since we are thereby granting Parliament's opinion a fairly considerable share in our power of initiative, since we often allow our proposals to be changed.

You raised the basic problem of the future. I think you and Mr FitzGerald were right to recall that there will be circumstances in which we shall have to reconsider this question of legislative powers. The widening of Parliament's powers was brought up at the Paris Summit and we shall be having a debate on elections by universal suffrage. In this debate the question is bound to be asked 'To what end?'

Consequently the question of legislative powers will necessarily entail a debate on European Union. In the ensuing dialogue we shall not be able to avoid the problems raised with respect to the legislative process, not of Parliament, but of our Community as a whole. And in this connection I foresee that we shall have to reconsider these matters on more than one occasion.

You may rest assured, Mr President, that the Commission has all this in mind. We have shown that pragmatic spirit which has just been praised by both Parliament and the Council and I stress that we shall not lose sight of higher ambitions and that we are ready to carry on working for the extension of the legislative process.

In the meantime I would echo your own sentiment that we should concentrate on the present and apply this procedure.

I shall not go over the various points which you have raised; I shall just say that it was we who proposed this procedure and that we attach great importance to it.

The work we are doing together can indeed only be meaningful if we can see growing up around us something different from what already exists. This is just a starting point, since we have not yet given life to your new powers. The conciliation procedure is virtually only being launched today and the budgetary procedure, too, has only just got under way.

We do want to achieve all this, of that you can be quite certain. The Commission, in particular within the framework of its own power of initiative, will take account in this procedure of what has been said. I cannot guarantee that we shall always agree with Parliament, but I can assure you that our democratic spirit will lead us to change our proposals when, in accordance with the articles of the Treaty which grant us this power of initiative—and I am convinced that this will often occur within the framework of this conciliation procedure—we feel obliged to propose jointly with Parliament a certain type of action to the Council.

This is the spirit in which the Commission commits itself to the new procedure which, I hope, will be approved today.

(Applause)

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

On the preamble and paragraphs 1 to 3 I have no amendments or speakers listed.

I put these texts to the vote.

The preamble and paragraphs 1 to 3 are adopted.

On paragraphs 4 and 5 I have Amendment No 1 tabled by Mr Spénale and worded as follows:

'Paragraphs 4 and 5

Replace these paragraphs by the following text:

"4. Welcomes the overall plan proposed by the Council, which seems likely to allow Parliament to play a genuine part in the procedure for preparing and adopting important Community decisions which give rise to Community expenditure or revenue, such expenditure or revenue to be entered in the budget;"

I call Mr Spénale to move this amendment.

**Mr Spénale, rapporteur.** — (F) Mr President, the object of this amendment is simply to adapt the resolution to bring it into line with the letter which you read out earlier.

We had asked the Council to accept that Parliament should participate not only in the procedure for preparing, but also in that for adopting Community decisions. We wanted the latter to apply to expenditure and revenue. The Council has complied with our wishes and we are grateful to it for this.

Taking that letter into account, we are amending the text of the resolution. We were unable to do so at the last meeting of the Committee on Budgets since we did not have this document.

**President.** — I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

On paragraphs 6 to 15 I have no amendments or speakers listed.

I put these texts to the vote.

Paragraphs 6 to 15 are adopted.

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

The resolution is adopted.<sup>1</sup>

Thank you, Mr FitzGerald and Mr Ortoli.

#### IN THE CHAIR: MR BERKHOUWER

*President*

9. *Results of the Paris Summit Conference of December 1974—Eighth Report on the activities of the Communities in 1974 and programme of the Commission for 1975—European Regional Fund—Oral question with debate: Political situation in Portugal*

**President.** — The next item is the joint debate on the following topics:

- the report drawn up by Mr Radoux on behalf of the Political Affairs Committee on the results of the Conference of Heads of Government held in Paris on 9 and 10 December 1974 (Doc. 436/74);
- the presentation of the Eighth General Report of the Commission of the European Communities in 1974 and the programme of the Commission of the European Communities for 1975;
- motion for a resolution tabled by Mr de la Malène, Mr Yeats, Mr Cousté, Mr Cointat, Mr Duval, Mr Kaspereit, Mr Laudrin, Mr Liogier, Mr Nolan and Mr Terrenoire on the European Regional Development Fund (Doc. 505/74);
- oral question with debate by Mr Lücker on behalf of the Christian-Democratic Group, Mr Spénale on behalf of the Socialist Group, Mr Durieux on behalf of the Liberal and Allies Group, Mr Kirk on behalf of the European Conservative Group and Mr de la Malène on behalf of the Group of European Progressive Democrats, to the Commission of the European Communities, on the political situation in Portugal (Doc. 490/74).

I call Mr Radoux.

**Mr Radoux, rapporteur.** — (F) Mr President, ladies and gentlemen, the debate on the Summit Conference is taking place at a somewhat unusual time. The conference took place at the beginning of December, and Parliament will no doubt recall that in December, thanks to the cooperation of the President of the Commission, we spent almost three hours in Luxembourg on questions to which answers were given. Today's debate should in fact have ended in December. It was postponed, as often happens, for timetable reasons, but in January we were not any luckier, at least in one sense as the reason for the January postponement was that at the last minute the President of the Council had to remain in Brussels. This was not a tragedy, Mr FitzGerald, because you were having talks with the representatives of the African, Caribbean and Pacific countries. We all realized that the subject of your talks was extremely important and I should like to take this opportunity to congratulate you on your success in this domain.

The result of all this, however, is that the resolution approved by the Political Affairs Committee is out of date today. In this resolution the Political Affairs Committee was in effect asking what the President of the Commission of the Communities had to tell us, in connection with the annual programme of the Commission, about the role and function of the new Council of the Communities set up at the Summit.

Mr Ortoli spoke yesterday, so the debate is taking place afterwards. The Political Affairs Committee did not wait until February to take action and, under the chairmanship of Mr Giraud, Mr Kirk amended his draft report on the powers of the European Parliament, reserving the right to investigate the function of the Community institutions and hence the place and role of the Council of the Communities set up at the last Summit.

I therefore feel, Mr President, that the motion for a resolution should not be put to the vote at the end of this debate, since it is clearly out of date, though in one sense fortunately as it has already begun to be implemented.

I should like to state straight away that I must confine myself strictly to observations on the Summit Conference and just as strictly to observations of a political nature.

I cannot therefore comment on the speech Mr Ortoli made yesterday, but everyone will understand that as the first speaker in this joint debate I extend to him not only our warmest thanks but our sincere congratulations on his

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

**Radoux**

remarkable speech. Not only did it contain new things, but it unquestionably reflects a real resolve on the part of the Commission to readopt an initiative-taking role at a time when this is vital for our institutions as a whole.

I shall, then, confine myself to a number of political observations.

First of all, the Summit communiqué mentioned the election of Parliament by universal suffrage and stated: 'The Heads of Government await with interest the proposals of the European Assembly, on which they wish the Council to act in 1976'.

Well, I take this opportunity to say to Parliament, to the Commission and to the Council that Parliament has done what was asked of it. We approved the draft produced by our colleague, Mr Patijn, and it is now Parliament's turn to await the reply of the other two institutions on this question.

I should also like to say a few words about the voting system in the Council. I refer to paragraph 6 which stipulates that: 'In order to improve the function of the Council of the Community, the Ministers and Heads of Government consider that it is necessary to renounce the practice which consists of making agreement on all questions conditional on the unanimous consent of the Member States etc'.

In this connection, Mr President, I wish to make two points.

Firstly, the principle of unanimity has been maintained until now in the Council in spite of the fact that the Treaty merging the executives of 1967 and the Treaty of Accession of the new Member States of 1972 confirmed the right to apply the weighted majority rule.

Secondly, a Member State has the right to abstain and in this connection I can point to the very text of the communiqué of the Conference of the Heads of Government in which there were abstentions by two Member States, the United Kingdom and Denmark, on the question of the election of Parliament by universal suffrage.

The British declaration shows quite clearly that, despite its abstention, or rather its present inability to adopt a position on the election of the European Parliament by universal suffrage, the British Government has no objections to this being done by the other eight States.

Finally, I should like to point out once again how harmful the unanimity rule is to Parliament.

We must ensure at all costs that the Council of Ministers does not make a habit of using this unanimity rule, which was originally only applied in exceptional cases.

This is why we welcome the decision of the Heads of Government regarding this unanimity rule, which has proved disastrous in the highest international body, the Security Council of the United Nations.

This rule is not applied in individual States, after all. Indeed, local government could not function if this unanimity rule existed.

There is a third consideration: the reports to be drawn up with respect to European Union. The Heads of Government, in conformity with the wishes expressed at the Paris Summit Conference of October 1972, reaffirmed the importance they attach to relations between the institutions of the Community.

Mr President, I deeply regret that so many people are still doubtful about the content of European Union. There are documents to show that as early as 1953, when the report of the ad hoc Assembly was presented, this House set out quite clearly Europe's objectives as well as the machinery for arriving at what we today call European Union.

I do not think that time is on our side. It would surely be a good thing to gain a few years and set the deadline for 1980. World and European events show that it would be wise to be ready by that time.

In connection with European Union someone quoted to me a remark made by President-in-Office of the Council which seems to me to illuminate not only what we have been striving for, namely European Union, but what we are currently aiming at in the Community as a whole, i.e. at a time when there is an upward centralization and downward decentralization of power.

As you said, Mr President, we are trying to build, out of this culturally so diversified and historically conscious part of the world, a society governed at several different levels, in which authority for key questions is transferred upwards to an institutional structure which may perhaps in time win the necessary loyalty, but whose citizens are demanding that at least those decisions which affect them directly and can be taken at regional or local level should be transferred to a lower level which they can understand and accept.

This is the spirit in which we must seek European Union and try to bring it about as quickly as possible.

**Radoux**

I shall now turn to the question of the submission of reports and the deadlines we have set ourselves.

Mr Bertrand, rapporteur for the Political Affairs Committee, has responded very fully to the requests of the Paris Summit. Just a few days ago we decided to end our work on the date planned. But we added that in the given circumstances we would work in accordance with a method to be determined by ourselves. The deadline will be met. But we shall have to see in what form the Political Affairs Committee will present this first draft of our rapporteur. First the political groups will have to deliver their opinion. We should also like the President of the Commission to inform us of his colleagues' views on this.

We are awaiting from a Head of Government a comprehensive report following the submission of the reports of Parliament and the Commission. This comprehensive report is to be ready by the end of this year.

Since, therefore, we must move quickly—and everyone will be glad of this—I should like to make an unequivocal statement to this Assembly. It must be understood that Parliament regards itself as entrusted with a real political mission and that, in conjunction with the other institutions of the Community, it must draw up a final report on European Union and, after negotiations, a legal document which will determine the form which the institutions of this Union will take. It can therefore obviously not be the intention of the Commission to withdraw this vital question from the European Parliament. This cannot be done until a final decision has been taken, or rather before a treaty or draft constitution for a European Union has been submitted.

My last point but one: external relations. The Summit communiqué stated: 'The President-in-Office will be the spokesman for the Nine and will set out their views in international diplomacy. He will ensure that the necessary concertation always takes place in good time'.

I think I can say that there is no lack of examples to show that when a Minister of Foreign Affairs or a Head of Government negotiates outside the Community, with the authorization to speak not only on his own behalf but on behalf of the Community, he achieves results which he could not hope for if he spoke only on his own behalf. We must therefore make better use of the institutional support provided by the Community. In this connection I would remind you that there was a precedent before we reached the stage we are at today. During the Korean War, the then British Prime

Minister, Mr Macmillan, went to Washington. But he did not go merely in his capacity as British Prime Minister; he had made prior visits to all the European capitals and was given a veritable mandate by Great Britain's friends. We are convinced that if he achieved useful results it was because he was able to speak, even at that time, on Europe's behalf.

What I have just said about the Council naturally applies to the Commission too. We can see this in international bodies, where the Commission has the opportunity not simply of speaking, but of playing its Community role. When it takes initiatives, when it makes proposals, when it negotiates, as it were, the Commission achieves results which in some cases no government could achieve.

At his press conference in Brussels on 22 January last, the President of the Commission made the following statement:

'Responsibility for Europe's inability to exert any definite influence on the major international decisions which have repercussions for our countries and our people rests firmly on our shoulders. It is our fault, too, that the attempt to put relations between Europe and the United States on a more equal footing has failed.' How true that is! And as Mr Ortoli declared yesterday, only collectively exercised sovereignty can enable each of us to recover a basis of power equal to that of the largest nations.

As regards the setting up of a Council of the Community, the Heads of Government said: 'Recognizing the need for an overall approach to the internal problems involved in achieving European unity and the external problems facing Europe, the Heads of Government consider it essential to ensure progress and *overall consistency* in the activities of the Communities'.

'The Heads of Government have therefore decided to meet, accompanied by the Ministers of Foreign Affairs, three times a year and, whenever necessary, in the Council of the Communities'.

On this we feel, firstly, that as regards the setting up of the Council, there is clearly a danger of a return to the intergovernmental method. If this danger became a reality, this would amount to the abandoning of everything which has been achieved since 1950 to avoid using a method which had proved detrimental to the objectives of European unification.

It is also felt that there is a serious risk that the Council of the Community will provide a let-out for the Council of Ministers.

But it is essential to realize that the Council of the Community may well be an effective instru-

**Radoux**

ment. One particular point must be stressed. While almost all the institutions have somewhere to turn to, the Council of the Community has no escape route. The Heads of Government and Ministers are answerable to their consciences or to God, but to paraphrase President Truman, the buck stops there.

This is why I feel this may well be a good thing. In deciding to meet every four months, the Heads of Government have in fact agreed to make European problems their own problems, and to accept this responsibility on a full-time basis. This permanent aspect of their decision is the best guarantee that they will act constructively.

I would again ask the President-in-Office of the Council to be kind enough now to answer the question he was not able to answer during Question Time. This question concerns the amendment made to the final Summit communiqué. This amendment is an important one, since it contains both the idea of permanence and that of experiment. I am not sure that these two ideas are compatible.

(Applause)

IN THE CHAIR: MR BEHRENDT

*Vice-President*

**President.** — I call Mr FitzGerald.

**Mr FitzGerald,** *President-in-Office of the Council of the European Communities.* — First, I apologize for the fact that the debate is taking place so long after the Summit meeting, but that is because at the time when I should have been here the negotiations with the ACP countries had not been concluded.

I want, first, to review developments since the Summit meeting in respect of matters which were dealt with at that meeting. I want to bring Parliament up to date on what has been happening since, rather than to go over old ground. Secondly, I want to take the opportunity to say a few words about the aims and objectives which the Irish presidency has set itself during the current six months' period.

One of the major decisions at the Summit was to institute Heads of Government meetings three times a year. The arrangements for these meetings have been under consideration in the Council of Ministers since the Summit, and certain arrangements have been agreed which will be put into effect at the first of the meetings, to be held in Dublin on 10 and 11 March.

I will deal first with the question of the participation of the Commission. As Ministers will be meeting as a Council of the Community and in the framework of political co-operation, it will be necessary when the Committee discusses Community matters for the Commissioner with special functions in regard to the matter under discussion to be present, in addition to the President of the Commission, and that arrangement is being put into effect. It is not intended that officials of Member countries should normally attend these meetings, but there is a provision that, should the Heads of Government desire the assistance of officials on particular matters, they can be brought in for that purpose.

The preparation for these meetings will be dealt with flexibly. The meetings will be considering some matters which are purely Community matters, some matters which are primarily Community matters but which may contain some elements of political co-operation, some matters which are concerned purely with political co-operation and some which are political co-operation matters with Community implications. It is not possible to lay down in advance a rigid and legalistic system for the preparation of these items, but the intention is that they should be prepared as they are at present through either Community or political co-operation arrangements, flexibly, or by a mixture of the two.

When Heads of Government are acting on Community matters their formal decisions must be taken on proposals from the Commission. We heard yesterday from President Ortoli of the Commission's intention to fulfil its role fully and loyally in this respect, and that we welcome.

On the question of secretarial arrangements, such meetings will be of Heads of Government meeting as a Council of the Community and in the political co-operation framework, so that it will be necessary for them to be serviced in a manner appropriate to both capacities. The Secretary General of the Council and a representative of the presidency will accordingly be available for that purpose.

It is not the intention normally to issue a communiqué after the meetings. This will have the advantage that the time of the Heads of Government can be spent constructively in genuine discussion and in seeking agreement, rather than in preparing texts which, in my limited experience of Summits, tends to take up an inordinate amount of time. There is something curious about Heads of Government spending a long time checking translations from one language to another to ensure semantic exactitude: that is not the best way of using the time of Heads of Government, which can

**FitzGerald**

be better spent on more serious purposes. However, on certain occasions it may be necessary or thought desirable for the Heads of Government meeting in this format to make declarations on broad points, and that will be done, but they are not committed to issuing a communiqué on each occasion.

The fact that there will not be communiqués, together with the secretarial arrangements that are being made, should ensure against some of the problems of confusion to which Mr Radoux has referred, problems which can arise and may have arisen in the past in regard to some decisions of Summit meetings.

I do not wish to get involved in a discussion about the details of past confusions. I merely point out to the previous speaker with regard to the matter he raised that the query that has arisen about the text of communiqués relates to words about a trial period which are not applied to the existence of the Regional Fund but merely to the amounts of money to be available for it in the first three years. As these sums of money are clearly not intended to remain constant for succeeding periods, I do not think a point of great substance is involved in the confusion. However, I agree with him that it is desirable to avoid the danger of such confusion, and we hope that the arrangements now being made will avoid that danger in future.

I wish next to refer to the relationship between the European Parliament and political co-operation matters. Here it was decided by the Summit that arrangements should be made for the answering of questions on political co-operation in Parliament. I have just written to President Berkhouver on this subject, making certain proposals for these arrangements which are intended to be flexible and interim until we learn from our experience. I hope they will prove satisfactory to Parliament. In any event, they are capable of being reviewed as soon as we have some practical experience.

Some practical problems exist here deriving from the very different arrangements for the reaching of agreements within the political co-operation framework, which can be more time-consuming than those within the Council framework, and account has to be taken of this when introducing a new procedure for the first time. The Summit communiqué dealt with the desirability—and I do not propose to quote from it, but to summarize the thoughts behind what was said—of reducing the abuse of unanimity in the Council of Ministers. This is a matter to which we have turned our attention.

At the first formal Council meeting—and there were, of course, certain informal Council meet-

ings, if one can call them that, in connection with the ACP negotiations a week earlier—on 20 January, I indicated the general intentions of the presidency with regard to putting into effect steps envisaged by the Summit in this respect. In implementation of what was then indicated, the presidency is now furnished before each meeting with an agenda distinguishing three categories of agenda items: namely, those not requiring a formal decision, because the Council is often preoccupied with general political orientations which do not involve formal Council decisions; those which require a formal decision to be taken by unanimity under the Treaties; and, finally, those requiring formal decisions that do not have to be taken by unanimity under the terms of the Treaties.

In the preliminary session before each Council, the President seeks informally to identify items in the third category—that is, ones requiring formal decisions that do not have to be taken by unanimity under the terms of the Treaties—which are not of such importance to individual Member States that these Member States cannot agree that paragraph 6 of the Paris Summit communiqué should apply. In the light of such declarations as delegations may make at that point during the informal discussion of agenda items which have been identified in this manner, the President, when these items come to be discussed, will indicate at the conclusion of the discussion on each item what in his opinion is the decision favoured by the Council.

Finally, if his view of what decision is favoured by the Council is not accepted in respect of these items concerning which unanimity has not been claimed by any delegation, then, of course, a delegation—that delegation or another delegation—may seek a vote by qualified or simple majority as appropriate. That is the procedure we are seeking to put into effect in order to implement this decision of the Summit.

As to direct elections, which were provided for by the Summit, first, I am most gratified to learn that Parliament adopted the resolution presented by Mr Patijn on the draft convention for electing Parliament by direct universal suffrage. At its last meeting, the Council decided to take all necessary steps so that once the political reservations still remaining on this question had been withdrawn—the House will recall that the British and Danish Governments entered reservations on these points at the Summit—agreement could be reached to ensure that a decision can then be taken within the timetable envisaged by the Summit—that is, by the end of 1976.

At the same time, in accordance with the decisions of the Summit, the Council will consider

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ways of widening Parliament's powers in the legislative process in accordance with these decisions of Heads of Government.

The subject of conversions of economic policies, which was discussed at some length at the Heads of Government meeting, is a matter to which the Heads of Government will return. It is quite probable that it will be discussed by them again at the Heads of Government meeting in Dublin in a couple of weeks' time, although at this stage no agenda has been formally adopted for that meeting.

I make one comment only on developments since then. Members will recall that, in paragraph 20 of the Summit communiqué, reference was made to the desirability of the President of France discussing this question further, I think at his then forthcoming meeting in Martinique, with the President of the United States. That was done, and the general shift in economic policy indicated by the Summit communiqué towards the maintenance of employment, undertaken by the Community at the Summit, has also begun to be taken into account in the United States. I would not say that this action by the American Government was due to the Community's having indicated its views on the matter, but it is encouraging that a lead given by the Community is now being followed by a shift in economic policy in the United States. It is only when Europe and the United States are acting in concert that one can be reasonably sure of the economic outcome.

The question of the GATT negotiations is referred to in paragraph 21. The Council of Ministers has already taken constructive action and has been able to agree on the mandate for the negotiations, which opened in Geneva on 11 February.

At the last Council of Ministers' meeting, regulations on regional policy were discussed and a large measure of agreement was reached as a basis for discussion with Parliament. One matter was left outstanding, however, because it was not possible to see a way through the problems—the question of the arrangements in respect of British redevelopment grants. However, the matter comes up for discussion in the Committee of Permanent Representatives tomorrow, and I have been informed that there are prospects of reaching an agreement then. If not, we in the Council of Ministers will tackle the subject again at our meeting on 3 and 4 March. There is, therefore, good reason to hope that we shall be able to have a clear view of the kind of regulations we feel should exist in order to put into effect the Regional Development Fund, and, of course, we hope to be able to discuss it with Parliament.

We hope that Parliament will be able to send a delegation to Brussels on 3 or 4 March for a consultation meeting with the Council. There are preparations to be made, but I hope that before the Parliamentary delegation meets us we shall have clear proposals to make. We want a clear decision to put the fund into operation as quickly as possible.

I am encouraged by the progress which has been made. Last January, after the Summit meeting, when we discussed the situation, there were pessimistic forecasts about the length of time we should take to reach agreement and make decisions, but I have pressed hard to get ahead and I am pleased with the progress.

I turn now to the question of energy policy, which was not discussed at great length at the Summit. This fact was commented upon by Parliament when it presented a resolution, but there was a clear feeling at the Summit that progress could be made in the arrangements for a producer-consumer conference. Progress has been made, and we are in agreement on how the Community should be represented at the preparatory meeting for the conference—a meeting which, we hope, will take place next month, possibly towards the end, at senior-official level. The Community will be represented at the preparatory meeting by the presidency of the Council and by the Commission to speak on behalf of the whole Community. This does not mean that we have decided that this form of representation will necessarily be possible for the main conference. That matter has still to be decided, but at any rate for the preparatory meeting the Community as such will be represented.

As Mr Ortoli pointed out yesterday, the progress on the external energy policy of the Community has not been paralleled by progress in its domestic energy policy. There, progress has been slow. At a meeting of the Energy Ministers last week, some progress was made, but it did not measure up to our expectations or desires.

On the developments which have taken place on the decisions of the Summit during the last two months, I refer to the last section of the Summit communiqué, dealing with financial contributions. This problem particularly concerns the United Kingdom Government. A proposal was made to the Council by the Commission towards the end of January, and there was preliminary discussion of it at the last Council meeting. That discussion was positive and constructive in tone. A number of difficulties and problems were raised, but not in any carping spirit, and we were left with the hope that the matter might be resolved, perhaps at the next Council meeting, although if decisions are not reached there it is a matter to which

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the Heads of Government might turn their attention. I hope that we can resolve the issue at the Council meeting on 3 and 4 March.

Those are the main developments that have taken place with regard to matters dealt with at the Summit.

If I may now take a few minutes to indicate the kind of approach that the Irish presidency has been adopting, and hopes to continue to adopt, to the development of the Community during the remaining 19 weeks it has to run, some of the aims with which we started have been achieved, in particular the successful conclusion of the ACP negotiations and the GATT mandate.

I was remarking this morning at the meeting of some of your committees on how very successfully the ACP negotiations were concluded in the sense that in the January negotiations we found that on two occasions our partners, the other eight countries in the Community, were very willing to meet the real problems posed by the ACP countries, to make many concessions and eventually to produce a package with which I believe those countries can be very satisfied; but also our partners were not dissatisfied with the results. I do not think they had the feeling at the end of the negotiations that their arms had been twisted too hard or that they had been forced to make concessions damaging to them. They were content that they had made a great and worthy effort of which they could be proud, with which they could be pleased, and which I believe will yield a satisfactory result to those with whom we were negotiating.

I have mentioned the action we have taken in the Council with regard to reducing the abuse of unanimity. On other matters lying ahead it is our objective, during our presidency, to see that the preparatory meeting of the producer-consumer conference is successfully organized, and by the time we hand over I hope that preparations for the main conference will be well advanced. It will be our hope also to have made progress towards a Euro-Arab dialogue, to overcome the difficulties that there have been hitherto and to have a preparatory discussion, to have reached agreement on the broad content of the dialogue and got the technical discussions under way.

We would hope to have had a successful Heads of Government meeting in Dublin which will establish a precedent for future such meetings. We would hope to have brought discussions with the United Kingdom about its continued membership to a successful conclusion and hope that by the time this presidency comes to an end the people of the United Kingdom will have

taken a favourable decision on continued membership. Speaking as the Foreign Minister of a country which had such a referendum three or four years ago, the three months of the referendum will be months of severe frustration for me. Having taken an active part in our own referendum, it will be difficult to restrain myself from taking part—although it would be counter-productive for me to do so—in the United Kingdom referendum. But counter-productive it well might be if someone from a nearby country were to intervene actively in the debate. They will know how anxiously we in all our countries desire a successful outcome to that debate and referendum.

I would hope that regional policy will have fully come into effect by the middle of the year and that the funds set aside for the purpose will be beginning to flow. I would hope that the Mediterranean policy negotiations will have been successfully concluded by that time and that we shall be beginning to make progress with a consideration of the parliamentary proposals with regard to direct elections. These are matters with which we have to deal in this period, and it is our aim to bring them forward to a point of considerable progress by the time our presidency comes to an end.

More generally, we aim in our presidency to strengthen visibly and in a concrete way the ties which the Council has with other institutions of the Community. We have tried to do so already in such ways as are open to us, and you will be aware, Mr President, that last December I sought an opportunity to meet the Commission as a whole to discuss the work programme for the period of our presidency. At that meeting I found a very valuable and welcome opportunity to go over the ground with the Commission as a whole and with individual Commissioners on particular points concerning them. I hope those discussions will prove to have been helpful in making faster progress with our work during these six months than perhaps in some earlier, less happy, six-month periods.

It has also been our aim to strengthen relations with Parliament. I hope to be available to Parliament and its committees as fully as necessary during the six months, so that the dialogue that should exist between Council and Parliament will be as fully effective and free as possible.

I hope that the arrangements we are making for answering questions on political co-operation will fill a gap in that area which has existed for a long time, and that the arrangements will work smoothly during this period.

I have arranged to meet informally the Economic and Social Committee next week, as the

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President of the Social Council normally does. I felt, as President of the General Council, that I should have this contact to indicate our concern that relations between all the institutions of the Community should be as close as possible.

During our presidency I hope that we can increase the Community's impact on public opinion. In this area there is much to be done. The multilingual character of the Community makes it difficult to get the message across. The great medium of television is available, but it is much better at retailing sport and music than the words of wisdom of people like ourselves, because of the linguistic problem. There are mechanisms which can be used for this purpose, and I hope that in future we shall be able to make better use of them. Through that medium it should be possible for us to communicate to the people of the Community our aims and objectives.

If there is one feature of the news arrangements of the Community which has worried me since Ireland has been a member, it is the extent to which member governments—and I exempt none of them from criticism—after Council meetings present the results in terms of how much each country has won for itself. That may be wise in terms of domestic policy but it can be ineffective, and it has a disintegrating effect on public opinion. Although we can never altogether avoid this and none of us will be able to give up the habit of doing it occasionally, we should try to adopt a more impartial approach in presenting the achievements of Council meetings.

I have tried to do something towards this by arranging briefings of the Press before Council meetings in the hope that, by giving reasonably detached views on what issues are likely to be discussed, when the Press meets Ministers afterwards it will be less brain-washed into thinking that what the Minister says from his point of view is the whole story. That is an area in which one can move only by degrees and one can achieve only a small amount, but we should try to ensure more coherent presentation of the Community to public opinion in all countries.

Looking to the future, there is the mission which has been given to Mr Tindemans, the Belgian Prime Minister. We shall all wish him luck, and all our governments and institutions will co-operate closely with him in his work. The decision to give him this task was imaginative. We are all too familiar with the limitations of committee work. In various committees—committees of the Council of Ministers and of Parliament—and in Parliament as well, we all try to make an impact on events by joint action,

but sometimes more can be achieved by one man being given a task to undertake, consulting opinion and bringing together a consensus of view. I hope that the task which Mr Tindemans has courageously undertaken will yield concrete and productive results and make it easier for us to achieve the aim of European union within a measurable time.

Last year the Ministers of Foreign Affairs had a useful, constructive and relaxed meeting at Gimlich Castle near Bonn in which they did not have to make decisions but rather reflect together on common problems. We all recognized the value of that. In spiritual terms it was like going on a retreat, and we all benefited from it. I find amongst my colleagues an interest in repeating the experiment, and I am seeking to make arrangements for that to be done in the quiet countryside of Ireland, where I hope that the climate and environment will encourage ministers to reflect constructively. I hope that such a meeting will take place in a couple of months' time.

That is what I wanted to say as President. Might I be permitted a few concluding remarks in an individual capacity?

I should like to welcome the address which was given yesterday by President Ortoli and to echo what he said earlier this year shortly after the renewal of his mandate.

The President of the Commission has a great advantage over the President of the Council. He is not hampered by the constrictions of representing nine countries with separate identities and views. He has 12 other Commissioners to contend with, but seems well able to knock them into shape and extract from them a common view much more vital, realistic and compelling than anything which the President of the Council can easily produce because of the constraints imposed upon him. It is of great value to the Community that President Ortoli has felt it possible to speak in these terms, realistically and strongly, in hope for the future, pointing out the defects of our present arrangements and how much needs to be done to make real progress towards the goals we share.

When the Community was founded it was done with great vision, imagination and statesmanship, but I am not sure that those who founded it could have had a full appreciation of the immensity of the task they were tackling. Perhaps during the first quarter-century we have all underestimated the magnitude of the task. There is no precedent for what we are trying to do. At times we talk, act and think as if there were precedents. We are inclined, unconsciously, to model ourselves upon other

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federations in other countries which have been successful. But these are other federations which have been built up from the ground, as distinct from multinational empires imposed from above. Those which have been built up from the ground have been basically monocultural federations whose members shared a common culture and in most cases a common language. What we are trying to build is immensely more complex, and we have at times been unrealistic and Utopian in thinking that we can build that federation easily when there are nine such different countries to be brought together.

In the past, some of our ideas have been naïve or simplistic. We are beginning to realize that, and this is the moment to reassess the situation, the moment to reflect on whether all the policies we are pursuing are necessary or adapted to the aims which we seek to achieve.

As an example of that, in the last couple of years the Community—the Commission in particular—has come to feel that one can go too far in seeking to harmonize every detail of legal, commercial and other matters in Community countries. Perhaps we have sought to achieve too much in that area and not enough in other areas. This is a good moment to reflect on that.

The real way forward lies through direct elections. We shall not get a major impetus for the future until we have direct elections and until Parliament has more power. These two will go together. A directly-elected Parliament will seek power, and when it does it must have more power or the peoples of Europe will not be bothered to vote for it. If we get a directly-elected Parliament with more power we shall have a new impetus for the years ahead. This will lead us forward to a goal, on the details of which we are none of us clear. We know the direction in which we want to go. We know that we must go much faster in the future if our political system is to keep up with the decision-making needs of the modern world, thus maintaining control over our own destinies and giving Europe again the independence and mastery of its own destiny which it has lost in past years because of the inadequacy of the scale on which it is organized and the types of decision that have had to be taken.

We know where we have to go; we know that we must go faster. We know not where we shall arrive. I hope that many of us will survive until the end of the century and that when we look back we shall be surprised to see where we have got to. It may not be quite where we expected to get. It may be further in some respects and less far in others. But we all know that the Europe which enters the twenty-first century will be very different in shape and in

the way it is organized and takes its decisions from the Europe which existed in the middle of the twentieth century before the great Community came to be founded.

I trust, Mr President, that you will excuse my few personal remarks. I cannot claim necessarily to have spoken for all my colleagues, but I hope that not many of them will dissent from what I have said.

*(Loud applause)*

**President.** — I call Mr Alfred Bertrand to speak to the question (Doc. 490/74).

The question is worded as follows:

'Subject: Political situation in Portugal'

The Commission is aware of the recent alarming events in Portugal, in particular the incidents at the Congress of the Democratic and Social Centre Party—a party officially recognized by the Portuguese Government—which were so violent that the Congress had to be brought to a premature conclusion.

1. Does the Commission share the misgivings of Mr Soares, the Portuguese foreign minister, who fears that such outrages could lead to another dictatorship, or even civil war?
2. What steps has the Commission taken, or does it intend taking, to express its concern to the Portuguese Government, which has on several occasions declared its intention of joining the European Communities?

**Mr Alfred Bertrand.** — *(NL)* Mr President, a few days after the Portuguese army put an end to forty-eight years of dictatorship on 25 April 1974, this Parliament associated itself with the great joy of the Portuguese people that new possibilities existed for seeking closer contact with Europe in a new democratic atmosphere. We conveyed to the people of Portugal our best wishes on that occasion and assured them that we would do everything in our power to help them accomplish this difficult task.

We then watched the developments in the country and were delighted when the forces announced a programme in which they undertook to set up a constitutional democracy, based on universal suffrage, freedom of the press and freedom of assembly. We also witnessed the efforts made in Portugal to form political parties to voice particular ideological, philosophical and economic attitudes. We saw in that context the efforts made by people who had no experience in organizing a democratic way of life based on free political parties, freedom of expression, freedom of the press, etc. We are pleased that the developments have given us all hope that Portugal will indeed succeed in achieving all this—provided, of course, that all the political groups participate in creating a democracy, after

**Bertrand**

such a long dictatorship—in a balanced and peaceful manner, just as the revolution of 25 April was bloodless.

We have witnessed the desire of the parties to announce a programme to the Portuguese public as soon as they had taken shape and appointed a leader. We also witnessed a socialist congress which was attended by a large number of foreign socialist delegations. The congress proceeded without incident and we hoped that this would also be the case with meetings of other parties.

The Government then took a number of very stringent legal measures; it laid down conditions which the parties must fulfil before they can take part in elections. They must, for example, obtain at least 5 000 authenticated signatures and provide a testimony to the effect that they have not been compromised in their relations with the former regime.

After the Communist Party, the Democratic and Social Centre Party, which, as its name implies, is a middle-of-the-road party, was one of the first to receive official recognition from the High Court as a legally constituted party which could take part in elections. On 25 January 1975 this party held its congress, which was attended by a number of foreign delegations, from the Christian-Democratic Parties, the Conservative Party, the European Liberal Parties, and the Progressive Democratic Party. A number of incidents occurred on that occasion which caused anxiety in Portugal and elsewhere about the feasibility of holding genuine free elections in that country. I was one of those present in Oporto, Mr President. I can bear witness to the fact that a number of demonstrators besieged the congress and that the armed forces responsible for keeping order remained passive.

It may be said that there was an obvious difference of opinion between the police and the army with regard to the extent to which the officially recognized congress should be protected. A certain amount of violence was used without the armed forces intervening. The siege lasted from 5.30 in the evening till 9 o'clock in the morning; it was not until then that the delegates were finally freed, in spite of the fact that the congress had been suspended at 8 o'clock in the evening at the request of those responsible for keeping order, in order to avoid bloodshed. The siege, however, was not lifted and nothing was done to relieve those taking part in the congress. All this was a source of considerable unrest in Portugal and elsewhere.

On the following day the Minister of Foreign Affairs, Mr Soares, declared that these events represented a great danger in that they could lead to a new dictatorship, or even civil war.

These events are the reason for the present oral question raised by the Christian-Democratic Group, the Liberal and Allies Group, the European Conservative Group, and the Group of European Progressive Democrats. These groups wish to express their concern at the developments in Portugal, a country with an illustrious past. Portugal is called upon to resume its place in the community of European nations as a democratic country. It will only be able to solve its problems if it succeeds in the peaceful introduction of a democratic system. We felt that the appropriate European institutions should be asked to give their opinion on the developments in Portugal. In what way do they think it would be possible to ensure that the democracy will develop along the right lines?

As a result of the reactions abroad and the shock to public opinion, new constructive trends have emerged in Portugal since 25 January. A few days ago the President of Portugal called on the people to stand up for freedom. He too urged the political parties to act in such a way that legal elections could be held and serve as a basis for the establishment of a legitimate government and constitutional assembly to determine the future of Portugal. The government also decided that a general election would be held on 12 April this year, and that election campaigns could be held as from 3 March. Thus there have been a number of constructive measures which encourage the hope that the elections will take place in a normal manner.

A number of questions, however, still remain unanswered. I am glad that Sir Christopher Soames spent two days in Portugal last week. He is no doubt now better informed of the situation existing there, and I am sure that he will be able to give us a detailed account of the events which have taken place since 25 January this year. Are the elections to be free and are they to be secret? With the political parties have complete freedom in conducting their election campaigns? Is the freedom of those members of the political parties who put themselves up as candidates guaranteed? There are left-wing parties and a number of small ultra-left-wing offshoots, there are parties of the centre and of left or right of the centre and a number of ultra-right-wing parties. That is the political picture in Portugal at present. Is the safety of the candidates of these parties guaranteed? Is there not a danger of voters being intimidated with a view to preventing them from freely exercising their right to vote?

These questions are a cause of concern to us, since we feel that Portugal must now have the chance of further developing its democracy by means of free elections. What is the Commis-

**Bertrand**

sion's view of this matter? What steps does it envisage taking to help this country strengthen its democracy, and then enter into an association, an agreement or close cooperation with the European Community? What means are at the Commission's disposal to offer Portugal the economic, cultural, financial and political help which its people need and deserve?

(Applause)

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** — In one way the question has been tabled at a particularly opportune moment from my point of view, as I was on an official visit to Lisbon only last week, where I had the opportunity to have most useful and extensive talks with the President, the Prime Minister and the Ministers who have responsibility for relations between Portugal and our Community. On the other hand, I must confess that my visit to Portugal has brought home to me with great force the difficulties and dangers of commenting from outside on as complex a situation as the one in Portugal today in the pre-election atmosphere which inevitably exists before the first free elections to be held in Portugal for half a century.

May I first address myself to the reference made by Mr Bertrand to the Congress of the CDS Party in Oporto, and the unpleasant circumstances that flowed therefrom, and to certain statements attributed to Mr Soares, the Portuguese Minister of Foreign Affairs, about the risks of a new dictatorship or a civil war.

I do not intend to go into detail on these matters, but I would point out that since this unfortunate event all the main political parties in Portugal, including the Social Democratic, the Socialist and the Communist Parties, have publicly condemned the events in Oporto, as did the Government.

I do not think that I could put the matter more clearly than did the Portuguese Prime Minister to me when I discussed this event with him. He said that he was only too unhappily aware of the fact that—given that there were so many foreign public figures present—the breaking up of that conference had done more damage to his government than to anyone else, that he was determined to see that such incidents were not repeated, and that if the CDS Party chose to re-schedule its conference it could take place without incident.

Before giving the House an account of my talks there, I should just mention one other

matter which arises in the text of the question. The question states that the Portuguese Government has on numerous occasions expressed its intention to apply for membership of the European Communities. That is not, in fact, so. It is true that certain individuals who now hold posts in the Portuguese Government may have expressed the view that Portugal's eventual destiny was to become a member of the Community or to establish special links with it. But the Portuguese Government as such has never said that. Indeed, the government's policy towards the Community, which was established as recently as last week, and which was mentioned again in the document to which I think Mr Bertrand referred—the economic and social plan for the next three years—specifies particularly that the object was to press ahead with the various improvements which Portugal is seeking within the framework of the existing agreement with the Community and not to raise wider institutional questions at this stage.

The Commission applauds this pragmatic and businesslike approach. We believe that the present agreement with its evolutive clause provides considerable scope for developing our relationship with Portugal in the perspective of that country's move towards democracy, and that it is far better to work out the details of what we want to do together first, before turning to longer-term and perhaps more controversial considerations later.

As to my visit, it had two main objects. The first was to mark as clearly as possible the sympathy and goodwill which the Commission, and indeed the whole Community, feels towards Portugal as it faces up to the difficult and complex problems of installing democracy after nearly 50 years of authoritarian rule.

Let us not underestimate the problems which face the Portuguese Government in this respect, coupled as they are with all the difficulties accompanying the process of decolonization and the extremely unfavourable world economic climate. All these problems interact one upon the other, often in ways basically unhelpful to the Portuguese effort.

The second object of my visit was to press ahead with our work with the Portuguese Government preparatory to the opening of the negotiations to extend the scope of the existing agreement between Portugal and the Community. I was able to have useful talks which fell under three main headings. The first heading was the improvement in the trade arrangements of the existing agreement, partly to give Portugal better access to the Community for certain of her goods, and partly to enable Portugal

**Soames**

to have a greater degree of flexibility in protecting her own industries for a while. The second was the improvement of arrangements on a Community basis for Portugal's migrant workers—a large part of her total work force. The third was the possibility of certain measures of industrial and financial co-operation which could be brought in under the evolution clause. We are now a good deal clearer as to the desires of the Portuguese Government as a result of the talks, and we will be pressing ahead with the talks at official level in the coming weeks.

Our hope will be that the Community and Portugal will be ready to start negotiations within two or three months and that it will not be too long before we shall be able to have a discussion, either in committee or in plenary session, about the way in which we might envisage developments taking place, following the preliminary discussions.

The question exercising the minds of most Members at the moment — it was the main theme of Mr Bertrand's speech—is whether Portugal will succeed in her declared object of establishing a pluralistic democracy. The elections for a constituent assembly have now been fixed for 12 April, and every person to whom I spoke in Lisbon expressed the firmest commitment to holding the elections on time and in free conditions. I got that reaction from every side—from the different political parties and also from the Armed Forces Movement.

We should be aware that there is a great sensitivity in Portugal about comments from outside, and that, well-meaning though such comments may be, they do not always have the results that their authors would wish them to have. I would not like to say anything, therefore, which might make things harder. For this reason, I do not want to say more today than to express my conviction that all of us wish the Portuguese people well as they reach at last for democracy.

**President.** — I call Mr Herbert to move the resolution on the European Regional Development Fund (Doc. 505/74).

**Mr Herbert.** — The Regional Fund was first promised at the Paris Summit meeting in October 1972. This was confirmed at the Copenhagen Summit. Finally, at the meeting of the Heads of Government in Paris in December, it was decided that the European Regional Development Fund was to be put into operation by the institutions of the Community with effect from 1 January 1975. That decision was taken on 10 December last, and we are still awaiting a final decision to implement the fund.

Since that date, the Council of Ministers has met on several occasions. It has discussed the implementation of the fund. However, it has failed to reach a decision and the discussions continue to drag on. After each meeting of the Council, we hear that the file has been sent back to the Committee of Permanent Representatives with instructions to continue its work actively in order to enable the Council to take its final decision as soon as possible. What seem to be trivial matters continue to arise and cause further delays in reaching the decision necessary to get the fund off the ground.

When the decision of the Paris Summit was conveyed to this Parliament, it was welcomed generally as an historic step forward in the evolution of the European Community. It followed a long period of frustration for this Parliament and for the people in the depressed areas of the Community, who expected so much from this basic initiative. But once again those people and this Parliament are suffering frustration from the continual procrastination of the Council of Ministers. The time has come for the delaying tactics to stop. The people of Europe and we in this Parliament have waited long enough for a fund to be implemented. They will not tolerate any further delays, and we in this Parliament will not accept any further delays.

I want Dr FitzGerald to convey our anger and sense of frustration to his colleagues at their meeting in March and ensure that this ongoing situation is brought to a close. The Paris communiqué stated that the fund would be endowed with 300 million units of account in 1975. Parliament somewhat reluctantly accepted that figure on the basis that it was better to have a small fund than none at all. We considered it to be the absolute minimum necessary to implement a credible Community regional policy. It now transpires that, through monetary procedures, this amount may in effect be reduced to 150 million units of account as a payment appropriation, with the other 150 million to be made available as necessary.

If the Council of Ministers adopts financial regulations which allow that situation to come about, we consider that it would be a breach of the solemn decision taken by the Heads of Government in December. Such a breach must not be allowed to happen—the 300 million units of account must be made available for payment in 1975, as was stated in the Paris communiqué. We in this Parliament will not tolerate a situation in which the Heads of Government make a clear decision, with precise undertakings, and their ministers afterwards implement a different decision.

The Ministers have responsibility not only to their Heads of Government but also to their

**Herbert**

people to implement fully and without amendment the agreement reached at the Paris Summit. We in Parliament have a responsibility to Europe and to the people we represent to do our utmost to ensure that the Summit decision is complied with. By raising this question today and by adopting this motion for a resolution, we as parliamentarians are fulfilling a basic responsibility.

*(Applause)*

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

**Mr Giraud.** — *(I)* Mr President, yesterday we heard the President of the Commission, Mr Ortoli, and today the President-in-Office of the Council, Mr FitzGerald, deliver two excellent addresses. In addition to thanking and congratulating Mr FitzGerald for the many points he so skilfully raised, I should like to express, as Chairman of the Political Affairs Committee, our particular appreciation of his readiness to accept the Committee's invitation this morning to resume the meeting at 8 p.m., as the President has already announced, in order to finish the discussion on topics which were on the agenda this morning but which were not fully dealt with.

On behalf of the Christian-Democratic Group I shall address myself mainly to the Commission's programme as presented by Mr Ortoli. I am sure that those who thought that this year would severely test our governments' political resolve as regards the existence or otherwise of the European Community found some reassurance yesterday in the excellent programme outlined by Mr Ortoli.

I congratulate him on behalf of the Christian-Democratic Group, and we can only record our firm support for the Commission's role (that is, its political role) as claimed again yesterday by its President.

The programme we heard has not simply appeared out of the blue; it is not a carefully prepared plan to be submitted to the Council merely to create good intentions. On the contrary, we feel it is basically a concrete, realistic and logical programme, one which does not pursue will-o'-the-wisps but demands what is necessary, and which does not hide the difficulties but suggests ways and means of overcoming them.

Although possibly not everybody here agrees on every point Mr Ortoli made we must all surely share his view that in the present climate inside and outside the Community any further erosion of the Community's will and power to

act will irremediably compromise the future of the Member States.

None of our States, as Mr Ortoli correctly pointed out, can be sure that it will be able to exercise any real influence when the systems and powers are overhauled. Europe, on the other hand, said Mr Ortoli, far from eroding the already diminished sovereignty of each country, can in fact be the means to regain that sovereignty. For this to be so, however, Europe needs to exist as a political entity or at least in the meantime to act as if it were one. However, and these are once again Mr Ortoli's words, Europe does not occupy the place it should when major decisions are taken, such as those affecting world peace and our economic development.

He spoke of areas where there had been certain progress and areas where there had been disconcerting setbacks and described them both in a precise, well-thought-out and convincing manner. He was particularly convincing in his presentation of the five main lines of action. He outlined splendidly the main points of economic, social and political integration, suggesting the means by which this process must be realized and calling for 'the need for honesty, the need for justice and the need for involvement' in their respective and multiple aspects.

The Commission feels that this overall programme, taken as a whole, can open the way for a further advance towards the construction of Europe, and I am sure that Parliament agrees that this is the case, provided that the programme can be effectively implemented.

However, if you will allow me to say so, Mr Ortoli, there seems to be a slight contradiction on this point in the Commission's approach. To carry out an overall programme the Community needs to adopt an overall strategy now, i.e. to pursue an overall policy. What is required is a comprehensive appraisal of all the major problems, and at the same time joint consideration of each of them (for example, the energy problem) in the light of the world situation and all the relevant outside factors. This in turn necessitates an overall Community policy and strategy. Yet the requisite instrument, institutional structures and relevant powers are not available; these indeed form the object of the planned European Union, which is one of the five goals outlined in the Commission's programme, to be achieved within specific time limits, i.e. if possible by 1980.

I realize, Mr Ortoli, that this contradiction is more apparent than real since the idea of gradual progress towards the ultimate objectives, which have to be pursued in parallel and simultaneously in every sector and at every

**Giraud**

stage not as individual aims but as an organic, overall goal, is implicit throughout your address and the Commission's programme.

The decisions taken at the Paris Summit show that this primary requirement has been realized, and indeed one could say that the establishment of the European Council is meant to bring within the ambit of the Community the role hitherto played by the 'summits'. This role is now to be performed by the Council, as an institution with two different but mutually compatible modes which, as Mr Ortoli pointed out, far from undermining the role of the Commission, should encourage it to develop its initiatives at the level demanded by a system in which (until Parliament acquires the necessary powers) the source of power is at the top, i.e. the Council of Ministers at Head of Government level. It is this point that I should like to draw briefly to this Assembly's attention, leaving other members of my Group to deal with problems, certainly no less important, relating to the economic, financial, energy, social and regional aspects included in the Commission's programme.

The European Council, which will be launched by the Irish presidency in March, may offer the Community a way out of its slough of despond, but equally it may (as Mr Ortoli pointed out) bog down Community action even further in a morass of intergovernmental squabbling.

Mr Ortoli stated clearly that this remedy, which represents a change in Community spirit, could, if we are not careful, shake to their foundations the institutional structures set up by the Treaties. There are real grounds for concern here. But there is also the positive side indicated by Mr Ortoli: 'If this major innovation increases Europe's ability to take decisions; if it produces real policies which eliminate the artificial distinction between Community approach and political cooperation approach; if it widens Europe's field of action; if it respects the strictness of Community rules which is the very source of their dynamism, then we will have gambled and won'. So everything depends on knowing what this European Council will be and do and what its functions will be in this period of progress towards European union. Will it increase the sluggishness and sterility of Community action, or will it give the Community institutions greater powers of decision? I think that this question, which is naturally of interest to Parliament and which Parliament will certainly consider, should be given serious attention, Mr FitzGerald, by the Heads of Government who will meet in Dublin in March, and who will be responsible for launching this

new experiment which we hope will prove very beneficial. I think it will be beneficial if the European Council, instead of upsetting the institutional structures set up by the Treaties, reinforces and integrates them, thereby allowing the Community to act increasingly as a political unit until European Union is a political and constitutional reality, that is a Europe which can speak with the single voice which the European and world situation now demands of this Community of the Nine.

Finally, I should like to say Mr Ortoli that I was most pleased to hear that the Commission is making good headway with the preparation of its document on European Union.

The Political Affairs Committee has taken note of the resolve expressed by Mr Ortoli and, as Mr Radoux stated earlier this evening, is proceeding—thanks to the untiring efforts of the rapporteur, Mr Bertrand—with its own parallel task. And although the representatives of the nine Member States on the Political Affairs Committee each have different immediate concerns I am convinced that the committee will fulfil its task and produce in good time the report awaited by Parliament.

(Applause)

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

**Mr Patijn.** — (NL) Mr President, I should like to begin by thanking Mr Ortoli heartily for his report and the detailed programme he has described to us here. For a group such as mine it is particularly important to know what the attitude of the Commission is so that we can offer our criticism and guidance along the road paved with good intentions. Mr Hillery and Mr Haferkamp have also described a programme which, I hope, we will be able to discuss next month in the context of economic and social policy. I could, of course, analyse Mr Ortoli's speech and criticize it on a few points, but it is also true that he has to make a speech here every month, whatever the occasion, and that each time Parliament looks forward to hearing the major speech on Europe to be made at that particular moment.

I realize that one occasion may be more felicitous than another but, all in all, my group found yesterday's speech a good account of the situation. In general terms, it receives our support.

From Mr Ortoli's speech the impression emerges of a more systematic approach to the economy. That is as it should be. Economic *laissez faire* does not work and the European Community is

**Patijn**

at present nothing more than a customs and agricultural union without a policy.

I should like to remind Mr Ortoli of what he said at his press conference a month ago.

'The absence of political will has been a feature of the Community for two years or more. The Commission therefore intends to take the fight for Europe into the political arena.'

'It is determined... to keep its proposals clear-cut and to the point. It will not be content with sketchy proposals, with built-in compromises.'

If Mr Ortoli submits a programme, I shall hold him to what he said at the press conference a month ago. If the programme is not well defined, we shall be looking not at the programme, but at the press conference. I therefore hope that the Commission's programme will indeed be clear-cut and to the point.

What, after all, does an economic policy involve? It must be a policy such as we in the Socialist Group consider to be desirable for Europe. For us Europe is not an end in itself. A European economic policy as we see it must include a strengthening of the political element, not only on the part of the Commission, but also on the part of this Parliament. That means that there must be less talk here of unanimity, and that we will hold more political debates in which well-defined differences of opinion concerning economic policy can be voiced. We must adopt clear-cut attitudes, an unambiguous approach. This does not, however, necessarily mean that we must enter into conflict with one another.

In his outline of a policy and of Europe Mr Ortoli does indeed enter into conflict with others, including, for example, the United States with regard to energy policy. Perhaps this is necessary, but as long as we and the United States are both members of Nato—and the United States has already developed an energy agency at a time when we have not even managed to develop a common energy policy—any approach which fails to take the American policy into account will in itself present considerable difficulties.

Independence in the field of energy is a central issue. We have, however, not yet come to an agreement over principles for a breakdown amongst the various energy sectors. This requires further discussion.

Our group supports the Commission as regards the social policy. Two issues will be central in our discussion of Mr Hillery's statement: employment and workers' participation. As far as the

latter is concerned, we trust that the Commission will adopt in their entirety the proposals put forward by this Parliament in the debate on the European company. My group will not be satisfied with less than that.

We also support the Commission's new approach to economic and monetary union. We join the Commission in rejecting the approach of implementation in phases which has been followed in the past. We also agree with the idea of an export bank and a medium-term research institute. We look forward to Commission proposals of a political nature on this matter.

Then there is our cooperation with the developing countries. The negotiations with the ACP countries have come to an end. This does not, however, indicate the end of Community policy with respect to the developing countries. It signifies the end of the policy of the mother countries with regard to their former colonies. We are therefore pleased with Mr Cheysson's development programme, which is included in the annexes. The development problems do not stop with the ACP countries. We welcome the new moves towards world-wide measures. I should like to reassert what was said concerning the European Union. Europe is not an end in itself, nor is European Unity. When Mr Ortoli makes vague statements I can see the point. There must be a clear link between our achievements in the fields covered by the policies I have mentioned, and European Union. We cannot work in our own separate compartments. A European Union is the outcome of the policy which we formulate, lay down and implement. I should like to stress this point, since the view is sometimes held that European Unity forms a discrete whole, an institutional something which stands apart from the development of the Community's social and economic policy. I must emphatically deny this.

The development of the Community is at present going through a very significant phase. We are paying far too much attention to the Common Market and far too little to the economic union. The economic union which we wish to achieve presupposes the existence of an economic philosophy. This is central to Mr Ortoli's argument, and also to ours. The Europe which the Socialists wish to see will be based on the economic philosophy on which we hope to found economic union.

I repeat, Europe is not an end in itself. Europe must be a means of achieving what we as politicians in accordance with our political convictions wish to achieve for our citizens.

*(Applause)*

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

**Mr Delmotte.** — (*F*) Mr President, the subject of my speech will be the motion for a resolution tabled by Mr de la Malène and others. This motion for a resolution relates to the action following the Conference of Heads of Government. It is thus necessary to refer to the communiqué published after this conference, and I shall not go back to that. But the following restriction has since been added to item 23: 'for a three year trial period'. This restriction causes us particular concern, as it did not appear in the statement of intent by the Heads of Government. We had always believed, Mr President, that only the talks on the size and allocation of the Fund had prevented the Council from reaching decisions within the agreed time-limits.

Indeed, it has always been clear that the principle that a permanent European Regional Development Fund should be set up was settled at the Paris Summit in October 1972 and confirmed in Copenhagen in December 1973. The Fund is admittedly only an instrument of regional policy, but an instrument of fundamental importance. It is intended to reflect a clear political resolve, going beyond declarations of intent, to help the less-favoured regions to catch up with the others.

In the preliminary phase the effectiveness of the Fund will depend more on a judicious use of the available funds than on their volume. Development is not always a spontaneous, autonomous process; it must be stimulated by implementing long-term development programmes embracing the whole social and economic structure of a region. We can therefore expect tangible results from the Fund only in the long term. The appropriations earmarked for the early years will therefore need to be increased as and when the various development programmes are implemented.

The size of the funds available in the initial period is not therefore the fundamental issue, as the authors of the motion for a resolution suggest. The important thing is that the initial period must not be considered as a trial period for the Fund itself.

If you consider the first recital of the motion for a resolution in Document 505/74, you will see that reference is made not to a decision which was taken at the Paris Summit of 10 December 1974, but to an interpretation of the Paris decision given by the Commission and the Council. There is another factor which seems to me more important than the size of the Fund, namely its distribution. The Summit decisions

were not able to prevent a sprinkling of the Fund over all the Member States, since the Federal Republic will receive 6.4%, the Netherlands 1.7%, Belgium 1.5%, the Grand Duchy of Luxembourg 0.1% and France 15%, which will be very close to its contribution to the Fund.

This distribution is surprising in this initial period, which is intended to put right the most serious disequilibria within the Community. The aim was doubtless to avoid the distinction between 'donor' countries and 'recipient' countries, but this approach betrays a scarcely realistic view of the matter.

I do not think that the less-developed countries are embarrassed about being debtors. At international level, where solidarity is motivated by different reasons and different requirements, it does not appear to us that the debtor countries show such scruples. But that's another story. I shall conclude therefore by stressing once more the need to concentrate the aid within the framework of coherent regional development programmes, financed at Community level by a *permanent*—a word which no-one uses any more—European Regional Development Fund, which will not be really operational until sometime in the future, depending on the implementation of the development programmes.

Mr President, I share the serious concern shown by the authors of the motion and on behalf of my Group I request that this motion be sent to the committee responsible and certainly to the Committee on Budgets, since this committee should be the first to consider it.

(*Applause*)

**President.** — I call Mr Della Briotta to speak on behalf of the Socialist Group.

**Mr Della Briotta.** — (*I*) Mr President, I must first of all thank Sir Christopher Soames for his reply. Our Group also condemns the incidents in Portugal; minorities cannot be allowed to impose their will with violence and prevent the political process from taking its proper course.

We are convinced that a real democracy implies liberty and tolerance. We also believe that the CDS Party represents the most conservative, indeed possibly reactionary, forces in Portugal, and we can well imagine that the relicts of the old regime, which prevented social and democratic development in the country for half a century, have found or will find refuge there. Nevertheless, it was a mistake to try stop the congress and to use intolerance and violence as means of solving the country's difficult problems of political stability.

**Della Briotta**

If there are conservative social forces in Portugal it is normal that a political party should represent them. As for the threat posed by the presence in Portuguese political life of elements of the past, we believe that this can be neutralized by democratic and non-violent means. This will ensure an economic and social development which is not subordinated to the interests of international capitalism as exemplified by the multi-nationals and, as Sir Christopher Soames pointed out, lay the foundations for a successful conclusion to the dialogue initiated with the European Economic Community.

Against this backcloth we welcome the fixing of the date for the elections, and the Portuguese Prime Minister's assurance that the congress of the CDS can take place.

However, while condemning these incidents we must put them in the context of the current situation in Portugal, and ask ourselves whether in fact this irresponsible action by a few hundred hotheads constitutes the main danger to the political development of a country which has been governed by dictatorships, not of the left but of the right, for almost half a century without this unduly troubling those conservatives who are now displaying such sensitivity.

We do not share the views of certain European politicians who have taken their cue from these incidents to maintain that Portugal is moving from a right-wing to a left-wing dictatorship. In a statesman-like comment, the Foreign Minister, Mr Soares, has said that 'any non-democratic solution to Portuguese problems would create deep divisions in the country, or even involve the risk of civil war or foreign intervention'.

However, while condemning the hotheads who broke up the congress Mr Soares, who is, of course, a Socialist, complained that the military manoeuvres conducted by NATO off the coast of Portugal were singularly inopportune at a moment when the Portuguese government was denying rumours of an imminent grant of military bases to the USSR.

Nor should we forget the attempts by certain multinational companies to provoke disorder in Portugal with initiatives which, on the face of it, were socially progressive.

The truth is, Mr President, and this is my final comment, that Portugal is going through a difficult and anxious period, and that the internal situation is still developing. Generally, however, things are going well, and the political groups are tackling the problems responsibly despite their differences which are part and parcel of the multi-party system.

We have confidence in the Portuguese political parties and also in the Commission's ability to support this effort, so that as Sir Christopher Soames told us today, the future will provide something more complete, within the framework of the association treaty, and give the new Portugal a place in a genuinely united Europe.  
(*Applause*)

**President.** — I call Lord Gladwyn to speak on behalf of the Liberal and Allies Group.

**Lord Gladwyn.** — Mr President, I wanted to formulate certain ideas in the presence of the Minister but I am afraid he has gone. No doubt his representative here will tell him what I say so that we can profitably discuss it at our meeting at 8 o'clock this evening.

I believe that the Paris Summit last December was probably a watershed in the development of our Community. The first operative paragraph of Mr Radoux's report brings this out. I am sure that the remaining paragraphs will meet with approval, although I suggest it might be wiser for this Parliament to 'stop the clock' for a fortnight or so, for reasons evidently hinted at by Mr Radoux, and not actually set the seal of approval on his report on European Union before the July part-session.

It is also obvious that, whatever the resolution may say, the British and Danish reservations will mean that the Ministers are unlikely to consider the Draft Convention on Direct Elections before the end of the present year. But, if all goes comparatively well, what may we now legitimately expect by way of greater European unity during the remainder of this year or next?

Always assuming that we avoid war in the Middle East, or, in default of war, some embargo on oil exports to the Community by the Arabs, and assuming the United Kingdom remains a member, I suggest that the new machinery for taking decisions—namely, the European Council—will become something rather more like a European Government in the sense of a real decision-making centre than the existing Council of Ministers has ever been; and that, of course, will be welcomed by all who believe in the European idea.

After all, the mere creation of a single body which will exercise some form of jurisdiction in all fields—that is to say, not only in economic and social matters but also in foreign affairs and eventually, I am sure, defence—will obviously blur, if not altogether remove the quite artificial distinction made hitherto between the two spheres. This is something for which many of

**Lord Gladwyn**

us have been pressing for many years. But surely more attention must be devoted—and this is the principal point I have to make—to the way in which this super-Council will conduct its affairs.

All we know at the moment is that it will meet 'three times a year and whenever necessary in the Council of the Communities and in the context of political co-operation'. I imagine that that means in practice that in the present year it will meet in its double capacity once in Dublin and once in Rome and, I imagine, once also in Brussels. I stand to be corrected, but I believe that that is the intention. In other words, this supreme European body which has now been constituted will be peripatetic, normally meeting in the capital of the country providing the President. But it looks as if it might well gravitate gradually towards a centre and there it will eventually settle down, or so we must all hope.

What machinery will it have to help it take its great decisions? Only a skeleton one, it seems. It says actually: 'The administrative secretariat will be provided for in an appropriate manner with due respect to existing practices and priorities'. If this great body is meeting as the Council of Ministers, which normally takes place in Brussels, must it not at least be served by the existing secretariat of the Council? In that case, will not this existing secretariat of the Council, in addition to serving the Council when it meets normally in Brussels, have to rush around at least twice a year to other capitals bearing all its papers with it, or will the supreme Council take decisions without any technical assistance at all? Is that the idea?

Besides, if we are to take the fourth sub-paragraph of paragraph 3 of the communiqué seriously, the Heads of State and Government will apparently only be able to take legal or valid decisions coming within the scope of the Treaties on the basis of proposals submitted by the Commission and increasingly, it must be supposed, by some kind of qualified-majority vote. This is naturally practicable when the Council meets in Brussels or in the immediate neighbourhood of the Commission, and indeed of the Permanent Representatives who are responsible for the detailed preparation of Council meetings. But is it really thought that the Commissioners affected by the prospective decisions of the Heads of State or Government on their proposals will have to 'argue the toss' hundreds of miles away from their own staffs? And will not the Permanent Representatives, or some of them at any rate, expect to be available?

After all, the decisions probably will be on problems which have defeated the Ministers

meeting as an ordinary Council. Are we, then, to assume that to be the case, or are we to assume that Heads of State or Government will make these decisions largely without advice by some supreme act of political will? I should hope so, but I rather doubt if that is the intention. If it is, perhaps we could be so informed. Again, if it is, why have 18 people sitting round the table plus, no doubt, the President of the Commission? Would not nine be more appropriate for this act of political will to be taken—far more easily with nine than with 18?

Of course, if the European Council is going to take decisions, as it were *proprio motu*, or of its own volition, and not on a proposal of the Commission, even if the President of the Commission is present, then such decisions, even if accepted by all the nine governments, would not necessarily be binding on all the nine parliaments, and this might give rise to some difficulties. If not, we ought to have more information as to how the new body is going to work.

Naturally, it may be easier for foreign political problems to be considered with the aid of the present Davignon apparatus, members of which are used to travelling around all the time and whose problems are perhaps less complicated than those normally considered by the Commission, like economic matters and so on. But the Foreign Ministers must presumably feel the need, if rapid progress is to be made, for some central office, staffed, if only to begin with, in a very humble way, by officials not primarily concerned to push the interests of any particular member.

So, when the European Council settles down in Brussels, it will have at its disposal not only the secretariat of the Council itself but also, we must hope, some corresponding secretariat to deal with foreign affairs and, naturally also and eventually, defence.

I do not think that the Commission or, indeed, this Parliament should contest such a solution, which in itself would be only temporary, since when the actual union is formed there will presumably be no distinction made between the one side and the other. But in all this we really should have more information as to what the intention is to be.

Apart from all this, we can only welcome the apparent wish of the Ministers to take the Parliament into their confidence on what is called 'political co-operation', and I hope that this expression of will will not be watered down in practice. I have not yet studied the communication which the President of the Council has addressed to our President, but no doubt we shall do so at 8 o'clock this evening.

**Lord Gladwyn**

Urgent oral questions may present difficulties, but we must hope that the technique of *colloques* between the President and the Political Committee will be further developed, and in particular that these *colloques* will now take place after meetings of the European Council, to which it is pretty obvious that all major questions will be increasingly referred.

Those are all the major points I have to make. We must of course also welcome the statement that the Parliament will be granted certain powers in the Community legislative process. We can only hope that the plans for doing this will be worked out in harmony and in direct consultation with this Parliament. I know how difficult it will be—whether we can get powers of initiative for the future, whether we can have some adaptation of consultation procedures, which is possible, even perhaps of co-decision—the broad term indicated by Wedel—which might mean amending the Treaty. But surely there should be some intimate discussion between the new super-Council and the Parliament on these important questions.

Mr President, I had prepared an eloquent peroration, but the necessity of breaking up this meeting will, I fear, deprive you of the pleasure of hearing it.

**President.** — The proceedings will now be suspended until 9 p.m.

The House will rise.

*(The sitting was suspended at 7 p.m. and resumed at 9 p.m.)*

**IN THE CHAIR: MR BORDU***Vice-President*

**President.** — The sitting is resumed.

The next item is the resumption of the joint debate on the report by Mr Radoux on the Paris Summit Conference, the presentation of the Eighth General Report, the address by the President of the Commission of the European Communities, the motion for a resolution on the Regional Development Fund and the oral question on Portugal.

I call Mr Kirk to speak on behalf of the European Conservative Group.

**Mr Kirk.** — I rise to address the Assembly under some difficulty, as I have only this minute left a meeting of the Political Affairs Committee at which the President of the Council was

explaining his views on a number of subjects which are relevant to this debate. Indeed, at the time I had to leave in order to take part in this debate, he had not answered a number of the questions I had put to him that would have been relevant.

I mention this point simply because the situation in which we find ourselves is becoming more and more chaotic and some attention should be devoted to the way in which we organize our work here. It is impossible to expect us to be in two or three different places at once.

However, I am glad to have the opportunity to intervene for a short time in the debate. I do not intend to deal with detailed matters on which a number of my friends in the Conservative Group wish to intervene.

I wish to discuss two major points. The first concerns Portugal, a subject which was raised by Mr Bertrand this afternoon. He is still detained in the Political Affairs Committee with the President of the Council. The second is the general approach which the President of the Commission put forward in his speech to Parliament yesterday.

On the subject of Portugal, like Mr Bertrand and my friend, Lady Elles, I had the doubtful privilege of being in Oporto when the conference of the Centre Democrat Party was brought to rather an abrupt end. I view with considerable alarm the future course of that country. I welcome, as I think all Members would welcome, what Sir Christopher Soames had to say this afternoon about the Commission's attitude towards Portugal in present circumstances. I have expressed my view in this Parliament before that we should be very wary of becoming a sort of protest-mill churning out protests about any government that we find oppressive, whether it be Chile, the Soviet Union or anywhere else; but it is fair that we should make it quite plain at this stage that if the Portuguese authorities intend to move, as some of us who were in Oporto that night and, indeed, others who have been in Portugal since might get the impression they intend to move, with extreme rapidity from a dictatorship of the extreme Right to a dictatorship of the extreme Left, we shall find it very difficult to support their association with the European Community in any way.

The European Community has taken, quite rightly in my opinion, a firm view about the necessity for the democratic nature of those countries with which it associates. It took that view about Greece, and I believe it was right to do so. I hope it would take the same view about Portugal, if certain things happen there

**Kirk**

and it is only an 'if' at the moment, though the events that happened in Oporto suggest that this is possible.

There was no doubt in my mind whatsoever that what took place there took place with the complicity of the authorities who were on the spot; that it was deliberately done; that it was done in an attempt to destroy a political party recognized by the Portuguese authorities themselves, and that this in itself constituted a violation of the rights of man of a kind that we in this Parliament cannot overlook in view of the fact that Portugal has the intention, so we understand, of approaching us with a view to association.

I believe that this point of view would be acceptable to the vast majority of us, particularly as the Portuguese Foreign Minister—whose political views differ from mine but whose moral authority in the world is very strong and recognized by everyone here—has expressed the gravest misgivings about the possible course of events in Portugal. I trust, therefore, that what Sir Christopher Soames said today is also the view of the other bodies in the Community and that, as we approach the Portuguese problem in the future, we do so with a clear understanding that we do not make one rule for Right-Wing dictatorship and another for Left-Wing dictatorship, but take the same view regardless of who is committing a violation of basic human rights. It was an unpleasant experience in Oporto for those of us who were there, and other unpleasant experiences have taken place since.

I turn now to yesterday's speech by the President of the Commission and the document before us. I hope that he will understand me—I think he will—when I say that one of the most engaging things about him is his persistent pessimism. He takes the gloomy view of the future even if it looks fairly rosy. Last year he painted a picture so full of gloom and doom that I was almost prepared to throw up my membership of this Parliament. This year he was forced to admit that things looked a little better, but I think it went against the grain for him to do so, because he did his best to play the thing down as much as he could. I hope he will forgive me if I say that a little bit of cheerfulness would not do any harm. I think that the Community over the last six months has done rather well. There were 12 months of total stagnation. Since last summer we have been moving fairly fast.

I do not here refer only to the fact of the mass conversion of senior members of the British Government, but this in itself has created a new

situation. An old proverb much loved by a senior member of the British Government is that there has been nothing like it since a Chinese general baptised his entire army with a hosepipe. But there is no doubt that the British Government's view is distinctly more positive than it was when the President of the Commission delivered his funeral oration last year, and we can be grateful for it. Of course we still have the obstacle of the referendum, but it will be easier to contend with that if the authorities of the Community are rather more cheerful in their view of the way the Community is likely to develop than they appear to be, judging by the President's speech.

Progress has been made. At the Paris Summit there was agreement on a regional fund—there was even agreement upon the amount of money there should be in it. There seems to be some disagreement as to where the money is coming from and arguments about the accounting methods which the Council and the Commission appear to regard as proper and which few of us would regard as proper. But that is by the way. Agreement has been reached on that particular point.

Agreement has been reached that there should be some kind of secretariat in the political field. Surely this, too, is a step forward. We do not know the size of the secretariat, where it is to be, who is to finance it or how it is to be financed. We do not even know what it is to do. But at least we know that it is to exist, and this in itself suggests that the Community may be moving forward in the direction in which most of us want to see it move.

Agreement has been reached that we shall move towards direct elections in 1978, two years earlier than this Parliament in its original proposals had intended. I am enough of a sceptic to believe that 1978 is probably a rather optimistic date. Nevertheless, it is something to know that Heads of Government are now not only contemplating but, with minor reservations on the part of two of them, are actively contemplating such a step forward.

Agreement has even been reached over a wide area which the British Government has put forward as what it calls 'renegotiation', a word that I do not choose to use because, like my friend Mr Russell Johnston, as he said this morning, I regard the Community as in a state of permanent negotiation. What the British Government is doing is merely adding to demands in a way other governments have been known to do in the past, notably in the 1960s; so that there has been great progress.

**Kirk**

I see no need for the pessimism which the President of the Commission evinced in his speech yesterday morning. I see great virtue in the five objectives he put before us, and I am sure we shall all do the best we can to support him in achieving them.

Having said that, there are, however, two matters which give a certain cause for concern, points to which this House will certainly have to return, because in a report I am preparing for the Political Affairs Committee I intend to draw attention to them. They emerge from the Paris Summit Conference and from the general discussions which have taken place over the last six months.

The first of these two matters is that, although, like every British Member of this Parliament and, one could say, every Briton, I am essentially a pragmatist, it seems to me that pragmatism is being carried a little far in the way in which the meetings of Heads of Government, Summit meetings if one likes, are becoming institutionalized without anybody quite understanding how it is taking place. We are told that we now have a new body called the European Council which consists of Heads of Government, which is to meet three times a year, is to have its own secretariat and will, to some extent, discuss matters which fall within the Treaty and to some extent matters which do not.

It may be, and probably is, true that this body is one which will be of very great importance for the future of the Community, but we should like to know a little more. I realize that probably it lies not within the competence of the Committee to tell us but within the competence of the Council; and, owing to the duality of events in this Chamber, the President of the Council cannot be with us at the moment. I would like to know more as to how the other institutions envisaged in this European Council are developing, precisely what they see it doing and precisely what they see its relationship to the other two political institutions of the Community to be. This seems to me to be a matter of some importance.

If we are to create a new body, and, as I understand it, that is the purpose of the Summit communiqué, it must in some way fit into the general pattern of Community institutions. It has been left very vague to us as to how precisely this can be done.

A second thing which worries some of us and certainly worries me—and this does not arise specifically in Mr Radoux's report, although he makes reference to it—is that we are to have this new body, a European Council on the one hand consisting of Heads of Government—I will

not go into the legalistic arguments about who are entitled to become Council members, as we can leave that till later—and on the other hand they are to give new enlarged powers to the Committee of Permanent Representatives, a body which does not figure in any of the three original Treaties at all and is first mentioned in the Merger Treaty as a body which does jobs assigned to it by the Council of Ministers and nothing more.

My last point is this: If we are, on the one hand, to create a new European Council and, on the other, to increase the power of the Committee of Permanent Representatives, what is the present Council of the Communities to do? Where does it fit into this pattern? Is it not to be squeezed out between the upper and nether millstones in the way that some of us fear perhaps the Commission might be squeezed out? I raise these questions. I may be of an unduly suspicious nature. It may be that it is quite wrong of me to suspect that something curious is going on here...

**Mr Ortoli.** — You are pessimistic!

*(Laughter)*

**Mr Kirk.** — ...No, I am not pessimistic. I am no pessimist, Mr President. I have the genuinely innocent, inquiring mind of the pilgrim. All that I am trying to find out is what is going on. That is the question I am asking this evening.

If someone will tell me and the House precisely what is going on, we shall all feel ourselves very much reassured. So I hope that we may hear from the President of the Commission or the President of the Council, if these matters are reported to him, tonight or at a later stage and that this House may be informed of what these rather startling developments mean in terms of our position as Members of the European Parliament, the position of our friends from the Commission and our friends from the Council of Ministers, and precisely how these great and wise men who met in Paris last December see the Community developing in institutional and, indeed, political terms.

*(Applause)*

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

**Mr Yeats.** — When one considers the Paris Summit meeting of December last, one's thoughts tend to have a certain ambivalence, an ambivalence which was perhaps expressed to us in Mr Kirk's speech. On the one hand, a number of useful decisions were taken and one was spared

**Yeats**

the disappointment that resulted from the failure of some earlier Summit meetings. On the other hand, one can but look with some suspicion on the concept of such Summit conferences. There can be no doubt that, in so far as Summits have tended to replace the ordinary Council procedure, they remain outside the institutional framework of the Communities and thereby weaken the Community institutions.

That obvious danger may be in part the reason that impelled the Heads of Government to decide to meet regularly in future as the European Council. It will, clearly, be a useful instrument, a method of reaching necessary decisions that might otherwise be delayed indefinitely. But yesterday Mr Ortoli warned us that while the new procedure may respect the letter of our system, it represents a major change in spirit and may, if we are not careful, shake to their foundations the institutional structures set up by the Treaties.

The new system is undoubtedly convenient, but one cannot but agree with Mr Ortoli when he suggested that expediency might tempt us to choose the low road of intergovernmental co-operation when we should be taking the high road of integration. In addition, one might ask what is to be the relationship of Parliament with the new European Council.

It is entirely unacceptable that vital decisions affecting all nine countries of the Community should be taken in a manner which at any rate appears to prevent the democratic voice of Parliament from being effectively heard.

It must be conceded that some important steps forward were taken in Paris last December. The Heads of Government, for example, displayed a welcome sense of reality when dealing with problems that heretofore had tended to frustrate the objectives of European union. I welcome in particular paragraph 13, in which the Heads of Government state that the time has come for the Nine to agree as soon as possible on an overall conception of European union.

With that end in view, the institutions of the Community, including Parliament, have been asked to put forward their recommendations before the end of June next on how they view the whole concept of European union and on what practical steps can be taken in that direction.

While the Heads of Government called for a transformation of the whole complex of relations between the Member States within the context of the existing Treaties, they did not define in any precise manner the meaning of the phrase 'European union'. Recent debates in Par-

liament and in the Political Affairs Committee have shown the extreme difficulty of reaching a consensus on what is meant by European union. None the less, it is a consensus that must somehow be reached, and one can only welcome the new sense of urgency in this regard that was demonstrated in Paris.

It may be that the first practical step has been taken in the perhaps controversial decision to have regular meetings of the European Council. The Heads of Government have made at least some effort to institutionalize these meetings by emphasizing that there would be a secretariat. The very fact of meeting at least three times a year must give rise to the development of a political secretariat attached on a continuing basis to such a European Council of Heads of Government. That is all-important, because the frustrations of the recent past have largely arisen because of the lack of decision-making amongst our institutions. The difficulty has been to devise some method whereby decisions can be made and implemented. Fundamentally, what was lacking heretofore in our Community was the institutional framework in which such decision-making could be done. I believe that we may have it in the formula of regular meetings of Heads of Government. It will have to be strengthened and given the proper secretariat backing, with proper expertise, without doing violence to the procedures of the Community and the Treaty of Rome.

It would be sterile indeed to divorce political co-operation and co-operation in foreign affairs from economic and social development. If we really believe in European union, all those areas are surely interdependent, and one of the weaknesses up to now has been the lack of involvement by Parliament in matters relating to political co-operation, foreign affairs and defence.

It would not be unfair to suggest that for the man in the street talk of the political and institutional future of Europe at this moment has a certain irrelevance. At a time of economic crisis such as this, other considerations inevitably tend to predominate. The worker on short time or without a job, the housewife faced with price rises of as much as 20 per cent in 12 months, even the industrialist or financier struggling with ever-worsening economic problems—all these look to those in authority for practical and urgent measures of relief.

The Community has approximately four-and-a-half million unemployed. If we are to re-establish economic and social equilibrium in a Europe aiming for growth, an energetic employment policy must be undertaken immediately.

**Yeats**

The importance of this policy was underlined by the Heads of Government when they met in Paris last December. I welcome the Commission's announcement that proposals may be made before the end of the second quarter to enable a European Social Fund to take action to deal with the effects of the present economic difficulties on employment. I understand that these proposals would seek to create a climate in which workers could cope with changes which may be forced upon them by employment difficulties in the Community and enable them to find alternative employment in healthy centres of the economy.

In addition, every effort must be made to protect the more vulnerable members of the Community in a deteriorating employment situation. Bold and effective efforts must be made and measures taken to ensure that the burdens of the employment situation are shared evenly between employers and employees. We have already had discussions in Parliament this week about the difficulties which face the six million migrants in our midst. There is no need to say more about that, except to reiterate that one cannot be satisfied that there is a sufficient sense of urgency in the Commission about this problem.

With regard to the economic recession now affecting all our countries, there must be determined common European action to deal with the crisis. A strong demonstration of a common political will is essential if the Community is to make real progress towards economic recovery. I wish that one could be more certain that that political will existed amongst us.

This morning Commissioner Haferkamp reminded us that 1974 was the most difficult year since the founding of the Community, with the greatest unemployment, the greatest inflation and the greatest foreign deficit. He went on to express the somewhat subdued hope that the year 1975 might, with luck, be a little better. The unemployment figures might improve by the end of the year. Price rises will be just as bad as last year, but might lessen a bit by the end of 1975. The discrepancies between the economic difficulties of different Member States might become smaller this year.

One must hope with the Commission that these things will come to pass. One must, however, feel a certain regret that not enough is being done to ensure that the economic climate will improve. One is reminded of a householder with a leaking roof who hopes that the rain will ease off but fails to see that he could improve matters by replacing the slates.

Above all, we in the Community are faced with a crisis in ourselves. We have learned over the years that in times of economic progress co-

operation is easy but that in times of stress all this changes. All of us—we are equally to blame—begin to think once again on national lines. We think of our own people and, indeed, of our own electorates first. Some of us find it easy to forget that we are all joint members of a European Community. Yet, however difficult it may be in times of crisis, co-operation is more necessary than ever. We can undoubtedly solve the grave economic and social problems facing us, but we shall never do so if we attempt to attain economic recovery on an individual basis. Now more than ever before, we must, in a practical, urgent and effective way, reassert our common allegiance to the European ideal.

*(Applause)*

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

**Mr Ansart.** — *(F)* Mr President, Mr Ortoli, ladies and gentlemen, it was with a most attentive ear that we listened to the Commission report presented yesterday by Mr Ortoli. We were interested to note a number of changes and a willingness, I thought, to see certain problems in a new light. We heard language which made a clean break with the recent past, when the crisis of the Community and its mounting difficulties were disguised by declarations of intent and by speeches which failed to take account of the realities or to identify the real problems and those really responsible for them.

Now the Commission has begun to call a spade a spade and, although its report does not go as far as we would like, it states, without resorting to the subterfuges in which some people indulge, that inflation, the energy crisis and the monetary crisis have left us, and I quote Mr Ortoli, 'without a programme and without a doctrine'.

This is a harsh statement, but one which, I confess, does not seem greatly to disturb a number of honourable members, who, only a short time ago, said exactly the opposite in this House with magnificent aplomb. We were also most interested, as you can imagine, to hear it proclaimed at last that Europe's independence is steadily declining, a statement which a French newspaper today regards as a cry of alarm. You will do us the justice of admitting—and we can quote chapter and verse to prove it—that there is not a single speech of ours in which this question of Europe's independence and the increasing domination of American imperialism is not mentioned.

On the real issues, the report says, Europe stumbles and slips down hill. We are losing our

**Ansart**

independence; we are lowering our sights; our institutions are failing in important areas. Here at last we have a more serious, more penetrating analysis. Not so long ago we were accused of being prophets of doom for saying similar things, though I must admit that we went rather further than this.

But no one can escape realities. You can deny their existence for a while but you must accept them in the end.

While we agree on the analysis, I hasten to add, and this will surprise no one here, that we do not agree with the Commission and its President on the proposals and remedies recommended in the report, nor do we appreciate its excessive tactfulness as regards the causes of the situation and those really responsible, namely the multinational companies. Some persons show signs of impatience when these companies are mentioned, but it is we who are left the responsibility of talking about them.

It is inevitable that since we do not agree on the causes, we do not recommend the same remedies. The Community is going through a serious, large-scale crisis, which is the result of the world wide crisis of capitalism.

We have lately witnessed the emergence of multinational companies which now dominate the Community to their sole gain and not, as is believed, with the aim of organizing production in harmony with regional development and social progress in harmony with economic growth.

This is without doubt the Community's weakest point: it has no social policy.

Year after year, the 60 or 70 multinational concerns which rule the capitalist world and the Community have achieved record levels of production and profits. It has been said time and again that steel is industrial gold, but the big iron and steel companies do not hesitate to plunge tens of thousands of workers into unemployment at the slightest sign of trouble.

There has been an unprecedented accumulation of floating capital, of companies which speculate, which make or break currencies, which batten and grow rich on inflation; this leads to persistent monetary chaos which is further aggravated by the instability of the dollar. This overvalued dollar, which drags instability and inflation in its wake, causes all sorts of complications in financial dealings. The dollar is responsible for the alarming impoverishment of the underdeveloped countries, and is disrupting the terms of trade, undermining our financial and commercial relations with the raw materials producing countries. You might say that money has been infected by a sick system.

And now we have inflation, rising prices and unemployment, three factors which ruin the standard of living of the masses who have to bear the bitter consequences.

Quite seriously, it seems to me that harmonization has been achieved far more quickly in the field of inflation, rising prices and unemployment than in the field of social benefits.

The struggle against inflation is not being conducted as it should be, with the will to attack the culprits and the causes, which have their roots in the greed for profits of big business, in the wastage and anarchy in production.

Nine Nobel prize winners, all renowned economists, recently declared their condemnation of a system based exclusively, they said, on the pursuit of profit. This is a statement of real relevance for our time.

The farmers of my country have seen their income decrease by 7 500 million francs in one year, and the same is true for workers in industry.

But the implementation of a new, courageous social policy has always been put off. Over the years the Europe of social justice has become a Europe of good intentions, and now a Europe of austerity. How can the Community hope for popular support? How can it reconcile the need for popular support and the policy of austerity which it is again recommending, this time in the name of the struggle against inflation? It is always the same people who carry the can! Austerity, sacrifice, what is today euphemistically called a policy of transfers, i.e. transfer of part of the workers' income into the coffers of the big companies—this is, and remains, all wrong. Unemployment is spreading with amazing speed, as a direct result of the reduction in popular consumption. In the space of a few months there has been one bankruptcy after another among the smaller trading firms, small and medium sized farms and industrial undertakings.

*(Mixed reactions)*

My colleagues would do well to listen. I listen to them when they speak!

*(Protests from Mr Radoux)*

I am a Member of this Parliament and one who is conscious of his responsibilities and does not shirk them. I would ask you to listen to what I am saying. I am not surprised to find you in my path, Mr Radoux, you're always ready to criticize the Communists. You have a rather peculiar conception of the union of the left. But then you're a Belgian!...

*(Laughter)*

**President.** — Ladies and gentlemen, would you please listen to the speaker.

**Mr Ansart.** — (*F*) ... There are more than five million unemployed persons in the Community. It is likely that unemployment will get still worse.

This scourge which we experienced in our youth, and which should simply not be allowed, is rearing its head again and every country consoles itself with the thought that it has less unemployed than its neighbours. Have we not heard talk of 'soup kitchens' in America? At the moment we are still privileged, or so it would seem, for nobody has yet got round to talking about 'soup kitchens' in our countries.

It is obvious that a different policy is necessary to arouse popular support and enthusiasm. We need a different policy to put an end to unemployment. We will not obtain the support of working people by asking them to sacrifice their wage claims at the altar of profit. Austerity is not inevitable, nor are sacrifices. It is also wrong to blame oil for the crisis of capitalism. For one thing it is a year since the price of oil last went up. For another, the price of raw materials has gone down by 23% in the last year.

The real reason is the continuing concentration of capital with its inevitable cortège of bankruptcies and the birth of giant concerns which can never make enough profit to cope with the competition which, far from lessening, is becoming fiercer all the time. Very large factories are already closing. It is no longer the small ones which are affected, but large concerns which no longer reach the required level of profitability. Major production units are putting their staff on the dole. We have Usinor, a leading French iron and steel firm, laying off 40 000 workers for a week. The same is happening at Fiat in Italy and Volkswagen in Germany. The iron and steel, automobile and textile industries and even the building industry have been hit. Whole regions, whole occupations are or will be affected. I could devote a whole speech to the situation in the mining region which has been abandoned. The whole thing is quite intolerable. This society is walking on its head, and our aim is to put it back on its feet. In our view the Community must give priority to a major social policy, provide work and vocational training for today's young people who will be running things in the year 2000. Work is an inalienable right. Wages must be guaranteed. This is a fair agreement which must be concluded with the employer who wants to have his staff at his disposal for the whole year but does not guarantee employment for the whole year. This

situation was tolerated in the past, 40 years ago. But it is unacceptable today. A society which cannot provide work and wages—this must be realized—condemns itself in the eyes of our young people. Besides, unemployment and idleness cost money, more money than the welfare measures which will have to be taken one day and which are indeed inevitable. Working hours will have to be reduced, the retirement age lowered and leisure time increased, if only to increase the time for study and for thought, which are in turn a source of greater productivity. It will be necessary to improve the position of women, replace older workers by younger ones, allow those who have created the wealth of their country to retire early on a pension a little more like a minimum wage, and make a tremendous effort to provide our young people with vocational training.

This is the kind of language which our peoples must hear, otherwise they will turn even further away from the Community. This is the social content which we want to see given to what we call the Europe of the workers, a democratic Europe released from the domination of the big industrial and financial concerns, a Europe independent of both the United States and the Socialist countries, but maintaining with them and with all peoples relations based on friendship and trust, and concluding long-term economic, commercial and cultural agreements.

It is axiomatic that Europe can only be independent of America in so far as it adopts clear, firm positions in a number of different fields, for it is inconsistent to demand, for example, independence in energy and at the same time maintain membership, as eight countries of the Community are doing, of the International Energy Agency controlled by America. There is a contradiction between the claim to be putting relations with the Third World on a new footing and the refusal to condemn outright the grave threats directed at the Arab peoples by Dr Kissinger. Similarly, Europe must clearly define its policy towards the Arab world, and give its unstinting support to a policy of negotiations and recognition of the rights of the Palestinians. This is the best way to safeguard the rights of the people of Israel, which is clearly entitled to exist as a state within its own frontiers. But the Israelis must withdraw, without further bloodshed, from the occupied territories. They will have to do so sooner or later, though it is to be feared that this will mean further suffering and destruction for peoples who have no choice but to live together. The wisest course is to recognize that the world is changing and will continue to do so.

In conclusion, Mr Ortoli, we could say a lot more, as you will understand, but we should

**Ansart**

like to draw attention to two concepts in your speech which are new, or at least to which you gave new names, and an omission which to us seems fairly substantial. You said nothing, though I am sure you will say something, about the European Conference on security and co-operation at a time when Dr Kissinger, in Moscow yesterday, Mr Wilson in Moscow, Mr Ford at Vladivostok and Mr Giscard d'Estaing in Paris have all said that they hope it will be concluded quickly and at the highest level.

Here is a way to tackle the problems of our world and our time which would do honour to the Community! What finer face could it present to the world than that of peace and concord between the peoples. You also mentioned the concept of complementarity between the countries. What does this mean? It would be interesting to hear more about this.

You then mentioned, not the surrender of sovereignty dear to Mr Sauvagnargues or the transfer of sovereignty dear to Mr Chirac, but collective sovereignty. What does this mean? Is it a delegation of powers, decided by each sovereign national assembly contributing to the common fund certain means for the promotion of common interests decided in full sovereignty, without this affecting fundamental areas of national life? This is a serious matter which deserves to be examined in detail. Or does it, on the other hand, mean the loss, the alienation of our national independence, which would be in conflict with our idea of the sovereignty of our country? If so, you can count us out! This is not a policy of national withdrawal or a policy of self-sufficiency on our part. Quite the opposite, we repeat that for us there is no incompatibility between European political cooperation and the safeguarding of national independence. On the contrary, we believe that Europe can only develop from strong, sovereign nations.

This will lend strength, validity and long life to the agreements reached. After all, that is obviously preferable to these summits which are incapable of implementing the smallest agreement. It is for this same reason that, as you know, we reject any abandonment, even partial, of the unanimity rule.

Moreover, Mr Ortoli, the fact that the only thing you cited as likely to arouse the interest of the people was the election of Parliament by universal suffrage confirms our fears that this is more a gimmick than a sign of real democratization of the Community.

In our conception of Europe decisions concerning France will be taken independently in Paris and nowhere else.

Mr Ortoli, at a time when you are warning us against the Community's inability to free itself from American domination, we are not likely to agree to the surrender of all or part of our national independence.

Europe is not some ethereal concept divorced from the struggles and aspirations of the real world. Nor is it a magic formula. A Europe for whom? Serving whom? Led by whom? These three questions have always occupied the attention of progressive Europeans. The rest is unsubstantial gobbledygook.

We make no claims to a monopoly of patriotism and believe indeed that a large majority of people share this sentiment in France and the other countries of the Community, but as the Community is at a crossroads from which it will emerge strengthened or weakened still further, we have sought to give our opinion like responsible people. It is open to discussion. We are ready, as always, to enter into a dialogue.

Our aim is a Europe of the workers, a democratized, democratic, independent Europe free from American and capitalist domination, a Europe in which—as is vitally necessary—economic progress and social progress go hand in hand instead of being constantly in conflict, a peaceful Europe based on strong nations, strong in their sovereignty and their independence, cooperating of their own free will to promote the well-being of their peoples. We are ready to support any steps along this path which are in the interest of the workers.

*(Applause from the extreme left)*

**President.** — I call Mr Lücker.

**Mr Lücker.** — *(D)* Mr President, without overstepping my time limit I would like to begin by challenging some of the statements made by my honourable friend Mr Della Briotta this afternoon concerning the debate on Portugal. Firstly, Mr Della Briotta claimed that the CDS Party in Portugal—that is the party my colleague Mr Bertrand spoke of in his capacity as rapporteur for the joint oral question—has run into difficulties, because it was clearly a refuge for reactionary political groups and had enjoyed political power under the former authoritarian regime. I most strongly object to the use of such terms. However, as he spoke on behalf of the Socialist Party—now and then I had the impression he was not aware that we had drawn up a joint resolution on this—I should like to make it abundantly clear that the European Christian Democrats would never have selected such a party for joint political discussions in Portugal. I believe the CDS was officially recognized as a democratic party even before Mr Soares' Socia-

**Lücker**

list Party, and nobody has the right to call it a refuge for reactionary groups. If Mr Della Briotta is of the opinion that these groups are politically 'right-wing', we must be clear what this means. It cannot be denied that the views of the CDS are possibly somewhat to the right of his own. But to be to the right of the Socialists does not mean to be reactionary. I assume we have not reached the stage where you have to be extreme left-wing, Communist, Maoist—I hope I am not offending anybody—or at least a Socialist in order to be a democrat. I would very much regret the introduction of such terms. I know there are certain groups in Portugal who think this way, at least this is what we read in the press. I object to this most strongly—both as regards the CDS and its place in the Portuguese political spectrum, and as regards the cooperation on which the European Christian Democrats have embarked with this party.

I would also like to defend my friend Mr Bertrand. If Mr Della Briotta holds the view that the 'right-wingers' amongst us have been complaining about the events in Portugal, then I leave it to the House to judge whether Mr Bertrand, speaking on behalf of all the democratic groups, can, politically speaking, be considered a 'right-winger'. These political terms are used in such nonsensical ways.

To come now to my main theme—Mr Ortoli's committed and courageous speech, in which he presented his programme without any illusions. His statement has gained much approval not only from myself, but also from my friends. I should like to thank him greatly for his enormous personal commitment in undertaking what is really a Sisyphean task, to quote one of today's newspapers.

My problem is this: at one stage in your exposé, President Ortoli, you mentioned the European Economic and Monetary Union and the fact that the Commission intends to submit new proposals in the foreseeable future.

You are doing this because you have come to the conclusion that our plans to progress stage by stage have failed. This is perhaps a rather drastic view, and I only agree with it to a certain extent. You went on to say that you intend to submit new proposals dealing with the problem from two viewpoints: firstly, the formulation of an overall policy, and secondly, consistent progress by pragmatic steps and measures.

I found this rather surprising, Mr Ortoli. We have hitherto assumed we would have to create the European Union in the manner outlined at the Paris Summit Conference and subsequently repeatedly confirmed, in other words via two

routes: Economic and Monetary Union, and political cooperation in foreign policy diplomacy.

President Ortoli, it would be worth while reading all the speeches, declarations and arguments which dominated the political debate on Europe at the Summit Conference in The Hague in 1968/69. You will find that the Commission and Parliament at that time were convinced that we should abandon the sectoral policies pursued until then and adopt an overall policy. The means for doing this was to be the Economic and Monetary Union. Do you now want the Commission to abandon this approach? President Ortoli, you said you were basing yourself on an overall policy. I think you have convincingly demonstrated this: the Commission does have an overall policy. What then do you mean by saying we should progress a step at a time? Do you intend anticipating the result of the Economic and Monetary Union? You spoke at one point about the European unit of account. That would be a bold proposal and I do not know whether it is better than progressing by stages. Is this no longer your aim, and do you wish to abandon the methods laid down in the Werner Plan? If so, is there not a danger that we shall lose ourselves in tiny steps and find the way out of the present impasse only to land in another, such as we tried to escape from in 1968 when we realized that, by pursuing sectoral policies, we would not make any headway and that we would have to adopt overall ones. This is what is worrying me.

President Ortoli you announced that this proposal will be discussed with us. This is necessary to avoid repeating previous mistakes.

In this context you also stated that we must forge and apply more effective common instruments. I entirely agree. Everyone knows what this means. But that is part of this problem. I am in favour of strengthening the means to achieve European solidarity. But, at the same time, we must strengthen the instruments of a common discipline. You know very well what I mean by this, Mr Ortoli. It was for this reason that we changed from sectoral to overall policies. It is true that the stage-by-stage objectives laid down in the Werner Plan have not been achieved. But before being seduced by new proposals we should make very sure that we are not simply 'setting out on a new adventure. Otherwise, you will be standing here again at some future date complaining that no progress has been made along this road either.

President Ortoli, the analysis and examination you presented were brilliant. The important thing now is how to solve the problem, so that nobody tries to find escape routes. We have seen the powerlessness of nations trying to act

**Lücker**

on their own, and we must realize that it is only with a common political will that we will be able to achieve the objectives envisaged in the new drive towards Economic and Monetary Union.

If there is a political will to work together then, in my opinion, the wheels of progress towards the Economic and Monetary Union will turn again in our favour today.

*(Applause)*

**President.** — I call Mrs Iotti.

**Mrs Iotti.** — *(I)* Mr President, ladies and gentlemen, in Mr Ortoli's speech I very much appreciated the calm and serious way he explained to us the situation of the Community, not only with regard to the internal relationships between its institutions—which I felt the speeches made by many other Members concentrated on—but also—and this was the calmest and most serious part of his speech—with regard to the relationship between the Community and all that is going on in the world, the major events which are transforming the international scene.

I should like to recall three points in his speech where I feel he pinpointed the seriousness of our situation. He said that we are living in a state of dependence, and he even used an extremely fine phrase: 'We are not the masters of our own destiny'. Another thing he said was: 'The number of centres of decision outside our Community and outside our Member States is growing apace'. And finally: 'We are not fully or sufficiently in control of the essential factors of our economy'.

These three questions are of fundamental importance for the existence of the Community, and we thus have no hesitation in saying that, with these phrases, Mr Ortoli has put his finger on the central problem of the Community, on the solution of which depends the future of Europe. Mr Ortoli also stated—and we agree with him—that time is not in our favour, and that the struggle in which I feel we must all engage is also a struggle against time. This is something we must never forget.

If I may say so, I feel that because of the interweaving of the different themes in this debate, the speeches made by Honourable Members have indicated that Parliament as a whole—with a few exceptions—does not fully realize the seriousness of this report and the sternness of the admonition from Mr Ortoli and the Commission.

I feel they deserve our thanks for having delivered this warning to us; this is a fact of

extreme importance, since it represents the acceptance of a political responsibility.

We must, however, ask ourselves whether the lines of the solutions proposed can be considered valid and suitable for the situation facing us. Here we have grave doubts, and must in many cases reply in the negative.

Mr Ortoli said that we are living in a state of dependence and that we feel weighing on us the leadership of the United States. This is true. He would like to see us putting our relationship with the United States on an equal footing, and defending our interests—and these are his own words—with the same determination, the same firmness and the same wholesome sincerity which are features of the policy of the United States.

Secondly, he wants the Community to display a greater spirit of initiative in important international questions. These two aspects are strictly interdependent, but it is clear that if these two major objectives are to be achieved, if Europe is to regain its lost sovereignty, we must be able to express our sovereignty in a new way, one more suited to the world of today. In our view, this can be done by creating a framework of wideranging and flexible international relations. This is the only way in which we can retain our independence.

There is one thing in what Mr Ortoli said with which we can agree: I refer to the Community's present—and I stress the word 'present'—policy towards the third world, particularly towards the countries of Africa, the Caribbean and the Pacific.

When speaking of the third world, however, we must also consider the Arab countries, and in this respect the Community policy no longer holds water, not only because, as Mr Ortoli is perfectly aware, there is in fact no Community policy on energy problems, particularly as regards oil supplies, but also because relations with the Arab countries—and we must appreciate this fact—must comprise both a policy of cooperation in return for energy resources and also—and this is the essential point—actions which take real account of the serious problems in the Middle East.

I can recall only one occasion on which the Community acted in this spirit, and that was the Copenhagen resolution of 1973, in which all Member States of the Community called for the implementation of the famous UNO Resolution No 242.

This action gained us prestige and authority in our dealings with the Arab countries, but since then, even when the Arab countries were being

**Iotti**

threatened with the use of force—and this threat has not disappeared, it still arises here and there—what have we done or even said on the political plane to influence developments in this troubled area?

This is where we must make an effort if we are to succeed in solving our energy problems more easily and in developing a new form of international relations.

Still in the field of international relations, there is another point I should like to stress. The Community's new relations with the world around us are—and this is a fact, whether we like it or not—with the Socialist countries. I refer to all the Socialist countries, not in the spirit of faction which motivated Mr Bertrand's question—although it was subsequently to some extent toned down and eliminated—but in the awareness—which each of us should have—that this does not affect our political views, which none of us wish to change. Nor does it affect the political structure of the countries of Western Europe or of the Socialist countries, which neither side wishes to change. What it does affect is our future and the position which we want to and must occupy on the international scene.

We are absolutely convinced that this is the only way to re-establish a relationship with the United States as equals. No one—and I must make this perfectly clear—is advocating a policy of breaking with the United States. I felt that this was hinted at in some of the speeches, but we would be the first to consider such a policy profoundly damaging to Europe.

It is more a question of regaining normality in our relations with the United States. This, however, can be done only within the framework of wide-ranging and flexible international relations, which alone can ensure the independence of Europe.

There is a second point I should like to make briefly in connection with another range of questions.

In his report, Mr Ortoli pointed out very clearly the need to rescue the Community and its institutions from the isolation in which they function, even within our own countries, and he employed the expression: 'A policy for the men and women of Europe'.

This popular policy, he claimed, would have to be based on two fundamental principles: first, and most important, an economic restructuring which makes the economies of the countries of Europe complementary, which shifts the emphasis in economic development from consumption to producer goods, and which promotes workers'

participation in the running of firms (it was not by chance that Mr Ortoli spoke of European companies); secondly, universal elections to the European Parliament.

I do not wish to go into the merits of these proposals, to which I would in any case have many objections, and I shall thus restrict myself to one single request. The multinational concerns are not fictions of the imagination, and when Mr Ortoli stated that we do not have the means to control the economies of our countries I feel it was precisely to them that he was referring, although perhaps not to them alone.

Bearing in mind, therefore, that we must continue the struggle against these multinational concerns, the question I ask myself is this: with what means, with what arms do we intend to conduct this action? It is essential to have an answer to this question, but I fail to find any in what has been said up till now.

As far as universal elections to the European Parliament are concerned, we Italian Communists are more optimistic in that we have always felt that this would initiate a process which would enable Europe to overcome a large number of obstacles. Although we have not changed our opinion, we must not lose sight of the realities—the Danish Government's reservations at the Summit, the referendum in the United Kingdom, which will undoubtedly have certain consequences, and the difficulties involved in working out the electoral system, of which we are all well aware. This very day, I found it extremely troubling that Mr Radoux, in his report, and a short time ago—if I understood him correctly—Mr Kirk, in his speech, said that the 1978 deadline was perhaps somewhat optimistic and would have to be postponed. It is, however, clear that if we have to struggle against time—which is not in our favour—this attitude is extremely worrying.

We must therefore conclude—regrettably—that the path to be taken by the Community is still dark. We have grave doubts, tinged with fear, about the Community's ability to overcome the obstacles which prevent it, in your own words, Mr Ortoli, from making full use of its share in the pooled sovereignty which finds its expression in a changing economic and monetary world order.

*(Applause from the extreme left)*

**President.** — I call Mr De Sanctis.

**Mr De Sanctis.** — (I) May I first of all thank you, Mr President, for having called me to speak at this moment. Permit me to make a few brief observations. This debate is unquestionably of a

**De Sanctis**

high level, thanks to the extremely high standard of President Ortoli's report for which I should also like to extend my sincere thanks. Someone used the word 'grief' a few moments ago, but I shall not be emulating those who, in their speeches this evening, have been either unduly pessimistic or optimistic in their assessment of President Ortoli's report. In fact I would emphasize its realism and try to sound a hopeful note.

In my opinion all of us should declare our firm belief in Europe, not in a Europe which, if I am to believe some of the previous speakers, is one of class divisions, but a Europe which is above such divisions and is in search of its homogeneity, a Europe which—as you yourself said two years ago—should be seeking its own identity. This was an expression I very much liked at the time, a concept I gladly recall and which—as I shall explain briefly—I much prefer, in both the political and real sense, to the term 'independence' you used yourself—albeit for other reasons—and, which, as you have heard, has led to some verbal warfare in this Parliament.

Perhaps I ought to explain briefly my ideas on this matter, I mean on this reference to the independence of Europe which President Ortoli, a born optimist, spoke of with such fire and conviction. In my opinion, the term is a controversial expression, since, in addition to many positive factors, it also contains seeds of disension and debate, a debate which the extreme left in this Parliament lost no time in opening, trying to exploit if for their own political ends, thereby blinding people to one kind of reality—an objective reality in which Western Europe is, in my view, still living—not because it has to pander to the interests of others but rather, as we do well to note, because of certain moral and political obligations of an alliance which unites many western European countries and has shown its own military and moral strength. This is something real and concrete we should be well advised to bear in mind. If we are agreed on this point President Ortoli's exposition of the term 'independence' may seem both to ourselves and others to lend itself to all kinds of different interpretations, in a situation in which we ourselves do not intend to indulge in any bombast, nor rehearse what was said by a certain French newspaper which compared Mr Ortoli to a kind of Sisyphus condemned to endless toil, the possible implication being that the labour was in vain.

I feel that when we go in for colourful language—and the idea of colour suggests to me another image of Europe, that of a horse confined in its stable, impatiently pawing the ground—control-

led by others, by third parties over whom we have no authority—if, as I was saying, we indulge in colourful rhetoric we are all forced to conclude that this kind of language merely highlights the continuing crisis without giving us the power to overcome it. We should, rather ask ourselves in more realistic terms, in a hopeful, objective way, whether we can discern in President Ortoli's words and the foregoing speeches what may be the real essence of the problems under discussion. Assuming that a politician must have a strategy, that he must know how to find effective ways of dealing with a situation, I still feel that when the strategy and methods may still be uncertain and unable to cope when a crisis occurs in the institutions as a result of the present situation in Europe, we must at any rate be sufficiently clear-sighted to find an effective, sound and realistic policy.

At any rate the best method is a step-by-step approach by means of which we can and must endeavour to go forward. True, time is not on our side as President Ortoli and others have reminded us, but the old saying 'more haste less speed' is equally worth remembering.

We must therefore be on our guard, because haste and undue eagerness may make us lose sight of our real objective and we may not be able to see the wood for the trees.

What then, in my view, is one of the cardinal points in our debate on which Members much better qualified than myself can express an opinion so as to give a meaning to the conclusions to be ultimately drawn from this debate? I would say that the essential problem is to find out where the Community's political centre of gravity is at the moment and where it should be in future. This seems to me to be the basic point to which President Ortoli was trying to draw our attention.

If we start from this assumption, we must say—and this is the heart of the matter—we are faced with a problem which is not merely pragmatic but also essential.

We have listened today to a report which is extremely detailed and worthy of the attention of the President-in-Office of the Council. I feel, however, that both the President of the Commission and the President of the Council have politely ignored another of the essential factors in our overall situation—the relations existing at the present time, in the present economic situation, between the Commission and the Council, on the very question—as I was saying a short time ago—of determining the Community's political centre of gravity. As other Members have said, the Council is moving in one direction and is taking certain steps while the Commission

**De Sanctis**

is pressing on with its own programme of action, referred to by President Ortoli yesterday morning, a programme I might describe as dialectic but still quite open.

May I add that I feel that this institution, this assembly of which I am a Member is a proud one, and that we should assume the role of mediator at this time of great uncertainty and spiritual and political tension. This is Parliament's position *vis-à-vis* these two bodies. The dialogue which must later be opened between Council and Commission will need a partner—a source of mediation expressing, through our votes, a single political resolve to arrive at a common goal.

This is how I see Europe, and I am glad to see in the Community institutions a whole series of viewpoints in which hierarchies are in fact of very little importance. If one takes a clear, objective look at the real heart of the matter, one can begin to see how certain problems should be tackled. President Ortoli, may I remind you of the concept of the identity of Europe to which you were so devoted up till last year and which I feel is still the mainspring of your faith in the great Community venture which concerns us all. Let us bear this in mind, but let us do so with reference to problems of an immediate and practical nature.

A few days from now, the National Conference on Emigration will be starting in Italy. This is an important forum which will be dealing with problems concerning the whole of Europe, and not just Italy and its emigrant workers. It will be attended by top-level observers and representatives from the European Parliament and the other Community institutions. I would point out that this forum will again be debating certain problems which the Community institutions in their present form are still unable to solve, since—as far as quotas are concerned—they can only be solved immediately through bilateral agreements between the countries in question.

President Ortoli, Mr President-in-Office of the Council, I feel it is on this point—the need to solve certain problems step by step through the bilateral relations between Member States—that the Commission and the Council should concentrate as far as they are able if we are not to lose an opportunity of achieving real agreement in the future. It is precisely in this field, in which I had stressed the need to solve these problems as soon as possible, that further grounds for differences and disputes may now arise, additional contradictions and susceptibilities.

Mr President, having championed the function of Parliament in particular and having stated that while there is a social and economic crisis, since Europe is in a state of recession, there is also a moral and political crisis—and President Ortoli maintained that it was primarily moral and political—may I express my firm belief that this crisis may well provide the impetus for a fresh start, if we can only agree on a unanimous resolve which, in my view, must help to restore the spirit and letter of the Treaties of Rome.

**President.** — I call Mr Scelba.

**Mr Scelba.** — (I) Mr President, ladies and gentlemen, I shall start by repeating a remark I made on a different occasion. This Parliament is constantly pressing for new powers, but it refuses to make full use of those already conferred on it by the Treaties or which it has succeeded in obtaining by its own action.

Something of the kind is happening with regard to the programmatic report which was introduced as the result of an agreement reached between myself, as President of the European Parliament, and the then President of the Commission, Mr Rey.

This report was to correspond to the statement which, in a parliamentary system, is submitted by the government to obtain a vote of confidence. It is thus an extremely important act as regards the democratization of the Community institutions and their effectiveness.

The programmatic statement enables the Commission to plan its work ahead, to prove its work and demonstrate its creative powers. At the same time, it gives Parliament an opportunity to express an *a priori* judgment on the Commission's ability and to help draw up the Community policy by approving, correcting, integrating or disapproving.

This, then, was a great victory for Parliament—one not provided for by any Treaty regulation but achieved with the Commission's help and with the specific intention of strengthening Parliament's powers. It also indicates a possible way of obtaining wider powers without resorting to Article 236 of the Treaty of Rome.

The significance of this new development would justify a full and free debate, first in the groups and then in plenary session. But it loses some of its significance and interest when it has to be discussed in conjunction with so many other matters and in the limited space of time normally reserved for less important topics (and at an hour when the mind is not so alert).

**Scelba**

Having said this, I should like to thank the Commission and President Ortolí for having submitted to us a document which in its detail and careful presentation fulfils the most exacting requirements of a democratic Parliament. For this alone, the Commission deserves a vote of confidence from this House.

In the short time at my disposal I cannot even sum up the various subjects dealt with in the report and will only take a brief look at some of them.

Firstly, I share the positive assessment given in the report on the development of the Community. The pessimistic views which ignore or belittle positive achievements are based on an abstract view of the Community.

The Community is made up of nine Member States all of which, without exception, are grappling with a number of problems. Although the difficulties of Italy and the United Kingdom are daily news, let us not forget that even Western Germany, the most powerful Member State of the Community, now has 1 300 000 unemployed, a figure unprecedented in its post-war history.

It is natural that the difficulties of the Member States should have repercussions on the Community and that the life of the Community should be subject to as many upheavals as its constituent countries.

In spite of these difficulties the Community is forging ahead and the common bonds are being increased and strengthened, albeit in ways which are not always conventional.

This unconventionality, which alarms many people, is sometimes a necessity; it has its positive aspects because it permits experiments, not specifically provided for by the Treaties, and aimed at overcoming difficulties in development.

To pass from the national to the Community level in fields which are either not covered by the Treaties or for which the Treaties contain no provisions, it is essential to have intergovernmental negotiations, but it is promising to see that the Member States, conscious of their inability to solve certain problems by themselves, are tackling them jointly in order to reach common solutions.

Joint studies and joint solutions will do much to bring these subjects into a Community context within the foreseeable future.

The Galilean method of experimentation has distinct advantages, since it opens up possibilities greater than those which the Member States would have been prepared to define in strict legal terms.

It is clear that what I have said applies to subjects not covered by the Treaties—although the spirit and letter of the Treaties must be observed—and that in any case we must reject the opposite procedure, i.e. moving from Community level to intergovernmental level.

In view of this I welcome the decisions taken at the latest Summit to set up what we are already accustomed to call the European Council, composed of the Heads of State or Government.

For some time now I have been convinced of the inadequacy of the Community institutions, set up by the Treaties for a Community of Six and, above all, with powers limited to a few sectors of the economy. The Community has now grown and widened its scope, its powers have become greater and are already felt in the most sensitive political sectors, I mean those of monetary and foreign policy. Decisions have been taken to turn the Community into an economic, monetary and political union, and to have direct elections to the European Parliament, whose powers have also been increased, particularly as regards the budget.

The most urgent need is for a governing body which can promote and guide Community policy. I shall not repeat the criticisms made on all sides—and by this House in particular—about the difficulties experienced by the duumvirate of Commission and Council in carrying out even the limited tasks assigned to them under the Treaties.

In 1971, benefiting from my long experience in the European Parliament, I proposed that the Heads of Government of the Member States of the Community should assume direct responsibility for steering Community policy, thereby becoming a Community government, and should delegate to deputies or substitutes free of all national responsibilities and resident in one of the seats of the Community the job of translating into concrete actions the decisions taken by the Heads of Government, leaving to the latter the task of solving politically any differences liable to endanger the life and development of the Community—differences which may arise between the other institutions.

The setting up of the European Council is a step in the direction I had hoped for and I applaud the fact that the Heads of Government have become aware of their responsibility and by forming the permanent European Council have given the right emphasis to Community policy, the paramount importance it is beginning to assume for the Member States. This is a new experiment, one which should be encouraged, since it will undoubtedly point the way towards the best ultimate solutions.

**Scelba**

The reasons for the setting up of the European Council, the real needs it is called upon to satisfy and which all relate to the life and development of the Community inspire us with great confidence in the new institution. I do not believe there are any governments in the Community today which are convinced that their country's future depends on a reversion to national self-sufficiency. In fact their decision to elect members to the European Parliament by universal suffrage as from 1978 shows us that the governments of the Member States are moving in quite a different direction.

President Ortoli was right to stress the fact that these elections will be held in three years' time. This is a very close deadline, and it may be that even those who campaigned for the elections are not yet ready for them. And although it will mean an upheaval in the Member States and the Community we accept this because of our faith in the future of the European Community.

Even the present lack of success in some sectors—so far as it is due to the Community's limitations—calls for further and more rapid progress in Community policy. Inconsistencies and discrepancies will occur but it is up to us to ensure there is no tampering with what has already been achieved, and that the lines now emerging lead in the right direction. In the meantime, Parliament — and the Commission — should continue their work.

The report shows that the Commission is not working to justify its own existence but to make everybody participate — governments, national parliaments, the European Parliament and, above all, the people—and it shows that, as far as the people are concerned, there are great opportunities for progress. But this progress can only be achieved by means of and within the framework of a Community policy. The Commission's programme is thus an act of faith in the future of the peoples of Europe and of a united and democratic Europe. This is another reason why I give my wholehearted approval to the programmatic report of the Commission and President Ortoli.

*(Applause)*

**President.** — I call Mr Petersen.

**Mr Helveg Petersen.** — *(DK)* Mr President, Mr Ortoli's speech was marked by his great faith in the Community. It contained passages which left no doubt about the vision and dynamism of both the Commission and himself.

In particular, I should like to thank him for his remarks about cooperation with developing countries. It was heartening to hear President

Ortoli speak about the commitments and obligations which the Community feels it has towards the developing countries. It is a fact that the Community's recent achievement is a great step forward; in other words, many who felt sceptical in the past have now changed their minds as regards the Community's relations with the developing countries.

Now a brief comment on one reason for the pessimism which could be felt when Mr Ortoli spoke about the failures and the partial breakdown of the institutions.

The question we must ask ourselves here is why it is so difficult to get results—we have seen this time after time—and I feel that, in future, we shall also come to realize the great difficulty of achieving our objectives. I am thinking, in particular, of everything connected with European Union and of all that has been done towards creating this Union. I feel we ought to take a look at the practical and psychological problems involved.

We must realize that if—as some people want—European Union means transferring a large number of decision-making processes to the central institutions of the Community, the way is open for violent disagreement.

At the first stage of the Community's existence, one of the aims was to remove barriers to trade and no one calls this policy into question today because we accept the principle that we may continue to build up our own society from its present level. But what will happen the moment the Community concept contains an in-built solidarity, e.g. towards genuine social equality across frontiers? How can we imagine such equality can be achieved as long as we still belong to national states, each of whose citizens has his own axe to grind and turns to the national parliaments for the solution of any problem which may arise?

One of the major problems facing us is how to ensure that we have a solid foundation on which to build European Unity. I feel it will be of decisive importance for the future development of the concept of union if this is taken to mean that only those sectors will be centralized where centralization is natural, advisable or necessary, while the policy in other sectors will be one of decentralization—a principle which is so important in the political life of all Member States. The two approaches or principles—centralization and decentralization—are complementary.

Let me add that if we think the impetus, the first moves, should come primarily or exclusively from the Community, the nations will not progress on the right lines. What is required is

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that the citizen should be able to develop freely within the necessary common framework—whether European, national or local. The man in the street may not be able to discern at what level a decision affecting him was taken. What interests him is freedom of action without being cribbed, cabined and confined by any rules or regulations whatsoever.

At the present time, there is a danger of economic growth being slowed down, and a number of international trends suggest that very serious difficulties will arise in the longer term. We all know how more and more experts are spelling out to us the longer term consequences of some of these trends. I shall not list them here, as they are to be found in many publications. In my view politicians have not yet spent enough time on these problems. But we shall have to do so in future, and after that we shall also have to discuss one of the topics of the 1972 Paris Summit—namely what other values can replace that of economic growth.

This, Mr President, is the question which must be raised and which, in my view, calls for new efforts to clarify the very real problems confronting us.

**President.** — I call Sir Brandon Rhys Williams.

**Sir Brandon Rhys Williams.** — I should like to begin by congratulating Mr Ortoli on his magnificent survey of the work of last year and his indications of the directions in which the Commission is hoping to move in 1975. Naturally, as vice-chairman of the Economic and Monetary Affairs Committee, and having the honour to be rapporteur on the vexed question of economic and monetary union, my personal interest was in those parts of his speech which were directed to economic affairs.

Mr Ortoli dealt with three problems: inflation, unemployment and the balance of payments. But there was a fourth, which he did not mention and of which one has to speak, and that is indecision. To me the principal characteristic of 1974 has been indecision. This indecision on the way towards European union has led to the resurgence of nationalism which is making our whole European enterprise hesitate.

In the monetary field, 1974 saw the end of the Werner initiative towards economic and monetary union achieved by prearranged stages. I have always had the highest opinion of the Werner Report. Perhaps if we had tried to implement it entire instead of only in parts, we might have made greater progress.

At the beginning of 1974—a year ago—France found herself unable to continue within the 'snake'. We have had a wasted year on the road to economic and monetary union, during which there have been all too few signs of serious thought about the ways in which we could restore impetus to the drive to achieve it. I felt even before Werner produced his admirable report that we had a choice of ways. There was always another way of achieving economic and monetary union. What are we to do now? Mr Ortoli told us that the Commission is actively studying an alternative to the Werner scheme; but we must make haste. Here in Parliament we must help the Commission, guide it and give it as much enthusiasm as we can.

It is useful to think of our monetary problems partly in terms of the current account and partly in terms of the capital account. If time permits, I hope that I may have a chance of saying a few words also on a personal enthusiasm.

Looking first at our current-account difficulties, we have to recognize that the national paper currencies are here to stay, at any rate in the foreseeable future, and that within the Community we have possibly the widest differences in rates of inflation that are to be found within the industrial world. We do not need to dwell on the particular difficulties of each Member State in tackling its economic problems, but from the point of view of Europe the difference in the values of paper currencies and the rates of change in the value of paper currencies present an immediate and urgent challenge. We have somehow or other to rebuild the confidence of our industries that in spite of the fluctuations in the values of paper currencies there is in Europe something stable in relation to which they can make their plans and which will sustain everyday trading conditions.

I am delighted therefore that the Commission is placing emphasis on the unit of account. It is no good going on with an obsolete unit of account. One of the most significant passages in Mr Ortoli's speech yesterday was that the unit of account should not be used only for accounting purposes. I hope that he will develop that idea in the course of the coming months.

I want to say a personal word on this. We have seen the International Monetary Fund reconstituting its unit of account—the SDR—on the basis of a basket of currencies. I believe that that was a profoundly unwise decision of the IMF and that time will show that the 'snake in the basket' is not to be trusted as the basis for European trade. I hope that the Commis-

**Rhys Williams**

sion will not pursue this idea of developing a complex and sophisticated basket formula for the unit of account. The European unit of account must be the strongest unit of value we know or else gold will simply take its place, and we shall find ourselves back with all the difficulties that we had in the nineteenth century in trying to use gold as the fundamental unit of account.

Secondly, we have to strengthen our institutions to help our current-account activities. I am delighted to welcome the limited steps in strengthening the European Fund for Monetary Cooperation. That is certainly right. I wish I could have been here yesterday to welcome the Commission's initiative in our debate. I am glad too to hear the first indication of the Commission plan for a European Export Bank. I have often drawn attention to the need for security to be given to the futures market, despite fluctuating paper-currency rates, by some kind of guarantee system on which traders could learn to depend. I hope that strengthening the futures market for paper currencies will be one of the functions given to the European Export Bank.

As to the capital account, what progress can be seen anywhere towards genuine liberalization of capital movements for investment? Every nation has its national barriers against the movement of capital. We are suffering from a loss of confidence in the Euro-currency market and a growing overhang of petro-dollars. I am sure the Commission is right that it is by institutional methods that we shall make progress.

We need to look again at the constitution of the European Investment Bank. This excellent body is doing very good work, but it is too limited in its scope. There is an upper limit on the amount of the lending which it can undertake for any particular project; and its constitution allows no scope for soft loans. We need the European counterpart of the International Monetary Fund, on the one hand, to deal with the current account and of the World Bank, on the other, to deal with the capital account. We have these institutions now in the making, but a missing element is the European equivalent of the IDA, which is capable of pursuing semi-political objectives and using the power of institutional investment for European Community aims.

I wish now to make a few remarks on European Union at the personal level. In all our talk about economic and monetary union, we are failing to integrate the individual citizens in our European adventure. They do not feel themselves yet to be part of the European Union, certainly not in terms of their working lives and their financial resources. European citizenship must have a meaning. Although in many fields harmonization

is not always necessary or helpful, we need to look at the possibility of harmonizing the levels of our basic social security benefits. This is an essential aspect for study by the Commission in 1975. We need harmonization of basic social security benefits in order to achieve freedom of movement of workers and to ensure conditions of true competition between Member States.

Harmonization of social security could help to provide a basic minimum income, which would do much to solve our agricultural problems. Also, of course, it could constitute an aspect of regional policy.

Most important of all, we have to find ways of making European citizenship a part of a personal cash relationship with the Community as a whole—a true and living relationship with a real meaning. We want all our citizens to feel, as individuals, that they have a stake in a larger society which transcends our old national frontiers.

**President.** — I call Mr Blumenfeld.

**Mr Blumenfeld.** — (D) Mr President, I too should like to join the numerous Members who have congratulated Mr Ortoli on his most impressive speech.

His analysis was excellent, as usual, and the five objectives represent an extremely constructive political concept with an urgent programme of action which I am able to support in principle, even though, Mr Ortoli, we may—and shall in the future—take issue with you on one or other of the details of your five objectives. This is something we shall discuss when the time comes.

We must also agree with Mr Ortoli when he says we are losing our power to fashion our own destiny, since the centres of decision have moved outside the Community. Precious months are slipping by one after another without any action materializing, and the indecision about which Sir Brandon Rhys Williams has just spoken becomes more and more evident. All this, unfortunately, has nothing to do with gaining time, and Mr Ortoli is right in this respect too.

Europe is in the process of reverting to national sovereignties. I gathered this from Mr Ortoli's speech. May I give you two examples from the last few days: at the very time Mr Ortoli is declaring to this Parliament that 1975 is 'energy year' for the European Community, statesmen from the oil-producing and oil-consuming countries are meeting, but without the Commission of the European Communities. President Giscard d'Estaing is meeting the Shah of Persia, and both are meeting Henry Kissinger, who is meeting King Feisal. This list could be extended to

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show where the real power is being exercised, or at any rate proclaimed.

It seems that the European Community is allowed to take part in drawing up the agenda for an emergency conference at civil servant level only. Does this mean that we are experiencing here a renaissance of nationalistic thinking at civil servant level? Will the valuable proposals the Commission has made these last few weeks on energy policy be thwarted by an argument about who has the more experienced civil servants? And at the same time as the Vice-President of the Commission, Sir Christopher Soames, is telling this Parliament that since 1 January 1975 there is only a common foreign trade policy and that bilateral trade agreements will be null and void, Moscow publishes the communiqué on the British-Soviet five-year agreement on trade and economic cooperation, under which the credit terms are apparently extremely generous.

I recall this only to underline the fact that the President of the Commission was unfortunately only too right to warn us that the erosion of the achievements and institutional structure of the Community is already advanced. He was right to draw attention to the increased cooperation at national government level and to the European Council of Heads of Government, announced at the Summit Conference. Let us, however, ladies and gentlemen, be realistic. European cooperation at this new level may prove to be a considerable step towards European union. The Commission must make full use of its function as a Treaty institution and as a political institution. Nobody, however, can expect the European decision-making body, i.e. the European government of the future, to emerge from these terms of reference of the Commission and from its work. The peoples of Europe are simply not yet ready to accept this, and will not be ready for some time. The Commission's political basis is and remains the European Parliament, particularly once this Parliament is elected directly and has gained more powers.

May I put it slightly differently. The European Parliament and the Commission are natural allies, and should be so to an even greater extent in future. *Vis-à-vis* the Council of Ministers and the European Council of Heads of Government there is an equally natural and, I hope, fruitful state of tension.

May I say to Mr Ortoli that his 'triptych' of priorities, if I may call it that, i.e. common energy policy, economic and monetary union and European union, is the same as our list of priorities. As a result of the increase in oil prices, the crisis rocking the Western world has

changed from one of inflation to one of recession, while at the same time throwing our economic policy into confusion. A surplus of approximately 60 thousand million dollars in the OPEC countries represents a loss of purchasing power of the same amount in the oil-consuming countries. The OPEC countries are acquiring claims on our gross national product which we cannot meet, and the oil-consuming countries are having to run up greater and greater debts in foreign currencies. For some time now, the oil problem has ceased to be one of volume and has become one of price. This rough outline, Mr President, is intended to show that our present crisis, and many other things which have been bemoaned, derive from this, and not from the causes suggested in the propaganda in which some of our Communist colleagues have engaged this evening.

I therefore consider the proposals made by the Commission for a European energy policy to be correct and appropriate, and only hope that the Commission does not slacken in its efforts to achieve it and to uphold it at the International Energy Agency conference.

One final word to the President of the Council, and on a topical subject. It is extremely worrying to note that, as a result of the great political tensions and the economic war which has been spreading over the Middle East for many months now, the boycotting activities of the Arab League, if I may use that term, are now being extended increasingly and more persistently to Europe. There has been boycotting for many years, and 100 firms in the Federal Republic of Germany are blacklisted. However, the methods employed by some Arab countries and governments are becoming more and more subtle. The attempt to agree on a common response from the European countries unfortunately failed right from the start. It may be that some governments and some firms in the Member States hoped to benefit from seeing their competitors blacklisted or boycotted. May I however, Mr President, remind all those here that 40 years ago the Nazis and the fascists began in precisely the same way—with a boycotting policy which started off quite inconspicuously in the economic sector and then ended in the worst excesses of modern times.

I expect both the Commission and the Council to devote their full attention to this pressing problem.

Mr President, as long as we politicians, the parliamentarians in the European Community, often prefer to be mayors of provincial towns or chairmen of local councils and prefer for a variety of reasons the national parliaments to a Euro-

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pean mandate, there can be no popularization of Europe, and the efforts of the Commission, the Council of Ministers and the Members assembled here will be in vain. This appeal, directed at the other institutions, is also directed at ourselves. (Applause)

**President.** — I call Mr Brewis.

**Mr Brewis.** — It is a great pleasure for me personally to follow such an excellent European as Mr Blumenfeld, and I wish that I could spend some time commenting on his speech, but mine is on a different subject—company law. We in the Conservative Group welcome the Commission's initiative on the harmonization of company law and on the introduction of a statute for the European company. We believe that this will enable the best practice in this sector to receive application throughout the Community and will provide a stable institutional foundation for the efficient operation of commercial enterprises, whether national or European.

We welcome the introduction of a two-tier company structure incorporating a supervisory board to give shareholders more effective power of participation and control, and to make possible the identification of employees of the company for which they work and a greater involvement in the conduct of its business. We are concerned, however, that a satisfactory definition should be agreed of the different functions and responsibilities to be undertaken by the groups involved. Neither the supervisory board nor the works council should be given powers which, by going beyond those of consultation and supervision, might render management impracticable or unduly difficult and in doing so operate against the interests of the company and its employees as a whole.

We believe that membership of a supervisory board should not shift the balance from employee participation, which we as a group support, towards employee control, which we do not support. With this same risk in mind, we are concerned also that appropriate guarantees should be given that employee participation should, as far as possible, be the direct concern of the employees of the company in question and that any extension to the appointees of trade unions or pressure groups lacking direct connection with the company should be permissive only and restricted in scope.

The European company is a refined application of the multinational company. We share the disappointment in many quarters that so few commercial undertakings and companies have sought to establish themselves on a European

basis and take full advantage of a larger market. In this connection, we believe that there is much to be learned from non-Community multinational companies operating in Europe. Although we recognize that the activities of multinational companies, particularly in the developing world, may pose problems, we deplore the ill-informed hostility shown towards them by certain sections of political opinion.

In the Commission's programme, company law is mentioned in point 35 on page 24, concerning industrial policy. No political commitments are made, only a commitment to a timetable. The workers' participation aspect of company law is mentioned in point 65, dealing with social policy. The Commission limits itself to attaching the highest importance to the general acceptance of the principle of participation, referring to the Fifth Directive and to the Statute for a European Company. It specifies that the representation of employees should be on a supervisory board, whilst indirectly stating that the structure of the company should be two-tier.

We welcome this policy, although we regret that it has been drawn in such broad lines. We accept the principle of participation and a two-tier company structure as part of a policy which can make possible the identification of employees in the company and render more effective the participation of shareholders, thus increasing the responsibility of individuals.

We consider, though, that the formula for this participation is of vital importance. It is important for the European Company Statute, but it is essential for the Fifth Directive. There is a basic difference between the European Company and the Fifth Directive. In the European Company we can proceed with all the courage of the *avant-garde*. In the Fifth Directive we have to proceed with all the prudence of experience. The aim is the same, but the means must be different if the aims are to be achieved.

Sir, you said yesterday in your speech to the House that, more generally, the Commission hopes to give vigorous encouragement to work on the harmonization of company law, and you emphasized these principles. I understand that it is a basic principle of participation and not the detailed formula of the European Company, but I should like to have confirmation from the Commission that my understanding is right. This must be the logical consequence of the introduction of a green paper on the whole question, a paper which we welcome and which we look forward to seeing.

May I say a brief word on human rights? We believe that an early opportunity should be given to amending the Treaty of Rome to include

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specific provision for the protection of the fundamental rights of the citizens of the Community. In that connection we underline the importance of the European Convention on Human Rights, and propose that ratification of this Convention be made a condition of membership of the Community. We propose further that a study should be carried out to establish whether the time has now come to review and expand the list of human rights guaranteed by the Convention in the light of the increasing number of breaches of the law for political purposes.

We welcome the policy in the Commission's annual report. We welcome it the more so because it is in line with the policy which we as a political party have expressed in our manifesto. It is a final step in the change of the Commission's policy on this matter and another example of the new life which the enlargement of the Community has brought to the development of Europe. We have had judgments of a court and a change in the Commission's policy in respect of the rights of Community citizens. That is a step forward in our efforts to give the European Communities a human face, and it is a clear reply to all those who up to now have shown doubt in the fundamental human philosophy of the Community. But it is essential that this opportunity be seized in the right way. The definition of the fundamental rights of the citizen cannot be left to the hazard of one or other case brought before the courts of justice.

The Commission is conscious of the important rôle of Parliament when drawing up legislation of such a fundamental character. It is my wish that the Commission, when it comes to the general question of the fundamental rights of the citizen, will show the same concern, and I hope that the report referred to in the Commission's programme will again take the form of a green paper like that which the Commission is drawing up on worker participation in companies.

Having said this, I assure the House that my group regard the question of human rights as one of great urgency, and we will use all our influence to ensure that measures are taken without delay to secure the adequate protection of the Community citizen, not only on the basis of traditional fundamental rights but also taking into account the technological and structural development of our society.

**President.** — I call Mrs Goutmann.

**Mrs Goutmann.** — (F) Mr President, ladies and gentlemen, first of all may I say that I am sorry it was considered necessary to combine several

debates, one on the report by Mr Radoux, another on the report of the Community's activities presented by President Ortoli and another on the oral question concerning the situation in Portugal, since I am about to follow, with a speech on the situation in Portugal, several speakers who have spoken on the report of the Community's activities, a fact which is likely to destroy the unity of this debate.

I should firstly like to thank Sir Christopher Soames for his information on the situation in Portugal and to compliment him on his balanced and objective approach to this complex problem. I shall just remind you of a few important points. On 25 April 1974 the Portuguese armed forces put an end to 48 years of a particularly vicious dictatorship marked by countless cases of murder, crime torture and arbitrary imprisonment. 25 April 1974 saw the beginning of an era of freedom for the Portuguese people. The event was greeted, as Mr Bertrand pointed out, with great hope by all democrats the world over and warmly welcomed by all countries devoted to justice and liberty; since 25 April, day by day, the Portuguese people has been discovering and learning to live with democracy in conditions which are all the more difficult since the country is emerging from a half-century of oppression and obscurantism, since it has not yet rid itself of the structures inherited from the era of Salazar and Caetano and especially since the forces of reaction attached to the former regime, which still occupy many posts in the State apparatus, are determined to do everything to maintain the old structures with a view to organizing economic sabotage and obstructing Portugal's path to democracy and social progress.

The incidents which occurred during the congress of the CDS Party must be seen in this context. Sir Christopher Soames quite rightly pointed out that the parties of the left, the communist and socialist parties, strongly condemned these acts of adventurism and intend to uphold freedom of expression for all recognized political parties.

In these circumstances it is rather disturbing that voices are raised, in Portugal as well as in France, Germany, Italy and the United States, denouncing the threat of a dictatorship of the left; the claim is not even original. If a threat to democracy does exist in Portugal at present, it is not the imaginary threat of a dictatorship of the left, but a threat from the right, from pro-fascist elements who occupy important posts and are the very ones who are out to impede the progress of the elections.

I would remind you that, in certain regions, the communists have been deliberately barred from

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the committees for reviewing electoral lists and that other regions of Portugal are still in the grip of the authorities set up under the Salazar regime. They are definitely out to impede the progress of elections. It is the threat not only of the forces of reaction in Portugal, but also of the forces of international reaction which, with the help of the CIA, would like to repeat in this country the tragic experience of Pinochet's Chile.

That is why the Portuguese Government was right to protest against the Nato manoeuvres which are now in progress off the Portuguese coast and which, in the circumstances, are a real provocation.

Sir Christopher Soames also drew attention to the undertakings made by the Portuguese Government and the determination of the parties of the left, and particularly the Communist Party, to organize free elections very soon. I would add to this that the Portuguese Communist Party, in its long struggle for freedom, has paid a heavy price. The 23 members of the present Central Committee have a total of 308 years in prison between them...

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** — Mr President, may I make an interruption?

**President.** — With the speaker's permission, I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** — It would be very risky for any Member of this House to try to assess just in advance of elections which political party of all of the political parties in existence in Portugal is more or less in favour of the democratic system such as we understand it in this Parliament.

**Mrs Goutmann.** — (F) ...I do not mean that the Communist Party has the sole monopoly of democracy, I mean that it has contributed, particularly during the period of dictatorship, to this long struggle for democracy with the other forces of the left and under particularly difficult conditions since they were then underground and victims of repression.

If I may, I shall now continue my speech.

Sir Christopher Soames has drawn attention today to the determination of the parties of the left to uphold free elections. We thus support him when he calls for discretion and a sense of proportion in our assessment of current events in Portugal and in our interpretation of them.

One thing is certain: in this critical period for the democratic future of Portugal, it would be dangerous to spread confusion and suspicion by unjustified imputations aimed primarily at the parties of the left and the Armed Forces Movement.

I am surprised that those colleagues who are concerned today with the fate of the CDS Party say nothing in criticism of the attempts by the forces of reaction to create disorder and sabotage the country's economy, for these also are direct attacks against democracy and freedom.

Our Parliament should therefore approach these questions wisely and calmly, bearing in mind that what Portugal expects today is effective help and support, without interference in its internal affairs, for the efforts of this nation's progressive forces to create democracy and social progress. It can certainly do without the attacks currently being directed at it as it defends its just cause.

*(Applause from the extreme left)*

**President.** — I call Mr Normanton.

**Mr Normanton.** — At this rather late hour by European parliamentary standards, I have no intention of extending the sitting longer than necessary. However, it would be irresponsible for me as a Member of this Parliament to let the occasion go by without placing on record one or two views which either have not been expressed already in the debate or in my judgment have not been expressed sufficiently forcibly.

The year 1974 will undoubtedly, in the relatively short history of the European Communities, be seen as a non-vintage year. The 'marque' which will appear across most of the events when we read about them in this present report will be contained in the word 'failed'.

The European Community has failed during this year to recognize the growing threats to the very existence of the Community, to its character and to its future, threats from outside as well as from within. We have failed as a Community to prepare and adopt measures which any prudent body — industrial, financial or any other form of body — would normally be expected to make where the future seemed to be normal and quite natural. Even worse, we have failed to adopt the emergency measures which in the event of a crisis — and this has been a year of crises — any normal prudent body would have the courage and determination to adopt. Worst of all, we have failed to act in unison and to recognize the importance of the strength of unity.

## Normanton

We failed even to remember the lessons of our relatively recent past. The one key lesson we failed to learn was that of recognizing the bitter consequences of the history of Europe in this century; that is, that one never wins anything by appeasement. We failed to study the past. I hope none of us will have failed to recognize the clear lessons to draw from this, the record of 1974.

I will not go any further and dwell at any length on the failures of 1974, but merely point to two specific areas in which we must not fail in the future. The one glaring gap regarding the consideration and formation of policy in the work of the Commission is in what I might describe generally as the industrial field. A reference was made to this at Question-Time.

I have some reason to believe, having had private discussions with Mr Spinelli, that this omission in the preparations and view of the Commission will be filled and covered very fully. We must recognize that in periods of high prosperity and high industrial activity, it is both industry and government which tend to take the short view and forget the clouds which, if they had eyes to see, are not very far distant — just on or over the horizon.

The clouds which have been affecting the industrial scene in particular are now visibly, painfully and dangerously there for all of us to see and to experience. Dominant amongst these has been the growing impact on industry of the inflation arising from a lessening in industrial activity and, therefore, a reduction in the level of industrial and commercial profitability.

The consequence in some Member States, more bitter than in others, is the growing danger in cash liquidities, and the inevitable inability or unwillingness of industry to recognize that it is only by investment that one can hope to establish for industry and the people who work in it and the Community they serve, a viable and worthwhile future.

The Commission and Parliament are equally culpable in this connection. I say that as a member of the Committee on Economic and Monetary Affairs. I am not saying it behind the back of its chairman or saying anything here which has not been said increasingly in that committee. We have tended far too long in that political area of our committee structure to think in broad general terms of monetary policy. It is easy to talk about because there is no clear, precise mathematical answer flowing from the discussion. We have failed to get down to the hard realities of what we should be talking about — the development of industry, its character, its restructuring, and the ways in which

governments individually and the Community in general can and must contribute to improving the efficiency of industry, which means its profitability.

Therefore, if I have made a rather damning indictment of the Commission and Parliament and of the committee responsible, I draw great hope and considerable confidence from the fact that Mr Ortoli's address yesterday was a substantial and significant contribution to industrial policy, which I hope, will be the basis upon which we shall see in 1975 the creation of a clear and identifiable policy for industry, the re-establishment of precise guidelines which industry can follow consistently without the perennial bitter experiences of short-term remedies for long-term problems. I earnestly hope that the Commission will recognize the omission and the need to fill a vitally important gap.

I may be repeating or covering some of the ground which Mr Blumenfeld was touching upon when I returned to the Chamber. I refer to the consequences, which are there for all of us to see if we have eyes to see with, of failing to grasp the nature of the dangers in the monetary sector which are clearly looming up through the threats from Arab oil-producing countries. In 1973 and 1974 we saw political action manifest itself in the supply of oil. Now we are beginning to see the evidence of its utilization not in the withholding of oil supplies, but in the way in which the money raised, and still accumulating as a result of that policy, is now to be deployed to influence and, indeed, to injure the financial structure of industry and the many commercial institutions inside the Community itself.

I believe Mr Blumenfeld made some reference to the way in which the international financial institutions which have served and will have to continue to serve, the financial world as a whole are coming under selective threats by the use of the massive weight of money coming from Arab countries, through the utilization of their massive investment power for political ends and not for investment purposes.

This is being done not on a selective political basis but on a selective commercial and economic basis. We should be ill-advised to place too much weight and too much hope on the deployment of the re-cycling of petrodollars when, invariably up till now, that re-cycling has been in short-term and not in long-term investment.

Investment in property may give a short-term profitable return; investment in the stock exchanges and equity stakes in industry may give short-term benefits. But in the long term it is not fixed, it is not stable, and it is that instabil-

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ity which I feel is one of the great threats to the financial profitability of sectors of industry on a Community basis.

(Applause)

**President.** — I call Mr Dykes.

**Mr Dykes.** — Last year there was a student in Peking who was sitting a history examination. It was rather long. He had already answered two or three rather weighty and lengthy questions. The last question was, 'Assess the effects of the French Revolution'. He was very tired, so he wrote just one line—'It is too early to tell.'

I cite that incident—which, I gather, is more than a merely apocryphal story—because developments in the Community and what has been debated today show that we are at an important threshold. It would be easy at the beginning of each new year in the Community and Parliament to say that this is the beginning of a decisive new year and last year was critical and disappointing in some respects. That is certainly true of 1974. Yet paradoxically, by virtue of the efforts made to resolve the difficulties, the Community as a whole has come out that much better.

I join others in offering sincere thanks and congratulations for what Mr Ortoli said yesterday in his important speech. He must be gratified that in most of the newspapers in all the member countries it has been so greeted, and, therefore, has given a tremendous boost both to the Community and to this Parliament by showing that in the Commission there are people who are prepared to feel the rationale of the future both in the medium term and in the longer term.

I mentioned that dreadful story about the Chinese student also because of what Mr FitzGerald said about looking forward to another 25 years—without espousing whether he would be around all that time, although we hope that he will be.

The Community has to do a great deal of work in 1975, including promoting not only the interests of this Parliament but some of the ideas enunciated in the debate and referred to in the documents.

I want to highlight what Mr Ortoli said in support of economic and monetary union. On page 21 of the official text, he expressed his belief, which I accept, that we do not have to complete a comprehensive review of the problems before taking action. Although that was said in reference to economic and monetary union, it applies to other things as well. We are

at the stage when direct elections are being gradually promulgated and when other decisive steps are being taken. We are out of the painful months of 1974, and a harmonized approach to energy problems is beginning to emerge. We are beyond the old mistakes of previous years which consisted in setting grandiose target dates and failing to meet them. It was a mistake in time and in philosophy to fail to meet the objectives that were set. There is something to be said for the gradualist approach as well as for the dramatic approach.

I accept Mr Radoux's argument that the terms of the resolution have been superseded by events within Parliament. I welcome the initiative behind it and behind the Political Affairs Committee's acceptance that the Summit communiqué was a decisive step which should see us well on our way into the future.

One is bound to have certain reservations about some of the contradictions which will emerge and about the way in which the future relations between the Heads of Government and the existing institutions will be manifested. That is partly the result of the vague wording of the communiqué.

On page 7 of document 436/74 is a reference to political cooperation meetings being held 'at the same time'. I am not sure what is meant by some of these expressions and what arrangements will emanate from the request of Heads of Government to Ministers of Foreign Affairs. How will those new arrangements impinge on existing institutional arrangements? The communiqué states that it is not intended that they should adversely affect existing arrangements, but one wonders how this will work out.

On page 9 there is a reference to the minor but, in symbolic terms, important idea of establishing a Passport Union. How will that work and when shall we hear more details of it? Is it assumed that the EEC passport would not be for use within the Community but would be used only for external journeys?

On page 10 appears the vague wording that 'the competence of the European Parliament will be extended, in particular by granting it certain powers in the Communities' legislative process.' That is of vital importance. When the communiqué originally appeared, it was not clear whether the target date was to be 1978 or later. Much work will have to be done, and work has already started in the Political Affairs Committee and elsewhere on all these matters.

If I have resuscitated some matters that have been raised before, I have done so because Parliament is at the critical stage when it would

**Dykes**

be easy for us to settle down to the notional target-date of 1980 or perhaps 1978 and assume that everything will go smoothly thereafter without a lot of work being done this year in Parliament and reliance being placed on the good will of the other Community institutions to forward the process. At the same time, we shall be up against the political reality that the Heads of Government will not necessarily be in favour of detailed suggestions that we may propose, because they have a different view of the pragmatic development of decision-making within the Community, having their national vested interests to consider.

If this is to be that critical threshold of the new future to which Mr FitzGerald was looking forward, Parliament can take encouragement from all these factors, provided that we do not reduce our vigilance. I feel that strongly with regard to other member nations and, as a member of my group, with regard to the United Kingdom, which now faces the painful months ahead until the autumn of 1975.

**President.** — I call Mrs Fenner.

**Mrs Fenner.** — I have listened with very great interest today to most of the debate and a number of powerful speeches. They have ranged over the broad canvas of the Community's policy objectives and problems in this difficult year. I am not going to apologize for referring to only one section of Mr Ortoli's programme for the ensuing year, because two of my predecessors this evening, Mr Petersen and my colleague Sir Brandon Rhys Williams, have referred to the need of individual citizens in the Community to feel involved in its decisions.

It happens that the area to which I am going to address my brief remarks this evening is one in which the Community, in turn, makes its concern for the individual really touch the individual in the Community. I am referring to its programme for the protection of consumer interests. I want to give a welcome to the programme set out by President Ortoli for this year, and to welcome very particularly the development of the use of the Consumer Consultative Committee and the decision to invite it to appoint representatives to the various agricultural advisory committees.

You will know, Mr President, that there is in my country at this moment a state of indecision about belonging to the Community. I believe that implementation of the Treaty of Rome, many articles of which relate, very properly, to the removal of deterrents to trade between the countries, and also, perhaps, some of the

less attractive features of the common agricultural policy have prompted critics of that policy in my country to see it as being concerned with the producer and, by implication then, as not being concerned with the consumer.

I am therefore delighted that the institutions of the Community are not only involving the consumer organizations in the agricultural advisory committees but later this year are to report specifically on the way in which the agricultural policy of the Community affects consumers, and later to make another report on consumer prices generally. I would express disappointment over only one area, and perhaps President Ortoli can give me some reassurance on this.

Already today we have been very concerned with the effects of inflation on the economy of the Community. A discussion of inflation and of economic problems almost always leads to a rather abstract debate; and in the area of inflation we need to remind ourselves of what happens to individuals in their community because of the rate of inflation in some of our countries. I happen to believe that in a year—and Mr Yeats referred to what has happened to the housewives' budget, which has seen a 20 per cent increase, while we have done rather well in the Community as far as foodstuffs are concerned—and I am not grumbling—the housewife has had a great burden imposed upon her.

A period of that kind, although I acknowledge that we have established budgetary priorities, is just the kind of year in which we must give the reassurance that a complete programme of protection of consumer interests will be given to the consumer. I am a little disappointed therefore, first, that, although in the printed Eighth Report on the Activities of the Community in 1974 the first paragraph on page 140, with some optimism, states that the Council is expecting to adopt the European Community's preliminary programme for a consumer protection and information policy early in 1975, on the last page of President Ortoli's memorandum annexed to his programme he uses the somewhat ambiguous phrase: 'The Commission will keep a close watch to ensure that the Council adopts...'.  
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It may well be that President Ortoli is exercising his cautious pessimism, for which he has already been gently chided this evening. But I should like to have an assurance that because of the difficulties this year the Council is not backpedalling on the programme set out for the protection of consumers, because I want to see the Council adopting this programme, and, as President Ortoli's programme said, implementing the priority action for which the programme provides.

**Fenner**

I should like to commend the Commission on the new objective which has been added to the programme of consumer interests—namely, that of consumer satisfaction, which is to ensure not only the protection of consumer interests but also an acceptable quality of goods and services. Already in the United Kingdom we have introduced a Fair Trading Act with this object in mind. I know that Mr Ortoli has to make some very wide-ranging remarks at the end of this debate, but I should be grateful if he could clarify for me the slightly ambiguous ending of the second paragraph on page 140: 'A new objective was added... of obtaining acceptable quality of goods and services at the best prices, and the avoidance of waste.'

Is this a reference to the wastage of foodstuffs? Very recently we had a report in the United Kingdom which showed there was an alarming wastage not by the farmers, which has been spoken of in this Parliament today, but by housewives of this very essential world commodity which is in increasingly short supply. Or is this reference to the avoidance of waste referring to an excess of packaging? We have had several Private Members' Bills in the United Kingdom Parliament expressing consumer concern that there shall not be an over-enthusiastic excess of packaging. In many ways the consumer would rather have a little less sophisticated packaging and perhaps a little less on the price. In terms of the environmental disposal of waste also, it may well be that this is an area with which the Commission's new objectives are concerned.

Having asked those two specific questions and promised to be brief, and as you, Mr President, have a rather excessive late-night contribution from the European Conservative Group, I would again commend the Commission on the programme for the protection of consumer interests over this next year. I would only seek the Commission's reassurance that it is going to do rather more than watch for the Council to accept it by ensuring that the Council accepts it early this year.

*(Applause)*

**President.** — I call Mr McDonald.

**Mr McDonald.** — The President of the Commission opened his speech to Parliament yesterday with the words: 'The Commission has no intention of painting a rosy picture of Europe today, but it refuses to be unduly pessimistic.'

In the last six months Europe has become less lethargic. It is only right to begin by listing four areas in which progress has been made. Certainly, I agree with Mr Dykes that the

President's speech yesterday got excellent coverage throughout the Community. But we Parliamentarians of the Community have a duty to recount this progress in every corner of the Community; and President Ortoli has made our task much easier this year by presenting a much clearer and more precise report with many useful references to various other publications.

The report is broken down very simply into six or seven sections on the development of the European Community, institutional development, composition and functions of the institutions and so on, and this design makes it almost a ready-reckoner for those of us who are constantly challenged and faced with the charge that very little or no progress is being made by the Community and by our institutions. Many feel that the Community is not progressing as fast as it could; but we ought to take a more positive view, recount the progress made and support the institutions in their efforts to surmount the growing problems that fall to be solved.

I have every confidence in the Commission, and this confidence has been strengthened today by a breath of fresh air introduced into the European Parliament by the President of the Council of Ministers, Dr FitzGerald, and further strengthened after attending the first group meeting this morning at 8.30 and after having had quite a hectic day attending the political cooperation meeting, this morning and again tonight, and the committees, joint meeting under the Luns procedure.

After listening to Mr FitzGerald, I believe the feeling is abroad in the House that the Council is not just a hazy, remote overlord to be knocked. Through the tireless energy of Mr FitzGerald, there has emerged a body with which we can cooperate, which we can support and with which we can have a useful dialogue.

I also have the feeling, and this is shared by many of my colleagues, that we are in an area of new Community endeavour. This has to some extent been lacking in the past. With full cooperation, the Community is quite capable of tackling any problem that comes its way.

Mr FitzGerald, by his forthright handling of our many hours of questions today, has awakened the spirit of involvement for many of us and has given us new hope for the future.

When he enumerated the aims and objects of the Irish presidency, he set himself a very heavy task, and I compliment him on the progress of his dynamic programme to date. I hope that he will have continued success, especially in his effort to effect greater democratization of the institutions of our Community.

**McDonald**

I do not say that we can solve all the problems by dialogue and understanding alone. Dialogue will be not just one way, but we hope, three ways. Although a pessimistic view would be 'all or nothing', it is nevertheless through dialogue that the collective views of this representative Parliament directed to the Commission and the Council can be of benefit to our Community.

I much regret that in the limited time available I have glanced only cursorily through the excellent report. However, I am sure that we shall have many opportunities throughout the year to read the report and make further comments on it.

Again I thank Mr Ortoli and the Commission, not only for the new dimension they have introduced, but for this report, through which they equip us the better as parliamentarians who, in the difficult year that has passed, have had to face a great deal of flak, if I may use the word, in our various home territories. With this kind of document, a place in which to find so much concise information, we can now go beyond the defensive, at all times encourage our people and thus provide the leadership needed in the Community to give people the will to work together to achieve those aims for which the Community was set up.

**President.** — I call Mr Radoux.

**Mr Radoux, rapporteur.** — (F) Mr President, I shall be brief. You will recall that at the beginning of my speech I pointed out that the two points in our resolution had already begun to be implemented.

The first point concerned the examination by the Political Affairs Committee of the setting up of a European Council. In his speech, Mr Kirk confirmed that the Political Affairs Committee had already studied the question. So that is one point in our resolution which has been clarified. The second point concerned the Commission's programme. I said earlier that, as rapporteur of the Political Affairs Committee, I was not authorized to speak about this question. However, I should like to say that I am gratified to see the vast majority of speakers discussing not only the analysis presented by the President of the Commission, but also congratulating him on the Commission's future programme and on the really fresh start which he promised for Europe.

This fresh start for Europe is, however, an expression which has fallen somewhat into disrepute. Indeed, listening to all the speakers and the whole of this debate, I recalled what happened in this chamber exactly 20 years ago. Then

the expression 'fresh start for Europe' was used for the first time after the failure of the European Defence Community, which was indeed a very great blow to the European idea.

This evening I felt that we were indeed witnessing a fresh start for Europe as the President of the Commission promised us. I should like to congratulate him, and to thank once again the vast majority of Members of all Groups who expressed agreement with him. I am certain that the European Parliament wanted through its speakers to tell the President of the Commission that he has its full backing.

This being the case, Mr President, I think that the resolution we tabled in December is no longer called for. I am very pleased to be able to say that, for once, action has preceded the voting on a resolution calling for it; I therefore withdraw the motion.

(Applause)

**President.** — I call Mr Ortoli.

**Mr Ortoli, President of the Commission of the European Communities.** — (F) Mr President, at the end of this debate, before replying to the various speakers, I should like to make a comment which I trust you will not take amiss.

Like Mrs Goutmann, I do not think it a good idea to lump various topics together in a single debate. I found it unfortunate that at times this debate was concerned with Portugal, then with the Regional Fund, then with the Summit Conference—three important subjects—and that as a result we rather lost the thread of the main debate on my address on the Commission's programme.

I feel that we must draw certain lessons for the future from this.

First of all, important political debates must be compact, concentrated and deal factually with real issues.

Having expressed this reservation, I shall nevertheless say a few words about the regional problem referred to by Mr Herbert and Mr Delmotte. I understand their concern and endorse it, but like Mr FitzGerald this morning, I am convinced that the work done since December in the Council of Ministers on the Regional Fund has been very valuable. I can say so because he and I have had a large part in it. We devoted much of our time to pushing this matter through so that the main questions would be settled by the last meeting of the Council of Ministers. We have also devoted much of our time since then to ensuring that the last question which remains to be settled for March can in fact be settled then and perhaps, we hope, even sooner.

**Ortoli**

To all those who attach importance to this wide subject, I would stress that we do, too. As I shall demonstrate shortly, as soon as this Fund becomes sizeable it will be a basic element making for equilibrium within Europe. We can count on the efforts of the Council, I am certain, and of the Commission to achieve results in the next few days. I should like to add a personal comment concerning Mr FitzGerald. This House is certainly delighted that he was willing to break a tradition and attend a debate on the presentation of the Commission's programme.

This shows, Mr Scelba, that the relations between the Commission and the Council are being put on a new footing.

*(Applause)*

Your presence proves, Mr FitzGerald, that you personally think of our institutions as thoroughly united and interdependent, and that, when the Commission speaks before this Parliament, it does so on behalf of Europe. It also addresses itself to the Council, which is there to hear what it proposes to Europe and what Parliament wants to say on the subject of this address, and I am consequently grateful to you.

I shall not, therefore, speak about Portugal. I hope Mr Della Briotta, Mr Kirk and Mr Lücker, who devoted a part of their speeches to this matter, and Mrs Goutmann, who devoted the whole of her speech to it, will forgive me, but Sir Christopher Soames has clearly and fully stated the Commission's point of view.

I now come to the address on the Commission's programme and to the comments to which it gave rise. I wanted to speak as a responsible politician placed at the head of a responsible political body and before a responsible political institution, as I think you appreciated.

I therefore considered that my first duty—and a certain number of you recognized this—was to be honest. There were things to be said about Europe at present, and I wanted to say them without too much circumspection. I said several times in my address that Europe, too, needs truth.

I say this particularly since I do not believe—and on this point I agree with several speakers—that at the least hint of warmth we should be deceived into thinking that spring has come. The difficulties and problems, the risks and necessities facing us do not disappear just because Europe has certain achievements to its credit, or because a greater sense of purpose is being displayed, or because outside events are occasionally more favourable. The Commission must not let this more favourable climate go to its head and delude itself into forgetting its per-

manent responsibilities. That is a hard fact, and I, for my part, feel that it must be stated.

I should like to thank all those who, just as forcibly, supported what I said. I should like to thank Mr Patijn for declaring, 'What you are proposing to us is a policy, and even if we do not agree on all points, we recognize that it is a policy. This is why I support you on behalf of my Group.'

I should like to thank Mr Radoux for going beyond the subject of European Union to add his personal comment that he also agreed in the main with what I said.

I should like to thank Mr Lücker, who gave his unqualified support to the ideas I expressed, even though he had queries to put on a certain number of points.

I should like to thank Mr Yeats, although I do not fully agree with his idea of a Political Secretariat, since I believe our institutions are satisfactory. Let us make them work as they are. One of the problems and one of the risks of the European Council is that, by the nature of things, we may move away from these institutions and the strictness which is the source of their dynamism, as I said in my remarks on the European Council when addressing this House yesterday.

I should like to thank Mr Giraud, who also expressed his approval of an overall policy, and there are many Members—Mr Blumenfeld, Mr Petersen and Mr Dykes for example—to whom I wish to say how much I appreciated their reactions to my speech. Yes, we tried to do our political duty, and for my part I tried to be clear and plain.

Mr Ansart said earlier 'Europe is not a concept divorced from the real world'. How right he is! But because Europe is not divorced from the world, I believe that it is the harsh realities of this world, which is in the process of undergoing profound changes and in which the forces and interests involved today are considerable, which make a united Europe essential. This is why I stressed a certain number of points so strongly and why I urged on behalf of the Commission this need for a united Europe which requires us to think about our independence, but at the same time to think about how to exercise our share of collective sovereignty and thus to regain sovereignty.

You understood, Mr Ansart, that I did not want to be drawn into the verbal arguments which have so often been the undoing of Europe. I wanted to face up to realities by making realistic proposals. I think that today's world is a harsh world, as I have already said. I think that we have sovereignty to exercise. And I think

**Ortoli**

we have sovereignty to exercise. And I think that Europe is the means of exercising it.

That is why I spoke with such clarity and force. Mr Giraud is right: from now on, Europe must act as if it were an entity, even when faced with the deficiencies of its own organization in this institutional world in which we live. It is this which I tried to suggest earlier.

That is our responsibility, and I wanted to accept it fully, since I believe we must tell the truth and express a sense of purpose.

That is why I spoke of a programme and of objectives. Even if these objectives go further than present circumstances allow, the real question which faces us in a world which will perhaps move more quickly than we in our blindness can see, is to know whether Europe will move fast enough and far enough. That is also why I wanted to speak in clear and plain language. I really am a little afraid of a contented and self-satisfied Europe, which at the first sign, the first hint of success, preens itself and considers it has made great progress.

That is why we have diagnosed the situation and then proposed solutions in an overall programme. But with regard to diagnosis and action, as Mr Yeats said earlier, I should like to dwell on the ambivalence which could be detected in some speeches.

In spite of everything, did what I said yesterday reflect a pessimistic attitude? That would be a misconstruction, Mr Kirk, since I did not express the slightest pessimism, nor did I use that word.

I was, however, gratified by one thing. I do not know if you have seen an excellent film called 'I've Even Met Happy Gypsies'; in any case, listening to you, I had the impression that I had met a happy Member of Parliament, and I am very happy myself. I was not pessimistic; I tried to make a diagnosis, but my remarks, as you will see, were mainly directed towards action, since what I wanted to propose principally was a programme with a certain number of objectives which seemed to my colleagues and me to be appropriate to the present state of Europe, its problems and the goals it must set itself.

I do not think, then, that it is pessimism to consider, frankly and soberly, that Europe lacks independence. When I say this—and if Mr De Sanctis had not had to leave to catch a train, I would have liked to draw his attention to this—I am not being melancholy, bitter or miserable, or simply indulging myself. Listening to Mr De Sanctis advising me to be wary of the word independence because it so easily leads to ambiguity, I thought to myself that other terms, too, could easily lead to issues being avoided, and

that, for my part, I loved independence too much to deny myself the right to use the word or say that it must be our objective.

I do not indeed know if this word is the most suitable, especially when we are also speaking, as I have done myself, of the problems of shared sovereignty. But independence is dear to me, and I wished to speak of it, even if the word itself occasionally leads to controversy and ambiguity.

I do not think it is pessimism to say that. I think it is clear-sightedness. I do not think it is pessimism to say that we are losing ground. Or are you being pessimistic, Mr Kirk—as I suggested gently to you earlier—when you begin to wonder how the European Council will function, and have doubts about this vague and hazy concept. And yet what an instrument for Europe's future!

Given, then, that you are apprehensive, does this mean that you are showing pessimism? I can hardly imagine that this is the case, and indeed I doubt it very much.

Was Sir Brandon Rhys Williams being pessimistic when he pointed out the indecision which typified Europe during 1974? No, I think he was simply being frank, and this frankness does not prevent him from sharing my hopes when I propose a certain number of steps in the direction of Economic and Monetary Union.

Is Mr Normanton being pessimistic when he says that Europe has failed at the normal level, has not even done the normal things? Unfortunately I think that Mr Normanton is right, that he is saying what I said myself in different words, but I am also convinced that, for all that, he too has not abandoned what I shall call the optimism of action. I should like to express two ideas on this point.

Firstly, we haven't done too badly after all. I can say this because you know it is true. The Commission has made a considerable contribution to the most recent achievements of our Community, and it is this which entitles it to make diagnoses and propose a programme.

Having personally helped to prepare for the Summit, Mr FitzGerald is well aware of my own part in formulating the solutions to the regional question. He will doubtless recall that one evening, when the Summit was as yet undecided, I said, 'You must create, you will create, this Regional Fund, not because of the present discussions, but because of the political interests of the Member States and Europe'.

It is also true that I was not fully satisfied with the results, and that the Commission played its

**Ortoli**

part fully. It is true that, when the question of agricultural prices was being considered last week, the Commission faced up to its responsibilities. Sound political and technical guidance from the Commission made possible a solution which, far from breaking up, largely safeguards the unity of our agricultural common market, and indeed even re-establishes some of that unity which was so badly shaken as a result of the monetary troubles.

Mr President, it is also true that, together with you, we recently fought hard—sometimes taking risks—to achieve the effective creation of the Association with African, Caribbean and Pacific countries.

It is true that with regard to development aid we have never lacked initiative, and that our proposals have been on the right track. However, our efforts have not been crowned with success. We have struggled to achieve a real common energy policy and, however unlikely our prospects of success may seem, we shall continue to do so because we believe that a common energy policy is economically, technologically and politically essential. Moreover, there is the moral necessity of being able to react collectively to collective problems, for that is the challenge which faces us.

My answer is based to some degree on the immediate past, and I claim, with others and on behalf of the Commission, the credit for much of what has recently been done. This is why I am not pessimistic, for pessimists are those who belittle action and the need for it, and who do not know how to take it when the time comes.

This too is why you should derive confidence and optimism from what I believe to be Europe's need for a programme. I wanted to present this programme differently this time, in order to stress the objective, and illustrate it in the light of our ongoing analysis.

I believe that you agree with me on this second part, even if you are less certain about my diagnosis. The presentation of its programme is for the Commission an act of confidence, in my view; confidence first in itself, because it wants to and will accept its political responsibility. It is primarily before this House that it must accept this responsibility, in clear words and with proposals for the route to be followed. It is an act of confidence in Europe, for I am sometimes afraid of the feeling of impotence which seems to take hold of men in political life at the very moment when the exigencies they face should make them realize that nothing is impossible except when they imagine it to be so.

Let us reject this view of the impossible which is the root of all political inhibitions and which

prevents politicians from fully exercising their role and an organization like ours from initiating and innovating as it should.

We presented an overall programme without losing sight of the whole. It is true, Mr Lücker, that I did criticize, not the stage-by-stage method, but the results achieved with it. It is true that Mr Werner's report was an excellent one. And there has been a great deal of thought within our Community in the 1970's. But it is also true that the wind is blowing in a different direction now, both economically and politically, and that we have not achieved many of our targets.

Personally, I have set myself two aims in this field. The first is to define a strategy which we must implement in the immediate future in economic and political terms—you will find there the solidarity and discipline of which you spoke—but also pragmatically because I do not think it necessary to wait until we have a complete overall view to recognize the most obvious truths! there are a certain number of truths which make it essential for us to start acting now.

Europe is an asset in this respect. That is part of our strategy and even of the strategy of each of our States. But this difficulty stems from having to pursue at one and the same time a very difficult short-term economic policy and an equally difficult structural one—the latter a policy of change referred to earlier by Mr Normanton. For my part, I believe we must pursue this structural policy. It brings us back to some of the problems posed by our industrial society and by the attitude we must adopt with regard to industrial development and multinational companies, problems discussed sometimes from conflicting standpoints, by Mrs Iotti, Mr Brewis and Mr Normanton.

At this late hour I shall not start discussing the multinational companies, but I shall tell you two things of which I am convinced.

Firstly, it is part of Europe's own responsibility to develop, as its own effective contribution, indeed its inspiration, to this constantly changing industrial world, the policy and the advanced technological industries which will constitute our countries' industrial future.

Secondly, our competition policy must be a real one, a genuine reality, if I may put it like that. We must take a tough line with those who would prevent us from pursuing our policy, or impede the natural development of our industries by unfair competition.

I realize that this answer is hardly a contribution to a great debate, but perhaps one day this

**Ortoli**

general problem of the multinational companies will be discussed again here. On our industrial policy, however, I think that, as we proposed, certain things have to be done. As Mr Norman-ton said, my colleague Mr Spinelli is heading a small group dealing with this problem of industrial change—which, for my part, I firmly believe in—and I hope that in this sector, too, Europe will be able to provide a diagnosis and perhaps answers to a certain number of problems which we as European face together.

Similarly, in this overall approach, we must seek to increase employee participation. This is not the time for a debate on this subject either, but I have suggested that it be taken up again, when we submit to this House our new proposals on the European company, which have been influenced by the debates in this Parliament, and a Green Paper in which we shall try to give the different elements of the problem of industrial relations as they exist in the different countries.

In this connection, I should like to reassure Mr Brewis that his interpretation of the different paragraphs we devoted to this subject in the General Report is fair, that is to say that it is indeed with this approach and guided by the general principles that we shall deal separately with the problem of the Fifth Directive and the problem of the European company. However, we must bear in mind the basic principles and put them forward.

Lastly, I think that in this report—even though I did not do this aspect justice in a document which took me an hour to read and comment on—we tried to present as complete as possible a list of the responsibilities of our Europe towards the rest of the world.

You will have noted this concern at many points in my address, for example in the sections on external energy policy or the problems of our relations with the United States. Moreover, you have also received at least partial answers to the problem of our relations with the Eastern bloc in the document submitted to you and in the words addressed to you yesterday by Sir Christopher Soames.

We want to see the further expansion of this commercial policy which has become Community policy.

We have put forward proposals for a standard trade agreement. I personally hope, as you no doubt hope, that we manage to secure, on the Community basis which is our law and our rule, the effective development of our relations. I hope that 1975 will witness this development.

I have practically come to the end of what I wanted to say in this debate. But listening to the various speakers, I feel that we must break out a little from the narrow confines of this dialogue, and bear in mind that everything we say and do today must, as several speakers including Mr Petersen, Sir Brandon Rhys Williams and Mrs Fenner pointed out, be directed increasingly towards our citizens, not with the aim of telling them, Mr Ansart, that Europe exists and thereby creating for ourselves a sort of clientele—which is not our intention—but to prove to the men and women of Europe that, when we speak of creating one Europe, it is their problems we have in mind. Perhaps an additional dimension can be given to our action. After twenty years we still have a lot to learn about what Europe can contribute, and we should think more deeply about all these problems. Our social policy really must be expanded in new directions. Our consumer policy will probably have to be bolder, even though this is very difficult to achieve at European level.

I assure you, Madam, that this is why, when we speak of being vigilant, we use this word in its full meaning and that it is not simply a question of casting an indifferent glance to see whether the Council, moderately active as it is, is giving its attention to our programme or not, but one of working with it to achieve progress. This is of course the direction in which we shall strive.

It is true that we must do all that together. As Lord Gladwyn, Mr Petersen, and Mr Blumenfeld pointed out, there is a process of give and take between the Commission and Parliament. It is in some respects an arbitrary process, since none of us is entirely responsible for what we are aiming at. But it is more important than that, for it does involve political responsibility, and we shall derive great authority from our future capacity effectively to express and vigorously to proclaim Europe's needs.

In conclusion, do not think that when I speak of diagnosis in my report and my address, I have any bitterness about the past. No, what I have is something different—'an appetite for the future', if you will pardon the expression. That is what I want you to recognize and remember in my remarks. Mr Dykes said earlier that my speech yesterday had met with a certain response in the press of our countries. There is something to be learnt from this. This was the response of people who had been waiting for something, and it is reassuring to see that the words used to launch a debate in this Parliament on a fresh basis are given immediate coverage by the press with the moderation typical of that great institution.

**Ortoli**

But, for all that, they are also quoted because they express something which we, too, must understand.

In some ways this is also what I wanted to express when I said that one of our common tasks was to try to motivate once again the men who need Europe, by proposing real action not in a vacuum, but on a concrete basis. It is our task, but it is also our enormous political and perhaps historic responsibility.

We have been given the mandate today; tomorrow, with universal suffrage, this will not be true to the same extent. However, today you, Parliament, you, the Council, and we, the Commission, are the only ones responsible. I believe we must try to put a little more inspiration into what we are doing. For my part, I tried to do just that when I addressed this House. I want you to know—because a frank approach is called for, especially at such a late hour—that I expect more than your agreement; I expect your support. I expect us to act together. I expect us to project ourselves to the outside world. I expect Europe to realize at last that it has institutions whose driving force is a powerful sense of purpose, which are inspired by great clarity of vision and whose aims measure up to what we all must expect from the Europe we claim to be creating.

That is why I say again, even more than your agreement which I felt was largely granted me, at least in respect of a very large part of what I said, it is your support that I expect, and I hope with you that together we shall succeed this year in making headway, despite all the apparent difficulties or even all the successes we have managed to obtain hitherto.

That, Mr President, ladies and gentlemen, is what I wanted to say at the conclusion of this debate.

*(Loud applause)*

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

**Mr Fellermaier.** — *(D)* Mr President, ladies and gentlemen, Mr Lückner has repudiated on behalf of his Group certain remarks made by my colleague, Mr Della Briotta.

If Mr Della Briotta's remarks have given the impression that we are questioning the democratic integrity of individual colleagues in the Christian-Democratic Group, or of the Group or its associated party in Portugal, I would point out that this was not the intention of Mr Della Briotta, who was speaking on behalf of my Group. May I also address one sentence to the President of the Council? I am sure that I am

speaking for the entire House when I say that it was a brilliant first performance by the President of the Council, and we look forward to working with him in the future.

*(Applause)*

**President.** — The debate is closed.

The motion for a resolution contained in the report by Mr Radoux has been withdrawn by the rapporteur.

I put to the vote the motion for a resolution on the Regional Development Fund (Doc. 505/74).

The resolution is adopted.<sup>1</sup>

Thank you, Mr FitzGerald, Mr Ortoli and Sir Christopher Soames.

#### 10. Agenda for the next sitting

**President.** — The next sitting will be held tomorrow, Thursday, 20 February 1975, at 10 a.m. and 3 p.m., with the following agenda:

— Joint debate on the following three Oral Questions with debate:

- the question by the Socialist Group to the Council on the Charter of Economic Rights and Duties of States,
- the question by the Socialist Group to the Commission on the same subject, and
- the question by Mr Cousté to the Commission on the same subject;

— Motion for a resolution on the present position regarding Community energy policy;

— Report by Mr Vandewiele on the Commission Communication concerning the energy sector;

— Statement by Mr Lardinois on the results of the last meeting of the Council of Ministers of Agriculture;

— Report by Mr Liogier on the allocation of EAGGF appropriations;

— Oral question with debate on a sheepmeat regulation;

— Report by Mr Cipolla on the common organization of the market in rice;

— Report by Mr Sandri on the Eleventh Annual Meeting of the Parliamentary Conference of the EEC-AASM Association.

The sitting is closed.

*(The sitting was closed at 12.45 a.m.)*

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

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IN THE CHAIR: MR BERKHOUWER

*President*

(The sitting was opened at 10.15 a.m.)

**President.** — The sitting is open.

1. Approval of the minutes

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

Are there any comments?

The minutes of proceedings are approved.

2. Oral questions with debate: UN vote on the Charter of Economic Rights and Duties of States

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

— Oral question with debate put by Mr Glinne, Mr Dondelinger, Mr Cifarelli, Mr Broeksz. Mr Seefeld and Mr Leenhardt on behalf of the Socialist Group to the Council of the European Communities on the deplorable failure of the Community to adopt a common

position at the UN vote on the Charter of Economic Rights and Duties of States (Doc. 443/74);

— Oral question with debate put by Mr Glinne, Mr Dondelinger, Mr Cifarelli, Mr Broeksz, Mr Seefeld and Mr Leenhardt on behalf of the Socialist Group to the Commission of the European Communities on the deplorable failure of the Community to adopt a common position at the UN vote on the Charter of Economic Rights and Duties of States (Doc. 444/74).

The text of both questions is the same.

They are worded as follows:

'Subject: The deplorable failure of the Community to adopt a common position at the UN vote on the Charter of Economic Rights and Duties of States.

Since the third UNCTAD conference a working party has endeavoured, at several meetings, to draw up a proposal for a draft "Charter of Economic Rights and Duties of States", comparable in importance to the Universal Declaration of Human Rights. Pursuant to Resolution 3082 (XXVIII) of the UN General Assembly, the above working party prepared a final draft which has recently been adopted by the United Nations.

Having regard to Articles 113 and 116 of the Treaty of Rome and the "informal consultations" which have taken place, will the Council/Commission answer the following questions:

**President**

1. How is it that a Community position could not be defined in good time, i.e. before the vote on this Charter?
  2. How is it that the votes of the Nine differed so widely?
  3. Can the "good conduct code" for private investments to be agreed between the EEC and the ACP, compensate for the failure of the EEC and the ACP to reach an agreement at New York?
  4. What is the Council's/Commission's position on the disputed questions in the Charter, namely:
    - the sovereignty of the developing countries over their natural resources;
    - non-discrimination and the granting of most-favoured-nation status;
    - regular supplies of raw materials;
    - price indexing for primary commodities;
    - preferences, in addition to those relating to trade, to be granted to the Third World?
- Oral question with debate put by Mr Cousté on behalf of the Group of European Progressive Democrats to the Commission of the European Communities on the Charter of Economic Rights and Duties of States (Doc. 476/74).

It is worded as follows:

'Subject: The Charter of Economic Rights and Duties of States.

Can the Commission state the position regarding the drawing up and adoption by the United Nations of the Charter of Economic Rights and Duties of States and the stance taken by the Community as such?'

I call Mr Glinne.

**Mr Glinne.** — (F) Mr President, ladies and gentlemen, the 29th General Assembly of the United Nations will probably gain a special place in the history of that organization. One reason for this, apart from the debate on the revision of the United Nations Charter, is the vote taken on the Charter of the Economic Rights and Duties of States.

Though it is not legally binding for the time being, the authors and supporters of this text put it on a level, as regards its influence and the progress of humanity as a whole, with the Universal Declaration of Human Rights.

It is indeed necessary for states, notably those in the third world, to obtain assurances about their future, particularly in the face of the power exercised by certain multinational concerns, as was emphasized in the resolution adopted on 18 May 1972 in Santiago by the United Nations Conference on Trade and Development,

The third UNCTAD emphasized 'the urgent need in the international community to establish generally accepted norms to govern international economic relations systematically' and recognized 'that it is not feasible to establish a just order and a stable world as long as a charter to protect duly the rights of all countries and in particular the developing states is not formulated.'

Ever since, spokesmen for the third world have continued to stress the significance of this statement. As recently as 30 December 1974, Mrs Gandhi referred to it in the following moderate terms: 'In order to bring about greater mutual confidence, it may be advisable to use a new approach to the problem of foreign investments whereby these investments would be considered more as a service to be rendered to the recipient community than as an undertaking in which profits and repatriation of capital are to be guaranteed at all costs.'

Since the third UNCTAD, the position of the Community and its Member States has not been completely unambiguous in the eyes of a large sector of international and European opinion.

As Europeans of the Nine, we did not realize last year that the Group of 77, after two years' work, after events such as the participation of certain multinational corporations in the overthrow of the Chilean Government, was eager to reach a conclusion.

However, on 1 May 1974, the General Assembly adopted a declaration and a programme of action on the establishment of a new international economic order in which it emphasized that it was vitally important for the General Assembly to adopt the Charter at its 29th session.

Another important aspect of the problem is that, in view of the provisions of Articles 113 and 116 of the Treaty of Rome, some major questions raised by the Charter involve the responsibility of the Community as such and oblige its Member States to work closely together. This is not a case of political cooperation but of the application of Articles 113 and 116 of the Treaty in view of the clearly economic character of the questions raised at United Nations level by the draft Charter. The gratifying achievement at the 29th session of observer status for the Community at the General Assembly made a common stand by the Nine all the more advisable.

However, on 6 December 1974, when, following an unsuccessful motion for deferment from the Nine, the UN Second Committee dealt article by article with the amendments to be made to the draft Charter and its provisions, certain differences among the Nine came to light. This was

**Glinne**

the case with paragraphs 4 and 7 of the introduction and with all or part of Articles 2, 3, 4, 6, 29, 30, 32 and 34. When it came to the final vote on the entire draft, in the Second Committee, the votes of the Nine were divided between abstentions and votes against. On 12 December, when the General Assembly itself approved the Charter by 120 votes for, six against and 10 abstentions, five Community countries voted against, together with the United States. These were Belgium, Luxembourg, the United Kingdom, the Federal Republic of Germany and Denmark. The four other Member States, France, Ireland, Italy and the Netherlands, abstained.

I think I can say that these negative votes certainly did nothing to enhance the image of the Community.

One of the questions to which I would like an answer is this. Is it true that the Commission recommended voting against the draft? Furthermore, why did the Nine have to differ in their voting with abstentions by some Member States and votes against by others? Our feeling is that it would have been better for the Community as a whole to abstain. A general policy of abstention would have been preferable to differences in voting, and particularly to several votes against the draft.

In the Belgian Parliament, the Minister of Foreign Affairs explained the matter as follows:

‘The reasons were twofold: differences in assessment and tactics. The problem was this: how could we express the complexity of our feelings on the draft by means of a single vote?’

As an economic document, the text as a whole was unacceptable. Should we, however, bear in mind that the very idea of this Charter had been enthusiastically welcomed? Those Member States who attached most importance to this consideration abstained.

Tactical considerations also played a part in our final decision. The reservations following an abstention are nothing more than nuances in the eyes of the majority and abstention is taken as semi-approval. If there had not been a clear, unequivocal “No!” on a point we consider essential, the resolution passed with abstentions would have been declared to have been “adopted without dissent”.

Mr President, this is an approach about which we have extremely grave reservations. Moreover, we feel sure that the matter will come up again.

During a recent visit to the Belgian Parliament, the Secretary-General of the United Nations, referring to the revision clause included in the

Charter of the Economic Rights and Duties of States, indicated that in his opinion the matter would be raised again at the next session of the General Assembly or at the 7th Special Session to be held next September.

We should also like to have further clarification on the reasons which led the Commission to recommend a negative vote as well as those which caused certain states to abstain and others to vote against.

Indeed, we feel that with regard to Article 2 on the sovereign rights of states—particularly as far as foreign investments are concerned—it would help if the text of the Charter itself were clarified and amended. It is quite natural to request fair compensation following nationalization, any disputes being settled in good faith in accordance with international law.

We do however have some doubts about the hostile attitude taken with respect to the efforts of the developing countries to form a cartel of raw materials producers.

Mr President, increases in the prices of raw materials and their stabilization will not depend on simple market economy techniques. We are well aware that these prices are fixed and administered by multinational corporations and industrial producers without any concern for fair competition. Over the last few months we have had problems such as the fall in the value of the dollar and the inadequacy of receipts by the producer countries, as well as questionable techniques such as revaluing gold purely on paper for the purposes of trading with the raw material producing countries.

We believe that against this background, opposition to cartels of raw materials producers represents a rather shortsighted view of international economic problems.

It would also be quite natural—as stated in Article 28 of the Charter—for the third world countries to establish some relationship between the prices of the products they import and those of the products they export.

However, we understand that the Member States and the Community as a whole had reasons for being unenthusiastic about the clause for automatically granting most favoured nation status. It was impossible for the Community not to oppose this, as the relevant provision in the Charter of the Economic Rights and Duties of States would have completely eviscerated the Community's commercial policy *vis-à-vis* state-trading countries. It would have been possible to adopt one stance in New York and a different one at, for example, the European Conference on Security and Cooperation. We too feel that

**Glinne**

it is natural to look for guarantees as regards regular supplies of raw materials, and economic interdependence.

It is perhaps worth adding that while the granting to or the recognition of rights of sovereign states is a good thing, it does not appear to go far enough since, in addition to the states themselves, there are also supranational groupings which are entitled to make their feelings known in the matter of rights and duties in international economic relations.

In concluding my elucidation of our queries on this point, I would add that I feel fairly certain that the solidarity of the 'golden ghetto' played some part in the stand taken by certain Member States.

It is easier simply to fall into line with the group of industrialized countries than to go beyond this and promote a truly inter-continental approach.

Fortunately, however, the negotiations between the Nine and the ACP created a far more constructive and positive image of the Community than the dubious voting in New York.

Nevertheless, as the problems raised by the Charter of the Economic Rights and Duties of States will again be discussed both at the coming 7th Special Session and at the 30th General Assembly of the United Nations, we, as a political group in the European Parliament, demand that the Commission and Council should do their utmost to clarify the points which still remain to be settled, and that the Community as such should demonstrate its constructive goodwill by means of an intelligent generosity, while defending its own interests.

(Applause)

**President.** — I call Mr FitzGerald.

**Mr FitzGerald, President-in-Office of the Council of the European Communities.** — The Member States of the Community and the Community itself have from the outset supported the initiative taken by the Mexican President of the Third UNCTAD Conference in proposing that a Charter of Economic Rights and Duties of States be drawn up, and have participated actively and constructively in the negotiations towards a text which it was hoped would have the agreement of all members of the United Nations and would thus be of major importance. However, in the course of the 29th session of the United Nations General Assembly, delegations representing the Community and Member States realised that solutions generally acceptable to members of the United Nations were still lacking

on a number of important problems and that it would be impossible to conclude the negotiations in the time which the General Assembly had allowed itself.

They adopted, therefore, a common position which involved presenting a draft resolution recommending that the General Assembly's final decision be deferred until 1975, to allow negotiations to be continued until a generally acceptable text had been worked out and stating that if the text as drafted by the Group of 77 were put to a vote the delegations of the nine Member States would have to make it clear that their governments could not support it. The Group of 77 did not support the suggestion of the Nine that the final decision be deferred.

In accordance with this common position, delegations of the Member States, therefore, could not support the whole of the text which was put to the 29th session of the General Assembly. The difference in the way votes were cast, which has been pointed out by some honourable Members, does not indicate fundamental disagreement between the governments of Member States on the principle of the Charter. Given the character of the Act adopted by the General Assembly, the Charter cannot be considered as legally binding.

The draft Charter itself deals both with areas covered by the Rome Treaty and those unaffected by it. The delegations of the Nine worked in close cooperation throughout, by means of the usual procedures. With regard to those aspects directly covered by the Treaty, they provided the Second Committee of the General Assembly with a Community explanation for the result of vote. This was presented by the representative of France on behalf of the Community and Member States. This same explanation was given in a second similar statement to the plenary session of the General Assembly.

With regard to the third question, the new Convention between the EEC and the ACP, the texts of which were agreed at a final round of negotiations at ministerial level on 30 and 31 January and 1 February 1975, will provide a solid basis for effective industrial cooperation between the Community and the 46 ACP States. Of the 14 articles of the Convention devoted to industrial cooperation, one specifically provides that each ACP state shall take the necessary measures to ensure effective cooperation with the Community and its Member States or with commercial enterprises or nationals of Member States who respect the plans and priorities of the host ACP states.

The Community and its Member States will endeavour to implement the necessary measures to encourage commercial enterprises to take part

**FitzGerald**

in the industrial development efforts of the ACP states concerned and conform to the development aims of the ACP states. The Council, aware of the importance of the problems raised in the fourth question, is continuing discussions to establish common Community positions on the Community aspect of these problems wherever they may be dealt with.

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** — Mr President, with your permission I will reply to Mr Cousté's question and Mr Glinne's question to the Commission, both on behalf of the Socialist Group, together, because they both refer to the same problem of the vote in the United Nations on the Charter of Economic Rights and Duties of States.

I will first address myself to how it was that no common Community position was arrived at in the voting on the United Nations Charter of Economic Rights and Duties of States. It was not due either to lack of effort on the part of the Commission or, for that matter, to lack of efforts at co-ordination among the Member States. For no less than two years the Commission has worked hard, in conjunction with the Member States, to try to get a charter that can be adopted by the common agreement of all the states involved in the United Nations. At the time of the last meeting of the General Assembly, the Commission took the view that, given more time, such a consensus on a world basis could be reached. In line with that view, all the nine Member States together proposed that the negotiations should be continued into 1975.

Unfortunately—and this was a regrettable decision—the overwhelming majority of the developing countries rejected that proposal. They were determined to have a vote, and, given their numbers, they were able to impose a vote in December.

Therefore, the text on which the vote had to be taken was one of which a large part was by no means agreed. To answer the specific question raised by Mr Glinne in his speech, it is true that in those circumstances the Commission suggested that the Member States, both for procedural and for substantive reasons, should all vote against the draft. In that vote five of our Member States together with the United States made up the six states that voted against, and the other four of our Member States were among the ten that abstained, and 120 states voted in favour. The Commission cannot but regret that, in spite of all the intensive efforts that had been made in

Brussels and on the spot, the Community was not able to vote together on this subject.

There were also significant differences in the votes cast by our Member States on a series of individual articles dealing with such matters as national sovereignty over natural wealth and resources, on non-discrimination, on the regular flow of trade and on the issue known as indexation. Some of these issues fall under Article 113 of the Rome Treaty, and in the Commission's view the whole Charter is a matter on which Article 116 of the Rome Treaty should be applied—that is, that Member States should proceed only by common action.

That having been said, one must in fairness make one comment. It is the point that was made just now by the President-in-Office of the Council. With only one or two exceptions on particular articles, Member States did not go so far as to vote on opposite sides. The difference between them was very largely one of voting against or abstaining from the vote. As the President of the Council emphasized, different Member States attach different significance to the procedure of abstaining from a vote.

I am sure that the House is well aware that it would be naïve to expect Article 116 and the decisions of the Summit on Member States' attitudes in international organizations to be easy to implement automatically. There are genuine differences in the foreign policies of our Member States, but if we really want to apply the Rome Treaty and the good intentions which our heads of government have clearly expressed at the various Summit meetings, if as a Community we are to be hearkened to and respected in the world, a major effort will have to be made by all our Member States to obtain convergence in their foreign policies and to narrow down their specific differences as issues of concern to the Community are put to the test in international organizations.

Unless the Community and its Member States succeed in that—and no one pretends it is easy—we shall not be able to play our full part in the United Nations, the part which falls to us by virtue of our economic weight and our political potential. We shall not be making the best use of our strength and influence.

As to the third part of Mr Glinne's question, the Commission has nothing to add to the reply from Mr FitzGerald.

On Mr Glinne's fourth question, I wish to make certain comments. We entirely accept the concept of the national sovereignty of the developing countries, and, indeed, of all countries, over their own natural resources.

## Soames

As to non-discrimination and the granting of most-favoured nation status, to which Mr Glinne referred, the Commission believes that because these highly important questions are at present still the object of negotiation in the Conference on European Security and Cooperation, they can be dealt with in the light of any results we may obtain in Geneva.

The Commission does not believe that a charter of rights and obligations can be a balanced one unless it also contains commitments with respect to the supply of raw materials at stable, remunerative and equitable prices. We cannot accept as realistic a proposition that all the rights lie on one side and all the duties and obligations on the other.

As to the vexed question of indexation, which was another part of Mr Glinne's fourth question, the Commission is fully alive to the problems posed by fluctuations in their terms of trade for a number of developing countries which are principally exporters of raw materials. None the less, we doubt whether an automatic mechanisms of indexation is the most practical or appropriate way of dealing with the problem. As the House will be aware, we have approached the problem somewhat differently in the stabilization scheme known as the STABEX scheme—stabilization of exports—which is part of the arrangements recently negotiated with the ACP countries.

On non-commercial preferences, the next point in the question. I do not deny that there might be special cases where these could be conceded to developing countries, but, as I see it, they would be special cases. Indeed, a possibility of doing this in a limited way was specifically envisaged in our overall approach to the multi-lateral trade negotiations. However, the Commission regarded it as dangerous to include any too broad or general provisions to that effect in the Charter itself, since it is implied that the generalization of non-commercial preferences would be very difficult to put into practice.

In conclusion, I make two points of a general character. I am very glad that this question has been raised now because things in the past have not gone as they should have done between us in the Community. I accept absolutely the strictures of Mr Glinne and his colleagues. We must give a great deal of careful thought to how we proceed in the future.

We in the Commission feel that the Member States have made a genuine effort to pull together even though they did not finally succeed. But given the demands of the Treaty and the expressed resolutions of the heads of government of Member States, one must say it was not

enough, because what matters is results. We do not doubt that they will persevere in these efforts and accelerate them, and they must not stop short of success.

Many of the same issues must be expected to come up again at the second general conference of the United Nations industrial development organization which will be held next month at Lima and at the special General Assembly on raw materials which is to meet in the autumn.

We in the Commission, for our part, will do all we can to help the Community to act on these occasions as a coherent whole. I know it is easier for the Commission to say that than for the nine Member States to bridge the discussion, but we will do our best, because we regard it as of great importance for the Community as such.

Member States must appreciate, and show they appreciate, that they are all members of the one Community, that it is in all our interests and in their own interests for the Community to be seen to be acting as one, and that this is more important than comparative divergences of emphasis or nuance in attitudes towards specific different matters of foreign policy.

This is surely what has to be stressed in the months to come. We fervently hope that the joint efforts of the Commission and the Member States will this time be successful.

My second point is a more general observation. I address it to the formidable voting bloc of developing countries which overrode our objections in the case of the Charter we are now discussing. If the United Nations as such is to be able to play an effective and constructive role in the adaptation of the world's economic system to the conditions of the future, then it can do so only by working tirelessly for a consensus between what is on the one hand a small minority of countries which do the majority of world trade and on the other hand that huge majority of countries which want to expand their share of it and their voice in determining the rules under which it is conducted.

I believe in the fundamental interdependence of our economies. And between the comparatively small number of highly developed countries and the large number of developing countries there is a close interdependence—for the prosperity of the developing countries is very closely linked to the prosperity of the developed world.

I am convinced that we should turn our back on the politics of sterile confrontation and work for compromises which will further the interests of us all. But that will require a major effort on both sides of the gap that so often yawns

**Soames**

between the developed and the developing world when these issues are discussed at the United Nations. It requires a clear acceptance that rights and duties and obligations cannot be separated and that all rights carry with them matching responsibilities.

(Applause)

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

**Lord Reay.** — As I see it, there are two elements in the question tabled by Mr Glinne and his colleagues. First, they deplore the fact that the votes of the nine Member States differed so widely, as they said, when this matter was voted on in the United Nations General Assembly on 12 December. Secondly, the tone of the question suggests a desire to elevate the Charter of Economic Rights and Duties of States, as adopted, into a document fully worthy of its title which therefore deserves, even if it did not obtain, the assent of all nations.

On the first point, while I wish as much as anyone that the Community should develop its capacity to act as a single entity in international affairs, I think that the authors on this occasion have got rather over-excited. As Sir Christopher has said, no single Member State voted in favour; five were against and four abstained. I do not think that there is sufficient difference there to justify the claim that the divergence in voting was so wide. The authors should look again at how the voting went in the Second Committee, to which the General Assembly had previously allocated this item.

At the 1 647th meeting of the Second Committee, France, on behalf of the Nine, introduced a draft resolution which would have had the effect of referring the matter back to the working group to try to iron out outstanding points of controversy in order that the largest possible agreement should be reached on the Charter, instead of presenting it as it then was to the General Assembly.

At earlier meetings of the Second Committee, the industrialized countries submitted various amendments. There were 20 of them. One of the amendments was sponsored, amongst others, by five Member States; another was sponsored by six Member States; three were sponsored by seven Member States; five were sponsored by eight Member States; and 10 amendments—half the total—were sponsored by all nine Member States. Thus, from the Community point of view, the voting pattern of the Member States did not show great solidarity. Nevertheless, it does not justify the language used about it by the authors of the question.

The second point concerns the value of the Charter. The document says some things which are interesting and new and a great number of things which are accepted by the representatives of the industrialized states, and I would subscribe to a great number of the principles which it seeks to establish. I am as anxious as anyone that the last vestiges of colonialism should disappear from the relationship between Member States and developing countries. I believe that the developing countries should defend, and should be assisted to defend, their interests when faced with the large international corporations, whose power is often too great for them to control in areas where they should be able to control it, and whose activities are often too opaque and sophisticated to be scrutinized properly.

I am convinced that in the future there will have to be greater transfers of wealth and power from the rich countries to the poor countries—more than there has been in the past. I agree also that we have entered a new phase of international interdependence which, among other things, makes rich countries more dependent on poor countries than they have been in the past.

But, having said that, if someone was asked as an attorney to produce a document that would unite the developing countries in its support, but which was bound to unite the industrialized countries in opposition to it, and to recommend tactics at the same time which would have the same objective, I could not imagine him being able to improve on the document that was presented to us or on the tactics used to adopt it.

The amendments submitted by the industrialized countries were systematically rejected. Yet they were constructive amendments which sought to reach consensus.

This Charter is not without value. It is important that the demands of the developing countries should be openly and publicly proclaimed and that the representatives of the industrialized countries should be obliged to respond to them. But the document is an assertion of the demands of the developing countries formulated at a point in history when, suddenly, the developing countries see opportunities for themselves which they have been denied for decades, and it is this fact which perhaps explains why the document has a character and title which some people might consider rather pretentious.

What the Charter is not, and never was, is a charter which seriously sought to obtain, or which could in present circumstances obtain, the assent of the industrialized countries, and I hope that neither the Commission nor the Council, notwithstanding what may be done in a more

**Lord Reay**

constructive manner in the future, will be misled by unfair observations in this Parliament into arriving at a different conclusion.

(Applause)

**President.** — I call Mr FitzGerald.

**Mr FitzGerald, President-in-Office of the Council of the European Communities.** — I agree with much of what Lord Reay has said. We should try to concert our positions but it is not always made easy for us when resolutions are framed in terms which are potentially divisive for Member States which have different traditions, histories and interests. It is not made easy for us when draft resolutions are put to us at very short notice, so that there is inadequate time even for each individual country to make up its mind, let alone for the nine of us to agree on the line we should take jointly. I do not think that we should take it too tragically if in such difficult circumstances we sometimes diverge on matters, certainly on resolutions which are not legally binding and can have no binding impact on the Community.

I give an example of the kind of problem which can be faced by individual Member States. Article 2 (1) of Chapter 2 reads:

'Each state has and shall separately exercise full permanent sovereignty, including possession, use and disposal over its wealth, natural resources and economic activities.'

It was the view of six Member States that this statement should be opposed. I am not sure what they meant by that. I doubt, for example, whether the United Kingdom Government meant that they did not have full sovereignty over North Sea oil, for example. Certainly to ask the Government of the Republic of Ireland to vote against having full sovereignty over our resources and then defend that vote to our people would be to ask us to do something we could not reasonably do. I should like to hear the United Kingdom Government defending such a proposition in the House of Commons.

Different Member States have different perceptions. Sometimes Member States are asked by colleagues to do things which both in conscience and politically they cannot do. We should not worry too much about divergences about issues which are not legally binding. I say that because there is a danger of making an undue fetish of unity, thereby creating circumstances which could in practice have a disintegrating effect. It would not help the adherence of the Republic of Ireland or its solidarity with the Community if we had to do things which in conscience and politically we felt against our interests. It is

better sometimes to disagree on certain issues. We are certainly more likely to achieve long-term solidarity by being practical rather than by making a fetish of unity to such an extent that we impede practical progress towards unity by shaking the individual allegiance of Member States. That sort of approach can only endanger the long-term aim of unity.

(Applause)

**President.** — I call Mr Glinne.

**Mr Glinne.** — (F) Very briefly, Mr President, I should first like to say in answer to my noble friend Lord Reay that in our opinion, and I hope I was sufficiently clear about this in my last speech, the text of certain articles in the United Nations Charter of the Economic Rights and Duties of States is unsatisfactory and some of its fundamental principles are unacceptable. In our view, the problem was as follows: as the text was not legally binding, it would have been better to encourage future discussion on the subject by abstaining from the vote rather than by being hostile and voting against the draft.

It's no secret that before the New York vote very lively discussions took place at government level in several Member States between the advocates of foreign trade on the one hand, the spokesmen for foreign affairs and cooperation with the developing countries on the other. The foreign trade supporters recommended a negative vote, while the foreign affairs and cooperation lobby favoured a far more moderate attitude, namely abstention. This is exactly what my own Group recommended; we regret that this stand was not taken, as I stated in my earlier speech.

Moreover, I was most interested to learn from Sir Christopher Soames that it is extremely likely that this matter will again be discussed in Lima next month. I can assure the Commission and the Council that we shall examine objectively and with the attention expected of parliamentarians, how the meeting develops and what attitude is taken by the Community. I should also like to say to Sir Christopher that, in my opinion, the comparison he makes between indexation as contained in the Charter of the Economic Rights and Duties of States and the STABEX stabilization scheme embodied in the convention between the ACP and the EEC is not entirely relevant. STABEX is not in fact a market organization but a kind of insurance against hard times. I thus feel there is no reason for comparing the two systems.

Having said this, I should like to add on behalf of my Group that we truly believe that instead of a confrontation characterized by hostility and

**Glinne**

mutual distrust, it would be far better to discuss this matter in a spirit of cooperation and with the will to arrive at results by mutual consent and thus by mutual concessions. The most important thing is the principle of mutual advantage. We hope that in future discussions the spirit which prevailed after many ups and downs in the EEC negotiations with the ACP, will again emerge at the United Nations when amendments to the Charter are discussed, so that a wide consensus will enable this document to be applicable throughout the world.

(Applause)

**President.** — I have no motion for a resolution on this debate.

The debate is closed.

Thank you, Mr FitzGerald and Sir Christopher Soames.

### 3. Change in the agenda

**President.** — As Mr Simonet is not yet here, I propose that Parliament deal with Mr Vandewiele's report before considering the motion for a resolution on the present situation with regard to Community energy policy (Doc. 488/74).

Are there any objections?

That is agreed.

### 4. Commission Communication: 'Energy for Europe: Research and Development'

**President.** — The next item is a debate on the report drawn up by Mr Vandewiele on behalf of the Committee on Energy, Research and Technology on the Communication from the Commission of the European Communities to the Council 'Energy for Europe: Research and Development' (Doc. 447/74).

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

**Mr Vandewiele, rapporteur.** — (NL) Mr President, on 14 January 1974 the Council adopted the action programme for Community research in science and technology. In one of the supplementary resolutions the Council asked the Commission to put forward specific proposals designed to support the policy in a number of sectors within the Community. The draft programme at present under discussion is contained in the Communication from the Commission of the European Communities entitled 'Energy for Europe: Research and Development'.

The Committee on Energy, Research and Technology discussed this communication at its meetings of 18 and 28 November 1974. The outline programme deals with research measures as part of the general strategy for a Community energy policy. Mr Pintat, also on behalf of our Committee, submitted a report on this subject in July 1974. Parliament pointed out at that time that every effort would have to be made to develop present Community energy sources and encourage coordinated exploitation of new energy sources, and that long-term investment measures should be taken.

If this objective is to be achieved a clear research and development strategy is necessary. Such a strategy cannot be restricted to what is required in the next ten years, i.e. up to 1985.

Short-, medium- and long-term energy research and development measures are necessary to ensure that in ten or twenty years' time the Community will be in a position to offer alternatives in the event of possible further unexpected developments. Your committee feels, therefore, that the development of sources of energy, such as hydrogen and solar energy, which cannot at present be exploited, is of strategic importance. The difficulty lies in their practical application but this is not a new problem.

In this connection, however, the further development of energy sources that are already available or could be used to better advantage in the short-term should not be neglected.

The new Community energy strategy should not be regarded as final and unalterable. It should be continued, and, if necessary, modified, in the light of experience and of changing political, economic and social conditions.

The scope for alteration should be even greater in the case of long- and medium-term research and development projects than in the case of short-term projects.

Almost all the programmes are based on the assumption that by 1985 nuclear power will cover the greater part of any energy shortages that have arisen in the meantime. There are many indications, however, that the period of scarcity will not have ended by 1985, as the anticipated number of nuclear power stations will not yet have been completed. Delays in the nuclear sector are due in no small measure to hesitation by parliaments in the face of well-organized pressure groups who pose difficult questions with regard to the construction of planned nuclear power stations. In the committee's view our future lies with nuclear energy, but the planned reactor programme will not be completed by 1985 because too much time has been lost already.

**Vandewiele**

At present positive information for the people is a prime requirement. Every day we hear that people 'are in favour, in principle, of the construction of nuclear power stations'. but immediately add that they would prefer them not to be built in their own areas.

In its document of 8 January 1975 the European Commission rightly stressed the problem of safety and public health.

I quote:

'The problems of the safety of nuclear reactors demand a satisfactory solution. Important work is being done on this subject in the laboratories of the Member States and the Joint Research Centre. The Commission regards an extension of this work as absolutely essential and hopes that the research currently under way may be more closely coordinated in the immediate future. The group of experts on the safety of light-water reactors will be asked to submit appropriate proposals as soon as possible.'

On page 133 of the Dutch edition of the Second Report of the Club of Rome I read the following:

'It will not be possible to substitute nuclear energy for oil in the next ten years. We feel that the proportion forecast for nuclear energy in the total energy supply in the next 10 to 25 years is grossly exaggerated. It is also misleading to try to pin the blame for the so-called delay in the construction of nuclear reactors on the conservationists alone. If we wish to discover the reason for the delays, we should consider first of all the time required for technical developments and the many teething troubles encountered in the construction and operation of nuclear reactors.'

The committee also believes that the initial enthusiasm for natural gas is not entirely justified by events. We shall deal with this point in greater detail in our own report on supply policy. It can already be said at this stage, however, that natural gas will have to be used sparingly. The Committee on Energy, Research and Technology takes the view that the proposed activities described in the document should be arranged in an order of priority based on their significance with regard to the direct safeguarding of energy supplies. Special priority should be given to those measures aimed at improving the exploitation of forms of energy from relatively safe areas. We have always felt that the responsibility for establishing the priorities lay with the Commission.

The committee would, however, like to make one exception to this; since nuclear energy will not fulfil all expectations by 1985, the committee

would recommend that first priority be given to research and development for the exploitation of fossil fuels.

The committee requests that first consideration should be given to medium-term research projects, but it also advocates long-term measures aimed at meeting the increased demand for energy far beyond 1985 by the development of new energy sources such as solar, hydrogen and geothermal power.

I should point out to those who regard solar energy as a thing of the very distant future, that it was emphatically stated in the Second Report of the Club of Rome that there must be serious efforts and considerable investment in this sector in the next fifty years.

The Commission feels that, in the present economic circumstances, 1 500 million units of account would be a reasonable total expenditure on research and development.

In its communication of 17 July 1974 the Commission defends this enormous sum as follows:

'In a sound technological system the average ratio between research and development expenditure and capital investment is in the order of 10 %.

In the energy sector it would be reasonable to earmark about 6 % for public R and D expenditure.'

Over the period 1975-1985 it is expected that 250 000 million units of account, i.e. 25 000 million per year, will be spent on energy. If we take 6% of this, we get 1 500 million units of account for research.

The Committee on Energy, Research and Technology cannot comment either on the reasoning behind this figure, or the figure itself, until concrete proposals have been made on the basis of the desired list of priorities.

There is great scope for research and development in the field of environmental conservation. Appropriate information must be imparted to the citizens of the Community in such a way as to create a climate of confidence.

The information campaign should also deal with the problem of the rational use and conservation of energy. It is not only a matter of convincing the individual consumer of the need to use available energy more sparingly. There must be a steady campaign of practical information aimed at achieving more rational use of the various sources of energy.

In view of the recent OECD energy policy measures the organization and administration of these activities are extremely important. It

**Vandewiele**

would be desirable if energy research could be organized within the framework of existing Community structures. The Commission's document hints at the idea of an agency as a possible independent body for organizing and administering these activities.

During the debate on this matter in the Parliamentary committee, the Commission representative told the committee that it believed that, if such a body with real powers were not created by political decisions, the measures taken would not be fully successful. A positive decision to this end was made more difficult, however, by the establishment of the International Energy Agency on 18 November 1974.

In these circumstances a 'research and development agency' should be set up only as an auxiliary organ of the Commission and should be under the latter's exclusive responsibility in the same way as the Joint Research Centre. It would be illogical and contrary to the spirit of the Treaties if the indirect measures and the co-ordination of national activities were based on different principles.

Third countries should be allowed to participate in the agency only if they can actually make contributions and not simply reap the benefits of such participation.

The European Parliament would be able to agree to the creation of such an agency only if this political condition were met. Care should be taken to avoid a political situation similar to that which arose in connection with the establishment of the OECD energy agency. It would be much better to direct all our efforts towards strengthening the Community structures. Those third countries wishing to participate in the measures taken must also recognize this. In the context of research and development the Community must speak with one voice.

The Committee on Energy, Research and Technology approves the proposals to the Council, provided the following requirements are met:

- the Member States must be prepared to have all their research activities in the energy field coordinated at Community level;
- the planned measures should be arranged in an order of priority reflecting their importance for the direct safeguarding of the Community's energy supplies. First priority must be given to research and development relating to the exploitation of fossil fuels;
- the confidence of the citizens of the Member States in the planned measures, particularly with respect to nuclear energy, must be strengthened by public information campaigns; due consideration should be given

to the conflicting claims of energy and environmental requirements;

- any agency established for the organization and administration of the research activities must only be an auxiliary organ of the Commission.

These, Mr President, are the terms on which I recommend that Parliament adopt the motion for a resolution.

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

**Mr Leonardi.** — (I) I should merely like to give an explanation of vote on this subject since I intend to speak later on the wider issue raised by Mr Springorum.

I shall just mention that our Group has consistently supported the efforts to improve Community research, and pointed out its present inadequacy. We are, therefore, in general agreement with what Mr Vandewiele has said.

We shall, however, abstain, since a vote in favour of the motion for a resolution would imply that our Group accepted a number of statements and comments on which our opinion in fact differs.

We shall abstain only for the reason I have just mentioned, since we are otherwise in full agreement with the need to remedy the lack of Community research, which we have always regretted.

**President.** — I call Mr Brunner.

**Mr Brunner, Member of the Commission of the European Communities.** — (D) Mr President, ladies and gentlemen. I welcome the opportunity which Mr Vandewiele's report gives me to express my views on a number of aspects of the research policy of the European Communities. In his very useful report Mr Vandewiele rightly stressed that the research policy must contain a certain element of flexibility. It is our constant endeavour to ensure this.

Some progress has been made since the report was drawn up. We have, for example, established a number of priorities, including those requested by Mr Vandewiele. We have set ourselves a number of objectives, short-term up to 10 years, medium-term up to 20 years and longer term. To this extent it can be said that Community research policy has gained a new impetus.

An energy research programme is currently in preparation. We can all see how important that is at this time. We are currently laying the

**Brunner**

foundations of a Community energy strategy. There can be no Community energy strategy without Community energy research. One can of course ask what this really signifies, what the scope of Community energy research will be.

On the basis of the new programmes Community energy research will involve something in the order of 150 million units of account per annum. In comparison with the amount spent by the Member States on energy research, which is in the order of 1 000 million units of account a year, this may seem only a small sum which won't make any difference.

That is not, however, true, and for political reasons. Since a Community energy strategy is impossible without Community energy research, we must introduce Community energy research. This is a political reason.

If we do not gradually arrive at a common energy strategy, even in a piecemeal fashion, it will not be possible to deal with the balance of payments problem. And there will be no chance of closing the widening gap between Member States in deficit and those in surplus. This would mean that we shall get no nearer to Economic and Monetary Union, and hence make no progress towards political union either. We must harbour no illusions; the one is dependent on the other and energy research is an important factor in this process. This, as I said before, is the political reason.

There is, however, also an economic reason. If we seriously wish to reduce the dependence of the Community on oil imports from third countries, we must develop alternative sources. Will this be possible without energy research? Obviously not. That is the second reason, the economic reason, why we need Community energy research.

There is also a third reason, relating to research policy as such. We are recommending Community energy research not merely for other reasons, but because we wish to coordinate the efforts made by the various Member States in this field. Last year we finally succeeded for the first time in drawing up a list of the work being done in the various Member States in the field of energy research. Many many years had to pass before the nine Member States could finally be persuaded to do this.

It emerged, therefore, that, as I said before, about 1 000 million u.a. are being spent annually. That is not enough. The Community must carry out its own research in its own establishments in cases where the Member States are either not doing enough or are unlikely to do anything at all because the research involves extremely expensive and long-term projects.

We are amongst the world leaders in the fields of hydrogen and thermonuclear fusion. To this extent the Community has a reputation in research policy to protect. It must be prepared to go to some expense.

We have a programme in preparation which was approved by the Commission on 18 December and is at present being considered by your committees. It will, we hope, be approved by the Council in April. The programme covers the following areas: energy saving, production and use of hydrogen as a new source of energy, use of solar and geothermal energy, systems analysis, treatment and disposal of radioactive waste. These fields are, I feel, useful and indeed crucial for the development of alternative sources and an appropriate Community energy saving policy.

This programme will not, of course, finally put European energy supplies on a broader basis overnight, but this is what it will aim to do in the longer term. We have consciously selected these priorities and allocated the funds in such a way as to ensure that the Community will only take action in fields which the Member States are not tackling on a sufficiently broad or co-ordinated basis. We will avoid duplication of effort and unnecessary expenditure. Quite the reverse: we hope that our coordination will enable Member States to refrain from incurring unnecessary costs. In this respect, too, Community research is justified both economically and from the viewpoint of research policy.

A question which has arisen recently concerns the position of such a Community programme, indeed of the energy strategy as a whole, within the content of the activities of the International Energy Agency in Paris. I might make the following comment. We as a Community are beginning to develop a personality of our own in the field of research. These are not mere words. This statement has a meaning in terms of our research, economic and integration policies. We do not, however, wish to carry out projects merely to establish a personality. Our proposals are quite different. Our projects are open projects. We hope that we shall all benefit from our collaboration in the projects of others and from the collaboration of other in our projects, and also contribute as a Community on a worldwide scale. I said 'as a Community' since it is essential that we do not lose the integration we have attained via our common research establishments, but rather strive to preserve it. If we can retain this sense of unity, we shall be doing the Member States and the Community a service, and in the final analysis we shall have made the worldwide contribution which is expected of us.

*(Applause)*

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

**Mr Hougardy.** — (F) Mr President, on behalf of the Liberal and Allies Group, I should first like to congratulate Mr Vandewiele on his extremely clear and objective report.

I wish also to take this opportunity of extending our congratulations to the Commission, and of telling Mr Simonet—I did not realize he would be here this morning—how much we appreciate the clarity with which he and his colleagues have reported on the development of the energy problem, not only within the Community but throughout the world.

I do, however, regret the fact that the Commission's work and the declarations made are not more widely publicized. This would enable Europeans—all those living in the Community of the Nine—to realize how concerned the Commission and Parliament are about energy, probably the most important issue of all at the present time, as it involves ensuring Europe's energy supplies and maintaining the solidarity necessary to ensure maximum economic and social development during the current crisis.

The first paragraph of the motion for a resolution emphasizes that the energy shortage will not be overcome by 1985, partly because insufficient progress will have been made on the envisaged nuclear generating capacity. The motion desires that account be taken of this in an energy research and development policy.

I think Mr Simonet has spoken on this point. It is in fact a very important one, and we would ask the Commission to keep Parliament regularly informed of the development of the 1975/1985 nuclear energy programme.

This is all the more important in view of the large centrally controlled and carefully orchestrated campaign against the construction of nuclear power stations. We learned yesterday that only a few miles from Strasbourg demonstrators has occupied the site of a future nuclear power station.

The demonstrators and their leaders must realize what they are doing. Europe will either remain at the mercy of the OPEC countries or by means of new nuclear power plants become increasingly independent in respect of energy supplies, and so able to maintain and develop its economy and guarantee the jobs which are so essential to the progress of our peoples.

As regards paragraph 5, I hope that the Commission will respond to the rapporteur's invitation to supply relevant information on the safety of nuclear power stations, and so help create the climate of confidence necessary to counter certain unfavourable reactions. I do agree that

until now there has been a shortage of information, and that we ought to be completely objective.

The rapporteur was right to emphasize paragraphs 2, 3, 4 and 7 and make various suggestions. In numerous research centres, specialists are in fact making every effort to develop alternative energy sources. This research should be carefully coordinated to prevent the same problems from being dealt with in different places and the little money available from being used to duplicate the study of problems already under consideration.

Finally, this is the first opportunity I have had in public to thank Mr Brunner, who is responsible for research matters. I am convinced we can have every confidence in him. In any case, the Liberal and Allies Group is well aware of his interest in research, and we have faith in the Commission's capacity to perform its future tasks.

(Applause)

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

**Mr Flämig.** — (D) Mr President, I should just like to make a few brief comments, particularly in view of Mr Hougardy's reference to what is happening in the German Federal Republic at this very moment.

If the Socialist Group has decided not to speak at length on this Communication, it is not because we feel the matter is unimportant, but because we have discussed it time and time again in this House. In fact, a wish we have repeatedly expressed is finally being fulfilled.

We congratulate the Commission representatives on this Communication, and our colleague, Mr Vandewiele, on his report. On the events in Germany I should just like to say the following.

The report urges the Commission to help create a climate of confidence by supplying relevant information on the safety of nuclear power plants. Mr President, the fact that yesterday and today citizens in the German Federal Republic have occupied the site of a planned nuclear power station, and that this has led this morning to clashes with the police, goes to show that up to now there has been insufficient factual information, and that no climate of confidence yet exists.

This is surely a reproach to all those who, while promoting nuclear energy and investing thousands of millions in it over the past decades, have blandly created the impression that it is all

**Flämig**

completely harmless, which of course it certainly is not!

The Commission will have to show—otherwise it would not have included this in its programme—that everything is being done to ensure the safety of the population, but also that nuclear energy is essential.

After all, our children and grandchildren will also have to have adequate power supplies if they are to raise their standard of living.

Finally, Mr President, it seems to me to be particularly important to ensure coordination between Member States' activities in the area of energy research, as up to now the left hand has often not known what the right hand was doing. The result has been general confusion. I thus wish the Commission's endeavour every success. The Socialist Group will of course vote in favour of the motion for a resolution.

(Applause)

**President.** — I call Mr Brunner.

**Mr Brunner, Member of the Commission of the European Communities.** — (D) Mr President, ladies and gentlemen, we are extremely grateful for your support. We can certainly make good use of it now, as the Council will have to decide on this programme.

We shall refer to the debate in this House. As so often, Parliament has once again proved to be the Commission's best ally.

(Applause)

**President.** — I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

Thank you, Mr Brunner.

##### 5. Present position regarding Community energy policy

**President.** — The next item is the motion for a resolution tabled by Mr Springorum on behalf of the Committee on Energy, Research and Technology on the present position regarding Community energy policy (Doc. 488/74).

I call Mr Springorum.

**Mr Springorum, rapporteur.** — (D) Mr President, ladies and gentlemen, the Committee on Energy, Research and Technology has tabled

this motion for a resolution with a request for urgent procedure and urges you to adopt it since the committee feels that the European Parliament cannot remain silent in the face of the critical state of the common energy policy.

Our motion for a resolution refers to the meeting of the Council of Foreign Ministers of 20 and 21 January on energy problems. Subsequent meetings have produced no substantial changes, however, and lamentably it has become obvious that certain governments apparently no longer have the will, intention or strength to come to an agreement on a common energy policy. They feel they have found an adequate substitute for such an energy policy in the International Energy Agency, i.e. within the OECD, to which, as you know, eight Community countries belong, eight countries which now apparently see their independence guaranteed in this Agency and no longer wish to be bound by Community decisions. The guidelines issued by the Copenhagen and Paris Summits for a common energy policy appear indeed to have lost their validity. It really makes one wonder sometimes whether Heads of Government do in fact still have the necessary authority in their Cabinets to convert decisions into action at home. If they do not, even the meetings of the European Council will be virtually pointless.

I shall not go into details of all the activities and initiatives undertaken, especially by the Commission, but also by this House. Certain critics find that there have been too many initiatives, but if the Council had been willing to accept even some of them, they would have provided a solid basis for a common energy policy. However, agreement was only ever achieved on targets which were as distant as possible, and even then only when these targets bound the parties to a minimum degree. Every time the Commission proposed such targets they were made even less binding. And whenever the Commission submitted concrete proposals and called for immediate action from the Council, the Council proved incapable of taking a decision.

Just a week ago there was an example at the meeting of the Energy Ministers on 13 February. It was agreed to reduce the Community's dependence for energy supplies from 63% to 40% by 1985 although the decision was, of course, absolutely non-binding. They were able to agree on this, but the Commission's proposal to keep stocks of fuel, whether in the form of oil or coal, in the power stations was blocked, even though these reserves in the power stations could one day become vital for our peoples in the Community.

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

### Springorum

The shape the energy policy has taken in certain Member States is nothing short of absurd. I would not be at all surprised if the French Government were to express its amazement that delegations from certain Member States can act constructively in Paris, i.e. within the Agency, but shilly-shally on the same issue in Brussels and make no contribution towards decisions. This is how the following situation arose, a situation which borders on the farcical: eight Member States of the Community, forming a group within the Agency's eighteen members, agreed on a 10% saving of energy in 1975 and 1976. The Commission proposed a 7% saving, but as yet this has not been approved.

The common energy policy of the European Community has entered a dangerous phase marked by a tendency towards disintegration which can have drastic consequences for us. This energy policy which could so easily have been given concrete form and developed into a real support for the Community, is now unable, despite all the hopeful proposals published by the Council, to progress beyond non-binding declarations of intent and setting of targets.

Member States active in the Agency no longer fully acknowledge their obligations to the Community. Whenever agreement cannot be reached they want their national independence back. They have also failed to apply Article 116 on the basis of which the Commission had proposed, indeed demanded, that all action within the framework of international organizations should be on a common basis.

The fact that only eight countries have joined the Agency while one has chosen to remain outside, may be in conformity with the Treaty, but it complies neither with the spirit of the Treaty, nor with the many decisions taken at the Summit.

In this situation which threatens the future of the Community, the European Parliament must also let its warning voice be heard, and this is the purpose of our resolution. In suggesting that the European Parliament should suspend certain activities in the field of energy policy, especially within the framework of the consultation procedure, we are not advocating—and I should like to make this quite clear—an empty chair policy or a strike. We merely want to avoid doing things which are both useless and pointless. We want simply to avoid churning out document after document of which the Council barely wishes to take note, let alone convert into action.

I have been told on various occasions in this House that such demands could apply to many

sectors. I disagree, ladies and gentlemen; a very special situation has arisen in the energy sector. The energy policy has been taken out of the Community framework and transferred to another organization. This is a basic difference.

The Committee on Energy, Research and Technology has more than enough to do. In the research field alone, particularly research into energy and alternative sources, it is fully occupied, and on top of that we have at least four meetings every month. The committee's efficiency would be increased enormously if the few consultation projects could be suspended until there are fresh developments towards a common energy policy. Only then will there be any value to be gained from consultation.

We are a weak Parliament, with neither power nor influence. But that should not mean that we also have to be a spiritless Parliament—why should we not be militant? The loudest applause I have ever heard in this House was when a Member said that a Parliament does not wait for powers to be granted, but attempts to take them itself. And that in a Parliament which is otherwise not particularly given to applause.

A well-known political journal recently wrote that the European Parliament is a playground for mostly veteran and ageing politicians. We are not here to play games; we have an objective!

This objective is to contribute towards the badly needed construction of Europe. Let us use what little power we have and appeal to both the Council and the public not to lose sight of this aim of a united Europe. I therefore ask you to approve the motion for a resolution tabled by the Committee on Energy, Research and Technology.

*(Applause)*

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

**Mr Noè.** — *(I)* Mr President, ladies and gentlemen, I have little to add to what the Chairman of our committee, Mr Springorum, has just said so eloquently, except that the Christian-Democratic Group gives this initiative its full support.

We are aware that a resolute approach is needed to situations which can have far-reaching effects. Even if, as Mr Springorum pointed out, this Parliament does not have many powers it should nevertheless take a stand to make the public realize that it is losing interest—in that adequate measures are not being taken—in a problem which could be vital for future generations, starting with the next one. We are aware of this task and want to perform it as best we can.

Noè

Thus, without analysing all the important and complex factors which go to make up this situation, I wish at least to make an observation based on all the different approaches we have had over the years. The development of every alternative source of energy, with the exception of nuclear energy, poses considerable difficulties, and thus it is difficult to forecast when the alternative sources will be able to contribute substantially to our energy supplies. I repeat that this problem concerns all energy sources with the exception of nuclear energy. If one day traditional sources should run out and other sources not take their place to support the development of mankind, there may be a dramatic breakdown. Many young people often attend the meetings of this Parliament, and the effects of this breakdown will be felt within their lifetimes.

We are not managing to avert this danger, at least not yet, but we must continue our efforts to do so by every possible means.

What in particular must we do? I think we must first concentrate on traditional sources, thereby postponing as long as possible the moment when we shall have to resort to the other sources, and thus allowing the latter time to 'mature'. Intensive exploration for new sources of hydrocarbons is therefore vital; we must make use of everything on this planet which can delay the moment of crisis. We must search for new sources, but above all we must utilize the coal we have, which, as we all know, presents many problems, ranging from transport to the conversion of power stations.

These two courses of action require international coordination since they both largely go beyond the territorial boundaries of the Community, thus making the initiative taken by the Committee on Energy all the more important. If we do not set up mechanisms for coordination which will allow the Community to act in a uniform manner, as decided in advance within the wider framework of the 18 countries composing the IEA, it will not be possible to implement the programme which the Commission, to its credit, is pursuing with some considerable success but which is obviously being held up by the lack of such mechanisms. Mr Ortoli, in his excellent speech to this Assembly, recently warned that the temporary overcoming of the difficulties could lead the public to believe that the energy problem is not so urgent after all, and thus to ignore it. It is now up to us, as responsible politicians, to be more far-sighted and to sound the alarm.

Having said this, I should now like to illustrate briefly how better international cooperation can

be achieved. I am not going to list again the various activities of the OECD and hence the many prospects of action offered by this institution. I would merely mention that the OECD is currently engaged in an inventory of energy resources and of a classification of initiatives being undertaken in the various countries. The purpose of this preliminary work is to fix the objectives, including the finding of new sources, which clearly will also have to be supported by the Community. This support can, however, only be coordinated if the mechanisms I mentioned earlier are put into operation. Otherwise we shall have a confused overlapping of national aims, none of which can cope with the vast scale of the problem.

Secondly, the OECD intends to establish criteria and procedures for evaluating the respective national programmes with a view to coordination between these 18 countries.

One of the most important problems on which agreement has still not been reached between America, Europe and Japan is the fixing of a minimum price, the floor price. As the Americans see it, if alternative energy sources are to be developed persons investing money, labour and know-how must first be guaranteed a price for every kWh produced, thus ensuring that the levels do not drop below certain limits. Europe, I believe, is in favour of a level of around 6—7 dollars whereas the United States is demanding 9 dollars. This problem has been dealt with in detail by Mr Ortoli. He said recently that certain prices which in the United States would encourage production and lead to self-sufficiency would merely leave us with an enormous additional currency burden.

I agree on everything except the 'merely' since basically it is also in our interest, with certain reservations, that alternative sources should be developed. Thus, there would be advantages as well as drawbacks, although we obviously cannot accept just any price.

One of the most difficult jobs of the Agency will be to see how this result can be achieved. I personally am sure that if we can agree on a floor price of around 6—7 dollars the result will on balance be favourable.

These initiatives are of great strategic importance in that they can stimulate action which may eliminate the danger which I mentioned earlier, and which we must always bear in mind. When the Americans launched their five-year programme they said that for them it was a challenge, and it is in this spirit that they have gone about it.

**Noè**

We must also arouse and foster this spirit in Europe and not merely settle for setting up instruments even if they are suitable for achieving the objective.

The purpose of this resolution of Parliament is to ask everyone to accept greater responsibility, and to arouse real interest in this important problem.

*(Applause)*

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

**Mr Flämig.** — *(D)* Mr President, ladies and gentlemen, the Socialist Group supports this motion for a resolution except on one point. It applauds the severe criticism of the Council and of the governments of Member States who apparently put their national interest before guarantees for the future of Europe, for the energy policy certainly has a decisive part to play in Europe's future. The Socialist Group upholds the criticism of those whose professed support for European Union is apparently no more than lip service. We also support the clause addressed to the peoples from whom our mandate comes and who expect us to speak up when the basic interests of those living in the Community are violated, for it is they who are the victims of an unsatisfactory or non-existent common energy policy.

The Socialist Group cannot however support paragraph 5 of the motion. It has asked me to present the amendment tabled by Mr Schmidt which asks that this paragraph be deleted.

Why do we take this position? Are we trying to show that we prefer to talk rather than act? Or to say A without being prepared to say B as well? No! We fully sympathize with the deep disappointment about the lack of achievements to date by the Council and the national governments. We shall vote in favour of the resolution for this very reason. But in the opinion of the Socialist Group, suspending the cooperation of the entire Parliament within the framework of the consultation procedure is not the way to achieve anything. If breakdowns, delays and lack of coordination only occurred in the field of energy policy, then there would perhaps be something to say for this approach. But by the same token, Parliamentary cooperation could be suspended in the areas of economic and monetary union, regional policy, social policy and many other sectors in which we are scarcely forging ahead. In the opinion of the Socialist Group, it was not for this that we were elected.

Though the fruits of our everyday work may seem sour with disappointments, we must still

pluck them. We must not tire in our criticism or give up making proposals and counter proposals. At every sitting of this House we must make it clear that the elected representatives of the people of the Community seek a united Europe. At every sitting of this House, we must make it clear who is to blame for the delays, who is putting a spoke in Europe's wheels and who is blocking the road to integration.

Criticism of the Council and its policy of unanimity in decision-making which is contrary to the Treaty, cannot be voiced too often or too emphatically. We only hope that the press and other mass media will take up and comment on such criticism, particularly in regard to energy policy.

In this connection, Mr President, the Socialist Group has again asked me to emphasize the fact that the International Energy Agency and the cooperation of eight Member States are no solution to the Community's energy problem. The European Community urgently needs an energy policy which is binding on the Community both internally and externally. An OECD energy agency is therefore not enough.

This appears to us to be an attempt to deal with the problem on an international basis, not only by extending it beyond the framework of the EEC but by ignoring the EEC. This would mean a further weakening of the Community, and could well represent a dangerous step towards disintegration.

Our conclusion is therefore 'Yes' to the resolution but 'No' to the immediate suspension of cooperation under the consultation procedure. We call for the deletion of paragraph 5, even in the more moderate version proposed by the European Conservative Group.

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

**Mr Hougardy.** — *(F)* Mr President, I should like first of all to make an observation and perhaps ask you a question.

I must confess that I have never been much of an expert on procedure. This is a field which I find so complicated that I have never assimilated it properly. But, Mr President, I cannot understand why no Council representative is present at this debate. The agenda was known. It was also known that Mr Springorum was going to present his motion, which is addressed not to the Commission but to the Council itself. I therefore feel that a Council representative should have been present.

**Hougardy**

Having said this, I would like to state, on behalf of the Liberal and Allies Group, that this motion needed to be tabled and I congratulate Mr Springorum on doing so.

As I have already said, the most important problem we have to solve in both the short and the long term is that of energy. We must safeguard the social and economic future of Europe and ensure its financial stability. It is obvious—and this is why I cannot understand the attitude of the Council of Ministers—that the political, economic and financial harmonization of Europe depends on its energy problems being solved.

Let me repeat that the Liberal and Allies Group, on whose behalf I speak, congratulates the Commission and its Vice-President, Mr Simonet. We realize how much work must have gone into the conception, drawing up and perfecting of this 1975—1985 plan for a new energy strategy.

A few moments ago Mr Springorum expressed regret, if I may put it somewhat differently, that the Committee of which he is Chairman and which always shows very great interest in all problems related to energy, had found no response at Council level. This is obviously discouraging.

Lent is admittedly a time of moderation in all things. But even so we cannot help observing that the Council is making very slow progress towards the clear expression of a common energy policy. It is difficult to understand this slowness, this hesitancy which may very well threaten the implementation of the 1975—1985 plan.

We must realize that what is left undone today will jeopardize the plan which was produced so painstakingly.

Like the Council of Ministers we are convinced that we must fight for the cheapest possible energy. In this connection I think it was Mr Simonet who once said that we must never forget that the dearest energy is that which we do not have.

*(Laughter)*

I do not know whether I am attributing to you words which you never spoke, Mr Vice-President, but I think I recall your saying this.

I should like to add that the result of these delays in the Council's discussions and decisions, which were referred to a few moments ago, is that the centre of gravity of energy policy is moving more and more—I am sorry to say it—from the Commission towards the International Energy Agency, and here, gentlemen, I would sound a warning. The International

Energy Agency knows a thing or two about advertising and is constantly publishing communiqués, but it will soon run into difficulties. At the moment, at any rate, the general feeling is that the centre of gravity is moving towards this Agency. But in a very short time this transfer of the decision-making centre may well give rise to serious problems of competence which could also lead to failure of the 1975—1985 plan.

In conclusion I should like to turn to the text of the resolution. The Liberal and Allies Group will vote in favour of the motion provided that paragraph 5 is replaced by the amendment tabled by the Conservative Group. This amendment opposes the 'empty chair' policy and expresses the hope that this warning shot will awaken the Council to its responsibilities.

I listened very closely to Mr Springorum's speech and I know that it is certainly not his intention to pursue an 'empty chair' policy. But I am afraid this is how it will be interpreted. We hope that the Council of Ministers will realize its enormous responsibility in the energy field, and that it will take the necessary decisions as rapidly as possible, to allow the Member States in turn to take appropriate steps for the implementation of the 1975—1985 plan.

*(Applause)*

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

**Mr Normanton.** — In the 18th and 19th centuries, European industry and commerce—indeed, the very expansion of life in industry—was dependent and based upon European coal and upon European iron; in other words, indigenous energy and indigenous raw materials. Industrially, therefore, in its very powers to maintain itself and promote its wealth, Europe was independent of the rest of the world.

As we all know, we have come a very long way since in the vast expansion in power, in technology and in sourcing raw materials of all kinds, but nowhere more than in the sourcing of energy, which is the very lifeblood for not only prosperity but the existence of life here in Europe.

Nowhere have we gone further towards expansion than in oil and the sourcing of it, over which we in Europe—whether one talks of Europe as a whole or of the Community in particular—have no control or influence. In other words, Europe as an industrial entity is effectively totally dependent upon areas both geographical and political over which we have no control.

### Normanton

All this has been for the sake of the price at which we could source and use our power. For the sake of price, we have sold our birthright. No one else is to blame for it. We ourselves are solely responsible for that development. We cannot blame anyone but ourselves for the consequences of that policy. When we suddenly found ourselves in 1973 faced with the biggest crisis Europe has ever known, the energy crisis, it served us right. All I ask is: when in heaven's name will Europe wake up and learn from the past?

In the debate during the early hours of this morning, I criticized the Commission for the record of failures in the 1974 report which was the subject matter of the debate. That report recorded the failures not just of the Commission, Parliament or the Council, but of the Communities as a whole. However, on mature reflection, I might well have been interpreted as being unfair and unreasonable in mounting such critical comments against the Commission in particular. The Commission, as Parliament knows, has repeatedly warned Parliament and, through it, the peoples and nations who make up the Economic Community, of the dangers which lie ahead.

The Chairman of the Committee on Energy, Research and Technology has repeatedly drawn to the attention of Parliament and, through it, of the peoples of Europe, the desperately critical dangers which lay ahead, and we have ignored them.

What, then is the answer? In my judgment, industrial Europe is clearly a vast homogenous, concentrated power-consuming house. By any progress of logic—yes, even by the process of political logic—the provision of power should take due regard of the character, the area and the nature of that vast area of the Community.

Its industrial and regional character, as I believe no one in Parliament can challenge, demands a Community approach to solving its problems, whether these be in the supply, the sourcing or the distribution of energy, the lifeblood upon which the very existence of Europe and its future prosperity depend.

We desperately need a European electrical generating system. We desperately need a European nuclear power production system. We desperately need a European network of oil, gas and pipeline distribution of the various forms of power. We desperately need planning, and coordination of plans, with efficiency as the sole criterion and not national frontiers or national interests; we must plan an inexorable move towards re-establishing a Europe with

political control of an indigenous source of power, and the means to fuel and distribute it.

I submit that that calls for a European power agency. The International Agency is so remote and diffuse that it may well prove to be nothing more than a mock and a sham. We need political control over such an agency, and the Community has the means to provide such a framework. Until this is created, as far as I can see, Europe will continue to be industrially, commercially and economically a pawn in the world-wide game—if one can use that word—of politics. We want an effective power and energy policy for Europe, and that requires the political will to establish such a policy and a determination to see it through into operation.

We also need an energy policy which will not be isolated from the other sectors of the political spectrum but integrated into and linked with, and indeed established upon, an inter-relationship between economic, commercial and monetary policy. Nothing less than a Community approach and the establishment of a Community power agency, with power to coordinate, to plan, produce and distribute and to exercise influence over consumption of power, will suffice.

The Community has produced so far nothing but hopes and pious declarations, and the European Parliament and the peoples of Europe demand action. I need not remind this House of the terms in which Mr Springorum has presented this motion of censure. It includes a motion of censure on the Commission. We have to recognize that, lamentably—disastrously, I believe—it is one of the few means open to this Parliament, at this particular point of its political development, to express the growing anxiety and indeed desperation at the sense of frustration which all of us in this Parliament have felt and spelled out on so many occasions.

A vote of censure on the Commission includes, of course, Commissioner Simonet. I really feel, quite honestly, that I am again being somewhat unfair in identifying him personally as the object of our anger and our vote of censure, because no one in this House, and certainly no one who has worked with Commissioner Simonet and his staff, can question the spirit of dedication and commitment which he personally has demonstrated in Parliament and particularly in the Committee on Energy, Research and Technology.

Lamentably and tragically, the only way we can cope with this as a procedural point is to move a motion in the terms in which Mr Springorum has presented it. The European Conser-

## Normanton

vative Group supports the spirit of the resolution without any question whatever but, frankly, we hesitate to make threats of a kind which we may not be prepared finally to implement. Many of us, indeed all of us, must feel that that would certainly be counter-productive, and, therefore, with the exception of Paragraph 5, we as a Conservative Group support fully and unreservedly the spirit of anger contained in this resolution.

In that sense and in those terms I hope that this House will give the resolution its support, hoping at the same time on behalf of the European Conservative Group that serious consideration will be given to the amendment standing in the names of Lord Bessborough and myself.

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

**Mr Leonardi.** — (I) Mr President, my Group shares Mr Springorum's concern about the seriousness of the situation.

The problem centres not on a physical lack of hydrocarbons but on the price, which has different consequences for our countries and which in an extremely short period has brought the Community from a balance payments surplus to a huge deficit.

This situation is due to the complete failure of our governments which, in the space of little more than a decade, have allowed our dependence on sources from abroad to increase beyond all comparison and ignored alternative domestic resources.

Our governments have played into the hands of the giant companies which, at a time of falling costs, chose to pursue a policy of low prices simply because it was in their own interest to do so and without, of course, worrying about the situation in which both consumer and producer countries would later find themselves.

Surely this was not the task of these companies, but of the governments, even though they did not accept it.

We acknowledge that the Commission has made serious efforts, especially over the last 18 months, to try and remedy this situation, whereas the Council, as the institution representing our governments, has shown a total reluctance to act and has merely issued hollow verbal statements.

This failure to take political action at Community level is due mainly to the fact that the various Member States have undertaken commitments outside the Community, and accepted

obligations which they have always rejected at Community level for the simple reason that they believe that these outside ties—and especially those with the major power which dominates the system—will give them the strength they feel they cannot derive from a Community policy combining their different interests.

Of course, the situation varies considerably in the different countries of the Community, ranging, for example, from only slight dependence on external energy sources in the Netherlands to almost total dependence in Italy and Denmark. And although the Community shows an overall balance of payments deficit, the situations in the various Member States are again totally different.

The fact is, however, that, in taking up their positions, our governments have ignored the basic difference between the situation in the various Member States and the situation of the Community as such *vis-à-vis* the interests of the United States. Consequently, there is a real need for a common political line.

At the cost of a certain effort and the willingness to pay a certain price the United States will in the not too distant future be entirely independent as regards energy, just as the Soviet Union is today.

This is not an economic but a political and military objective, and to reach it the United States is prepared to pay any price. Our countries, however, will always be dependent to a decisive degree on imports of hydrocarbons from abroad, even if they substantially reduce consumption and develop alternative sources of energy.

Even if we were to reduce our dependence to half the present figure, let us say to 30% of the total, this would still be a vital 30% for our economy and for the very existence of our countries since this 30% will be made up of hydrocarbons which will have to be imported from abroad.

In other words, we may be able to improve our balance of payments but we shall always depend for our survival on the outside world.

Against this background, which reflects the very nature of our countries, relying as they do not on a wealth of raw materials but on capacity for work, we shall not be completely safe until the hydrocarbon-producing countries find it equally vital to export what we find it vital to import.

This will not come about until we supply these countries, in exchange for their hydrocarbons, with the goods and services indispensable for their existence as developing countries.

**Leonardi**

We shall thus have to find common ground with these countries, probably by reducing our currently (excessive) dependence on them for energy and increasing their dependence on what we can offer, especially as regards the supply of producer goods.

This interdependence would offer us complete security in that a situation where both parties have the same interest in supplying one another is the only basis capable of ensuring the supplies which as I said earlier, will always be vital for our countries, even if they are substantially less than at present.

This situation, however, is peculiar to our countries and is quite unlike the position in the United States or in the Soviet Union. Thus, as I have already said, our special situation means that we must come to a satisfactory understanding with the producer countries.

These then are basically the lines along which, in my view, we should develop: we should aim to reduce our own dependence and increase that of the producer countries by means of a policy of cooperation.

This is why we share the views expressed by Mr Springorum, whose work as Chairman of the Committee on Energy we have always admired. However, we cannot under any circumstances accept paragraph 5 of the motion for a resolution. It is because the situation is serious, because the Council is inactive, because the Commission's efforts, even if feeble and insufficient, require our support, and because attention must be drawn to a disgraceful state of affairs, that the European Parliament cannot suspend its activity. If, as Mr Springorum thinks, the consultation procedure is pointless (and he has reason enough, Heaven knows, in view of the Council's unwillingness to reach decisions) let us introduce new procedures, remembering that the Parliaments of all our countries have had to overcome crises, and have done so by taking action themselves. Instead of protesting now about something on which indeed, we all agree, and instead of pursuing the normal consultation procedure, which may be largely superfluous, the Committee on Energy could, for example, meet more often with representatives from both sides of industry, who are as concerned as we are. Meetings of this kind would certainly receive a great deal of publicity, since they would be in the direct interest of everybody, from labour to management and indeed to the multinationals.

Why, for example, does the Committee on Energy, in the performance of its mandate from this Parliament, not visit the major crisis areas such as the coal mines, which are having dif-

ficulty not so much in increasing production as in actually maintaining the present level? Why do we not go to the sites where future nuclear power stations are to be installed against the will of the local population and ask the latter why they feel that way? Or why do we not meet the scientists who argue in 'Le Monde' against the development of nuclear energy?

There are no obstacles to such meetings since they would be in accordance with our specific responsibilities, and Parliament's power to take independent action.

We could also visit the factories in the south of Italy, which, in an already extremely disturbed situation, have been faced with energy supply difficulties which have unfortunately led to a further worsening of the situation.

We, too, deplore the present state of affairs and support the criticism levelled at the governments for their inactivity. We are aware that we have to overcome this situation and feel frustrated, like all of you, by the fact that our work receives no publicity whereas the Agency is constantly in the news. But do you really believe that this is due to better public relations on the part of the Agency?

The real reason is that the public knows that the Agency achieves something. It is equally aware that we have not yet achieved anything and will have difficulty in doing so. If however, we act as I suggest, and establish direct contacts with labour and management, visiting the places in question ourselves, I think we shall do much better than by rejecting consultation, a matter on which, I should add, my position is no less critical than that of Mr Springorum.

Finally, let me say we shall approve the motion for a resolution on the condition specified by the Socialist Group, namely that paragraph 5 is deleted. If it were left in, this paragraph could, in future, rebound on Parliament itself.

The purpose of our approval is to back the efforts made by the Committee on Energy despite the fact that our interpretations differ on certain recurrent phrases in the text of the resolution—such as 'European Union'. We thus intend to support this motion on condition, as I said, that paragraph 5 is deleted and that at its next meeting the Committee on Energy examines the proposals that I have put forward. As I have pointed out, contact with the French citizens opposed to the installation of nuclear plants in their areas, for instance, could be very beneficial, receive wide publicity and help us to induce the Council to take decisions and shake off its present total inertia.

**President.** — I call Mr Simonet.

**Mr Simonet, Vice-President of the Commission of the European Communities.** — (F) Mr President, this debate is taking place in a somewhat surrealistic atmosphere between a Parliament with few powers and a Commission, which although often incorrectly referred to as the Executive has in fact not many powers either, at least as far as decision-making is concerned, and in the presence of a single senior Council official. While this gentleman's competence and willingness are not in doubt, the Ministers themselves are absent and one might be tempted to believe—though I know this not to be the case, as the absence of the President of the Council is due to certain changes in the agenda—that the Council is already practising the empty chair technique with which it is being threatened by Parliament's Committee on Energy, Research and Technology.

It is true, as Mr Springorum pointed out, that some of the governments of the member countries of the Community seem to be acting under some kind of spell. On the one hand we see them forging ahead, vigorously declaring their determination to the outside world whenever there are decisions to be made at the International Energy Agency in Paris. Yet, as soon as they set off for Brussels, they seem to be overcome by a kind of creeping paralysis, rather like the characters in fairy tales who, full of life and movement, enter an enchanted wood and are slowly turned to stone. This is a mystery which I have never fully understood, though I have tried to, not only because the question is interesting in itself, but because it is fundamental for the future of the Community.

I believe that there is a steadily growing danger that some Member States, and not the least important of them, will begin to take the attitude that what can be done within the Community is of no more than theoretical interest or reflects an old-fashioned vision of Europe which no longer seems to have very much point. They consider that the major problems facing modern industrial society, especially the Western world, must be solved and they work to this end, generally enthusiastically, at a higher level such as that of Atlantic cooperation or within the wider context of international cooperation between the principal industrialized countries.

I said this is a steadily growing danger, because Europeans are not solely concerned with economics; in other words, they are not concerned only or even primarily with solving particular economic, commercial, financial or even energy problems for that matter, since this is what we are dealing with here. In saying this I do not wish to belittle the importance of these problems,

and indeed the will to solve them is also a political will which is worthy of note. But despite their sometimes crucial importance the approach of Europeans to these questions reflects a political resolve to assert themselves which seems to me just as essential for the progress of the European idea and for the growth of the institutions of a Europe with sufficient self-confidence and strength to be a power to be reckoned with in the world.

What some of the governments of the Member States do not seem to realize at the moment is precisely this political dimension present in any decision or series of decisions which they might take in the field of energy. Firstly because the problem is in itself vital for the expansion of our European economies, but chiefly, and this is the point I wanted to bring out clearly, because if the Member States of the Community claim to be a political entity and wish to proclaim this fact to the outside world, it is inconceivable that they should refuse to speak out at Community level and seek to solve the problem directly at a higher level of international cooperation, skipping as it were the stage of Community cooperation.

I would, however, like to add that things are not going quite as smoothly as one might think at international level, nor as badly as one might fear at European level. It is true that our small steps towards defining a joint energy policy make those of Dr Kissinger in his attempts to settle the Middle East conflict look gigantic. But small though they are, they are undoubtedly there, and after much discussion and negotiation, which can admittedly be rather sterile at times, there is no denying the fact that the Member States of the Community have agreed on certain guidelines. We would be wrong to underestimate the importance of these guidelines, since they represent after all the embryo of a common energy policy, the nucleus around which this policy may continue to be built, provided, of course, that the countries of the Community do not betray it before they have even begun to work it out, by resorting directly, as I have just said, to international cooperation and by dodging the decision-making stage which should normally take place at European level.

On the other hand, there is no doubt that the International Energy Agency has achieved a number of things which we ourselves had not achieved. I am thinking in particular of the development of a programme for the distribution of oil resources during a period of embargo, which is an extremely important advance.

We must admit I think that the members of the International Energy Agency including the

**Simonet**

United States have shown an acute awareness of their long-term interests in which we were sadly lacking when the crisis was at its height, and when we should have been carrying out a similar type of distribution.

However, some of the problems which the International Energy Agency has set about solving, as we ourselves are trying to do, still remain. Without seeking to belittle the significance of the decisions which have been made I would just like to recall that as regards, for example, the short-term saving of energy, the States belonging to the Agency have confined themselves to totting up the savings made spontaneously in 1974 and setting them as an objective for 1975.

We, however, are attempting to persuade the States to define their positions clearly and to go further than ordinary savings on energy—those resulting from the rise in prices and the recession which is affecting the economies of the Member States of the Community—so that the target figure which we are proposing to the Member States may reflect a political resolve to economize on energy and not be just the normal reaction to events.

I believe, furthermore, that the Community will be facing a really decisive test in the coming days. The immediate task, as you know, is to define the framework of a policy for the development of alternative energy sources.

This means, in particular, that we must produce some coherent thinking on the long-term price of energy, which may, of course, be approached from different angles. This is the aim of the proposal we intend to put to the Council of Ministers.

Without going into the details, I would emphasize that a policy for the development of alternative energy sources is only feasible if we agree, at a given moment, on the reference prices. This is because if we are to increase our independence in the energy sector we must develop certain energy sources, which would never be developed, or at least developed satisfactorily, if they were simply left to the functioning of the market.

The Community thus really has to take or refuse to take a decision of major significance to it, which may perhaps mean sacrificing European cooperation to the search for solutions at international level. The whole question is whether the Community, as such, has any clear ideas for a policy of development of energy sources, and whether it believes that it should establish a long-term pricing policy, particularly for alternative sources.

This seems to me to be vital to its credibility and in the near future we shall know what can be done about this.

The Agency has not yet got much further than we have, but I do not underestimate the likelihood that it may take a decision before the Europeans have been able to reach a common standpoint. We therefore feel that Parliament and the Commission must do everything in their power to make the Member States of the Community aware of this danger and the risks that it would involve for the credibility of the Community.

It is not for me to express an opinion on the content of the resolution, as this is the responsibility of Parliament. I will just say that any support for the Commission's action is appreciated. I can testify to the effective way in which, at each stage in our progress towards defining the energy policy, your Committee on Energy has worked, under the able chairmanship of Mr Springorum, and rendered considerable assistance to the Commission.

The committee's initiative may well, in my view, provide another opportunity to demonstrate the fundamental solidarity uniting the Commission the so called Executive of the European Communities, and your committee. I think I can also say that given the quality of its work in previous years, of which I have had personal experience during my period of office, I would be sorry if it suspended its activity, even for the excellent reason of bringing pressure to bear on the governments of the Member States.

In conclusion, I should like to thank Mr Normanton for his indulgent attitude towards me, when he indicated that if he ever had to threaten the use of the guillotine, he would try to spare my head. I am deeply touched by his concern.

*(Laughter)*

*(Applause)*

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

On the preamble and paragraphs 1 to 3 I have no amendments or speakers listed.

I put these texts to the vote.

The preamble and paragraphs 1 to 3 are adopted.

On paragraph 4 I have Amendment No 1 tabled by Mr Andreotti on behalf of the Christian-Democratic Group and worded as follows:

'At the end of this paragraph, replace the words: "... thus casting doubt on the credibility of their professed support for European Union"

**President**

by the words:

"... thus weakening considerably their own advocacy of European Union".

I call Mr Noè to move this amendment.

**Mr Noè.** — (I) Mr President, the proposed amendment is intended merely to improve the wording of paragraph 4 without altering its substance.

**President.** — What is the rapporteur's position?

**Mr Springorum, rapporteur.** — (D) I have no hesitation in accepting it, as it is clearer and I have no wish to 'cast doubt' on the credibility of the translation.

**President.** — I put Amendment No 1 to the vote. Amendment No 1 is adopted.

I put paragraph 4 as amended to the vote.

Paragraph 4 as amended is adopted.

On paragraph 5 I have three amendments:

— Amendment No 2, tabled by Mr Andreotti on behalf of the Christian-Democratic Group and worded as follows:

'At the end of this paragraph insert the following:  
"... or taken in the meantime within the framework of subsequent international initiatives;"

— Amendment No 3, tabled by Lord Bessborough, Mr Jakobsen and Mr Normanton on behalf of the European Conservative Group and worded as follows:

'This paragraph to read as follows:

"5. Considers that, unless the Council acts on the decisions taken on energy policy by the Conferences of Heads of State and Government held in Copenhagen on 14 and 15 December 1973 and in Paris on 9 and 10 December 1974, the Parliament may feel obliged to suspend its cooperation in the field of energy policy within the framework of the consultation procedure;"

— Amendment No 4, tabled by Mr Schmidt on behalf of the Socialist Group and deleting this paragraph.

I call Mr Schmidt to move Amendment No 4.

**Mr Schmidt.** — (D) Mr President, in his speech Mr Flämig was kind enough to state the reasons for the amendment tabled by the Socialist Group, so I can be very brief. We have examined in great detail what is probably the most significant item in this motion for a resolution, namely the paragraph which has been referred to jokingly here as the 'guillotine'. In our

opinion this paragraph involves a whole range of problems. Naturally we share the disappointment which caused the author of the motion for a resolution to include this paragraph.

On the other hand it seems somewhat pointless to us to single out one aspect of Europe's troubles and to suspend collaboration in the consultation procedure in this particular field. To be consistent Parliament would have to suspend its collaboration across the board since we should have to express our dissatisfaction with the attitude of certain governments to European problems. You cannot just single out one item and say 'We shall no longer work together in this, but we shall continue doing so in the other fields'. If I were the author of this motion for a resolution, I would be constantly asking 'Why don't you suspend cooperation in this area too, where we are not one iota better off than elsewhere?'

The very fact of limiting it—this seems to be the present tendency, it was very general before—will in my opinion make things worse. For here one depressing aspect is singled out, and there are already so many depressing aspects.

Parliament is renouncing the only real power it has in the present relationship between the institutions, namely that of stating its point of view clearly on all occasions—and this includes the consultation procedure. If it accepts this paragraph Parliament will be doing itself a grave disservice.

When institutions which can apply real sanctions deliver ultimatums or make threats, this may produce results in individual cases. But this case is rather like a man boasting that he will do something which he does not have the strength to do and which inevitably ends in failure. This can only reduce the effectiveness of these institutions. As Socialists we want no par of this.

Certainly, this Parliament must not remain silent, particularly with respect to difficult European crises. But it must express itself clearly, and it therefore seems to us that the route suggested in paragraph 5 is not the right one. On the contrary, we feel that it is precisely when we are dissatisfied that we should make our voices heard.

(Applause from the left)

**President.** — I call Lord Bessborough to move his amendment.

**Lord Bessborough.** — In moving this amendment I should like to take the opportunity of congratulating Mr Springorum on his resolution and

**Lord Bessborough**

the work that he has done in our Committee on Energy, Research and Technology and to tell him that in general I most strongly support his protest. It is only the question of paragraph 5 which worries me. As I told Mr Springorum in committee, it seems to us to be a little childish and petulant and might be counter-productive or at least ineffective.

I do not want to give the impression that our committee is proposing to withdraw altogether and sulk in the corner, which could be the implication in the words in the resolution. I recognize that there is always the question of semantics and perhaps the wording looks odder in English than it does in German. However I could make a good case for increasing rather than reducing or ceasing our activity, and in that sense I go along with Mr Flämig and Mr Schmidt.

The text of our group is, I think, a little more moderate and the wording more responsible. I do not wish altogether to exclude implications of censuring the Council. No minister is here for this extremely important matter. I do not wish to suspend our cooperation with the Commission, which we should congratulate on the work it has done. It is, after all, the Council that is blocking the development of a European energy policy. Therefore, I prefer my amendment to Mr Schmidt's, which proposes deleting paragraph 5 altogether. But if my amendment is acceptable, I would also agree to embody in it Amendment No 2, tabled by Mr Andreotti.

I am sorry that I did not speak on Mr Vandewiele's report, which is very relevant. It is most important that such reports and motions should be put forward, and followed up by the practical applications which will be the theme of my report in March. I would not like to see these reports go by the board. We should continue our cooperation with the Commission. I hope that Mr Springorum will give an assurance that this committee will not stop this work altogether. We must not lose the advantages of the admirable and valuable cooperation we have received from Mr Simonet, even if we do agree with him that there is a fairyland quality about our work in this matter.

**President.** — I call Mr Noè to move Mr Andreotti's amendment.

**Mr Noè.** — (I) Mr President, Lord Bessborough has already said that he accepts this amendment. This merely aims to set the historical record straight by pointing out that international initiatives have also been taken in the meantime.

**President.** — I call Mr Springorum.

**Mr Springorum, rapporteur.** — (D) Mr President, Mr Schmidt seems unfortunately not to have heard what I said. Otherwise he would certainly have interpreted paragraph 5 differently.

I am grateful to Lord Bessborough for his proposal, which seems to offer the best solution. I would therefore be most grateful if the House could adopt it.

Mr Andreotti's amendment should also be included.

**President.** — I call Mr Romualdi to explain his voting intentions.

**Mr Romualdi.** — (I) Mr President, I do not think that the empty chair policy is necessarily undesirable in all circumstances. However, there is no doubt that if we were to adopt this motion for a resolution tabled by Mr Springorum without taking certain concrete measures, we would be approving a document with no real meaning. In other words, if we were to accept the deletion amendment the resolution would merely reflect good intentions but be incapable of achieving any result at all.

I shall therefore vote in favour of Lord Bessborough's amendment which I feel offers the best solution for this resolution to be tabled by Mr Springorum, since the Council will be obliged to take notice of the Parliament's firm stand on this matter. We shall thus not have spoken in vain, but told the Council in unequivocal terms that it must face up to its responsibility to the peoples of Europe.

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

Amendment No 4 is rejected.

I put Amendment No 3 to the vote.

Amendment No 3 is adopted.

I put Amendment No 2 to the vote.

Amendment No 2 is adopted.

I put paragraph 5, as amended, to the vote.

Paragraph 5, as amended, is adopted.

On paragraph 6 and 7 I have no amendments or speakers listed.

I put these texts to the vote.

Paragraphs 6 and 7 are adopted.

I put to the vote the motion for a resolution as a whole incorporating the various amendments that have been adopted.

**President**

The resolution so amended is adopted.<sup>1</sup>

I thank Mr Simonet.

The proceedings will now be suspended until 3 o'clock.

The House will rise.

*(The sitting was suspended at 1.15 p.m. and resumed at 3.05 p.m.)*

## IN THE CHAIR: MR MARTENS

## Vice-President

**President.** — The proceedings are resumed.

6. *Tabling of a motion for a resolution and reference to committee*

**President.** — I have received from Mrs Goutmann and Mr Marras, on behalf of the Communist and Allies Group, a motion for a resolution on the updating of the Social Action Programme.

This motion has been printed and distributed under Doc. No 506/74 and, if there are no objections, will be referred to the committee responsible.

Are there any objections?

That is agreed.

7. *Statement on the results of the last meeting of the Council of Ministers of Agriculture*

**President.** — The next item on the agenda is a statement by Mr Lardinois on the results of the last meeting of the Council of Ministers of Agriculture.

I call Mr Lardinois.

**Mr Lardinois, member of the Commission of the European Communities.** — (NL) Mr President, the agreement reached by the Ministers of Agriculture last week on agricultural prices for the marketing year 1975-76 is in my opinion very important. Consequently, I particularly appreciate this opportunity to speak to Parliament on the most important points in this agreement, particularly now the Danish Government has given its final agreement to the package of measures agreed on last Thursday evening.

Certainly the price negotiations which are now concluded were particularly difficult. There were a number of reasons for this, one being that during the last six months we have been continually occupied with proposing and establishing prices, in itself a delicate undertaking. The fact that the Ministers of Agriculture and the Commission nevertheless succeeded in taking a common decision is for me just one more proof of the fact that the Council, in this context, is still a body capable of taking decisions.

One of the most difficult points in the negotiations was the Commission proposal on the adjustment of the so-called monetary compensatory allowances. In this connection, it must be said that the European Parliament's resolution was an important factor in the Council's deliberations.

The final agreement is quite close to the position taken by the majority in Parliament. Despite the fact that the Commission, and myself in particular, would have liked to go a little further, Parliament's debate on the subject proved to be a positive contribution to the ultimate agreement.

For each of the products concerned, the adjustment of monetary compensatory amounts is to take place at the beginning of the 1975-76 marketing season, i.e. on 3 March for milk and beef, on 1 July for cereals, sugar, etc., and for other products at the beginning of the new price year.

It was also decided, in connection with these monetary compensatory amounts, to incorporate a franchise of 1.25% for Member States with depreciated currencies in the application of the system of compensatory amounts; in other words, in the Member States affected—Ireland, the United Kingdom, France and Italy—the first 1.25% of the monetary compensatory amount is not to be applied. This therefore represents a further reduction of the monetary compensatory amounts due from these Member States.

Finally, the Council noted the Commission's intention to suspend virtually all monetary compensatory amounts in the wine sector. The number of processed products to which this regulation applies is to be restricted.

In the beef sector, a reduction of monetary compensatory amounts can be considered for the whole sector if the market price is below the intervention price. The necessary measures in these last two sectors will be taken by the Commission after consulting the European Parliament.

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

**Lardinois**

It goes without saying that this agreement was only made possible by the fact that the Commission dealt with the problems connected with monetary compensatory amounts as a central point in its proposal and the explanatory memorandum thereto.

I believe that all these measures are important and that they are an unequivocal step towards restoring the common market. We have considerably reduced the difference in prices expressed in national currencies, and the monetary compensatory amounts have been reduced and even abolished in a number of sectors.

The general increase in prices resulting from the establishment of Community prices as agreed by the Council and on the basis of the conventional method employed by the Commission and COPA amounts to an average of 10.2%, or about 0.5% more than the Commission's initial proposal. Expressed in terms of national currencies, this percentage is higher for France, Italy, the United Kingdom and Ireland but lower for Germany and the Benelux countries.

As regards the prices for individual products, the Council scarcely diverged from the original Commission proposal. The general increase was 0.5%, a little less on average for cereals, a little more for rice and considerably more for olive oil; instead of a rise of 16% in two stages, with one pre-dated, a single rise of 15% was agreed on with effect from 1 July next.

In the milk sector, the proposed prices were increased fractionally. We had proposed 6% for the first half and 4% for the second half of the year; the final figures were 6% for the first half and 4.7% for the second half.

The Community contribution to consumer subsidies for butter was increased, and agreement was reached on a Community contribution on butter—albeit at a lower level—for the benefit of certain consumers in the Community (the so-called 'social butter action').

We proposed a rise in prices of 11% in the important pigmeat sector with effect from 1 November next; this was changed to 8.5% as from 1 August next. On the basis of our conventional method of calculation, this latter decision is no less favourable than our first proposal.

In the beef sector, agreement was reached on a rise of 8.5% in the guide price—we had proposed 7%—and also an increase of 5.5% in the intervention price for both permanent and statutory intervention, these being in both cases somewhat higher than the Commission's proposal.

It was also decided that the so-called pigmeat marketing premium would be granted in the months of March and April. The proportion chargeable to the EAGGF in these two months amounts to 30 u.a. per head of cattle marketed, with the exception of cattle for intervention.

With effect from 1 May 1975, three premium systems are to be introduced, to apply until the end of the beef marketing year, i.e. 1 March 1976. Firstly, there was a new slaughter premium for so-called 'clean cattle' amounting to 28 u.a. per head, to be charged to the Agricultural Fund. The Member States were also given discretion to grant an additional national premium of 52 u.a. per head of 'clean cattle'. This last premium, the national part, may vary from time to time and is not granted for animals destined for intervention.

There is also a premium for those Member States which do not introduce the first premium. This applies mainly to France. It is a premium for keeping back cows for calving as a substitute for the first premium and involves financial expenditure analogous to the first general premium.

Thirdly, it was decided that the premium allocated in October to Italy, which was already in a special position, should be changed into a premium for calves. This premium amounts to 56 u.a. per calf born in Italy, the first half being payable in the first 12 months and the other half 12 months after the calf is born.

This premium is chargeable to the Agricultural Fund. The way in which the system is implemented is to be established under the management committee procedure.

I have to admit that the premium system for beef with its various forms of premiums is anything but uniform, but I must point out that I believe nevertheless that what we have here represents a considerable improvement on the situation we experienced last year. Last year we took a price decision in consequence of which one of the Member States, the United Kingdom, first refused to adjust its beef prices to the Community price and secondly refused to introduce the intervention system. Then, one-and-a-half months after this decision, Italy took far-reaching national measures to restrict beef imports. The final blow was that the French Government was forced to grant national subsidies.

Although there is nothing like unity in the beef sector, we believe we have registered important progress in comparison with the situation we were faced with last year.

**Lardinois**

With regard to the beef sector, the only way I can defend our decisions is by pointing out that the intention is to apply these different systems for an experimental year, during which we shall allow, and help to finance, a number of simultaneous direct subsidy systems in the Community.

No provision was made for any further levy on cross-frontier traffic. On the contrary, a uniform intervention price was established despite the changes and differences in the systems.

Another important point was the arrangement for hill farmers and farmers in other less-favoured districts. The Council reached agreement on demarcation and decided that the financial contribution from the Agricultural Fund by way of compensation should be not less than 25%. The Council is to review this percentage shortly and investigate whether it can be increased.

I would emphasize on behalf of the Commission that it was unfortunately impossible, to achieve much more than 25% last week in the Council. Nevertheless, we welcome the fact that a decision has been taken: the areas have been established, and we have taken on a common financial responsibility.

With respect to the cost of all these decisions for the Agricultural Fund, I would like to repeat the statement which I made in the Council after the measures had been agreed on. The decisions taken by the Council do not require the Commission to increase the budget for the Agricultural Fund above the amount provided for in the original budget in July 1974. This is something to which Parliament originally gave its approval—namely, the amount established in the budget plus 200m u.a. We presume that the appropriations which were not used in 1974, partly because of administrative difficulties in a number of Member States, may be used in the course of 1975.

It would be impossible for me to conclude without expressing my regret, on behalf of the Commission, that the rapporteur of the Committee on Agriculture, Mr De Koning, cannot be with us today. He has made a notable contribution to finding ways and means of extracting ourselves from the difficulties with which we were faced. I would therefore like to avail myself of this opportunity to thank him once again, both personally and on behalf of my colleagues of the Commission, for the work which he has done and above all to hope that he will soon be able to take a full part once again in our activities.

(Applause)

**President.** — I am particularly grateful to Mr Lardinois for being prepared to come here to make this statement one day after the Danish Government had given the price proposals its final approval. I am sure that I speak on behalf of all those here present when I join Mr Lardinois in wishing Mr De Koning, the rapporteur on this important subject, a speedy recovery.

In accordance with the provisions governing the application of Rules 30 and 31 of the Rules of Procedure, the chairman of the appropriate parliamentary committee is given an opportunity to speak for 5 minutes following explanations or statements made in plenary sitting by members of the Council or Commission.

Furthermore, Members of Parliament then have a period not exceeding 15 minutes in which to ask brief and specific questions in order to clarify certain points in the aforementioned statements, it being understood that this shall not give rise to a debate.

Members desirous of taking advantage of this opportunity are asked to put down their names on the list of speakers.

I call Mr Houdet.

**Mr Houdet**, *chairman of the Committee on Agriculture.* — (F) Mr President, you will appreciate that I would like, on behalf of the Committee on Agriculture and of Parliament as a whole, to add my thanks to yours for the speech made by Mr Lardinois, who took it upon himself to come today and inform us in detail of the decisions taken at the last meeting of the Council of Ministers with regard to the fixing of agricultural prices for the 1975-76 marketing year.

He anticipated the wish of our Parliament to hear him give us a detailed account of the content of these decisions, of which we had so far gained little information from the terse Council communiqué and the various interpretations in the press, by agricultural organizations and even our respective governments.

The complexity of the measures could have generated many misunderstandings. The statement that we have just heard will, I hope, enable us to take steps to avoid them. This is why we are grateful to Mr Lardinois for his statement.

In view of the short time allotted to us to put questions, Mr President, I do not wish, by speaking myself, to prevent my colleagues and particularly those of the Committee on Agriculture from having their say.

As you yourself, Mr President, and Mr Lardinois have already done I would like to express our

**Houdet**

deep regret that Mr De Koning, our eminent rapporteur, is not able to speak. With his health badly affected he cannot be among us, and I would like to take this opportunity to extend to him our wishes for a speedy and complete recovery.

I will confine myself, Mr Lardinois, to making one comment in your presence and to refer to two matters of regret.

I am happy to note that, for once, the Council of Ministers has, in its decision, kindly heeded our formal request, contained in paragraph 21 of our resolution, that compensatory monetary amounts should be reduced by one quarter as from 1 February 1975.

Firstly, I keenly regret that the special assistance to young farmers should have been ruled against, even though it is still made necessary by the heavy burden borne by young people setting themselves up because of the high rate at which they have to pay off their capital investment.

My second regret, which is much more qualified, is that, with the postponement to the 1 July of the frozen increase in the price of sugar beet, the increase in sugar prices—applicable immediately—is of no benefit to producers of the 1974-75 harvest, as you had promised it would be, although they are in a disastrous situation because of the bad weather in which that harvest had to be gathered.

*(Applause)*

**President.** — I call Mr Frehsee.

**Mr Frehsee.** — *(D)* Mr President, the Socialist Group would like most sincerely to join in the good wishes extended to Mr De Koning.

Thanking Mr Lardinois for his efforts to maintain unity at the marathon session of the Council of Ministers of Agriculture on 10 and particularly through the night to the 11 February is, for us, not merely an act of courtesy but, for me and certainly for the Socialist Group as well, a debt of honour. The work performed was a herculean task, and Mr Lardinois made a major contribution to it. We were all concerned—we need only to recall our part-session in Luxembourg—lest the abandonment of a common economic and conjunctural policy might possibly put an end to the common agricultural policy. We were concerned; this concern has now been removed.

As far as the decisions are concerned, the Socialist Group is, by and large, satisfied with them. It also gives us satisfaction to see that our proposals, with which the majority in this House were not in agreement, have, all in all, been taken into account. The price increases

have been established on a differential basis. We have explained that this, however regrettable, was necessary since differing trends in production costs simply left no other choice open.

We are also pleased that, at least to some small extent, the proposals of the Socialist Group with regard to individual products have been taken into account. I am generalizing in order to be brief.

However, the system has now become too complicated. The large number of special rulings has made it too complicated. This certainly means new distortions of competition, and various production incentives and deflections of trade are inevitable. On top of the aids that have been agreed in recent weeks which, we have just heard, will be financed in whole or in part from the EEC Agricultural Fund, there will be other, national, measures in some Member States. Statements to this effect have already been made...

**President.** — No debate, Mr Frehsee! You may only put brief questions.

**Mr Frehsee.** — *(D)* ...of course, Mr President. That is my intention. I merely wanted to make a brief comment. But I will now put my questions.

The first relates to the prices, the different price increases. Widely differing figures have been mentioned. I will limit myself to the figures announced in Germany and by the Commission.

The Commission refers to 10.2%; in Germany there is talk of 5.9%. The exchange rate is said to have changed by two points. What, Mr Lardinois, is the explanation of the difference between 10.2 and 5.9% at a two-point change in parity?

For the rest, I would like to have asked questions on the aids to which I have just referred and on the effects of the different Community and national aids.

On that I will close what I have to say and merely point out that, if we continue to have no common economic and conjunctural policy, it will hardly be possible in the future to save our common agricultural policy, as was once again possible this year.

**President.** — I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — I join the President and Mr Houdet in the hope that Commissioner Lardinois will be able to convey to Mr De Koning our best wishes for his speedy recovery.

**Scott-Hopkins**

I understand that the forward market for cereals in the London market is £42 a ton for March delivery. How does the Commissioner view the fact that wheat will probably fall below the present level of intervention during 1975? What does he feel will be the future market level of cereal prices?

I congratulate the Commissioner on what he has done on monetary compensation. As consumer prices are bound to increase, particularly in countries such as mine where the monetary contribution has been adjusted downwards, will the Commissioner give us his view of what the figures are likely to be? He assessed the overall figure as 10.2% but will he give a figure for increased prices in the United Kingdom? I suspect that the increase will be between 12 and 12.5%.

Does the Commissioner feel that the two-tier price increase of 6% and 4.7% for milk is sufficient to ensure during the difficult months of 1975 an adequate supply of liquid milk throughout the Community?

I gather that the calf subsidy which will be paid from EAGGF funds is to be available only in Italy. Is there any possibility of extending that calf subsidy to countries other than Italy—in other words, to the United Kingdom and throughout the rest of the Community?

I saw reported in the press, just after Mr Lardinois and the Council of Ministers had finished their deliberations, that Mr Lardinois said he thought that the new beef régime for a temporary period of one year would be extremely expensive and that the United Kingdom might find it too expensive and wish not to have it. I do not think that that is the view within the United Kingdom. Will the Commissioner enlarge on the remarks which he is reported to have made on that occasion? My feeling is that the new beef régime would be welcomed.

Last, but not least, I was delighted to hear the announcement of the agreement on the amount of subsidy to be given to mountain and marginal areas. How does the Commissioner square that with the removal by the Commission of 125m u.a. for the agriculturally under-privileged areas? Will he comment on the proposal to remove the directive which gives 125m to under-developed agricultural areas to finance a regional fund?

**President.** — I call Mr Brugger.

**Mr Brugger.** — (D) Mr President, I would also like to associate myself with the congratulations

addressed to Mr Lardinois on his vital efforts in bringing the question of agricultural prices for 1975 successfully over the hurdles. I would also like to express my admiration for the fact that, even on so tricky an occasion as the Green Week in Berlin, he has not shifted one inch from his position. I greatly admired Mr Lardinois' approach during the Green Week.

Mr President, I will get to the point immediately and be very brief. When we were discussing the price question at the last part-session, I saw, in the latest version of the directive on hill farming, a real ray of light. The statement, however, that we have just had from the representative of the Commission disappoints me in the extreme: I am directing this comment not at him, but at the Council. Here now is my question.

If I have not misunderstood, the directive in favour of hill farming has become part of the overall package of measures in favour of the less-favoured areas. The contributions originally planned, however, are not taken over in the way in which they were proposed in the directive. This I view as a very negative result. I do not know—and this question I put to the Commissioner—how we may, in these conditions, manage to increase the contributions as was envisaged by the Commission in the directive. How should that be possible, once this directive exists? Please tell us how, in your opinion, these contributions may be increased as was planned without being cut in half compared with the latest version of the directive, as has just been explained to us if I have understood correctly.

This, for me, is the most vital question, for with these contributions we cannot achieve the objective set by the directive. Certainly Member States may do correspondingly more, but I do not believe that this solves the problem.

**President.** — I call Mr Howell.

**Mr Howell.** — I support what Mr Scott-Hopkins said about the dramatic fall on the cereal market. My two questions refer to sugar-beet and liquid milk supply.

In the House of Commons, when Mr Peart announced the price review, there was considerable confusion as to whether the price for sugar-beet was inclusive of transport costs and pulp allowance. Will Mr Lardinois clarify exactly what the British sugar-beet producer can expect to receive, so that he will know what is the position with regard to transport costs and pulp allowance?

I support Mr Scott-Hopkins in the concern he expressed about adequate supplies of liquid milk.

**Howell**

I believe that prices will not be sufficient to secure an adequate supply of liquid milk in the United Kingdom. May we have an assurance that in the next few months the position will be kept closely under review, with the possibility of an interim review if it is obvious that there will be a shortfall in milk production?

**President.** — I call Mr Früh.

**Mr Früh.** — (D) Mr President, I should like to thank Mr Lardinois and the officials for the work they have done and at the same time to associate myself with the wishes for the recovery of our colleague Mr De Koning and hope that we shall not be deprived too long of his involvement in the agricultural work of this House, to which he has made such a valuable contribution.

Now I would like to put a number of questions and ask Mr Lardinois to clarify them as soon as possible for, at least in the Federal Republic of Germany, they are somewhat confusing.

You said today that the administered price level was 10.2%. Mr Frehsee has already referred to this. Certain quarters in Germany name different figures: the talk is of 9%. And this 9%—which is lowered in Germany by a certain reduction—produces 5.9% according to official sources, though what formula they have used I do not know. Perhaps you could throw some light on this obscure situation.

A second question, that concerns me greatly, is the following: what is the situation with this 2% reduction? Is this a general matter of a revaluation of the Green Deutsche Mark, or is it simply a question of the frequently discussed conjunctural compensation factor which leaves completely untouched the important aspect of border compensation? This is the way it is presented to us at home, and I would be especially grateful to you if you could clear this up.

One last question: if I take as my starting point the 5.9% increase in the administered price level in Germany, can you give the upper limit of this increase in other countries? What I have in mind is the difference between the Federal Republic and the country having the highest rate including national measures, be it the cattle premium or anything else? I would be very grateful to you for this information.

**President.** — I call Mr Hunault.

**Mr Hunault.** — (F) Mr President, I would first of all like to add my wishes for a speedy recovery to Mr De Koning. Next I would

like to express one hope and to put two questions.

The hope is that all the measures taken by the Commission and the Council of Ministers should be inspired by a concern for clarity so that the decisions taken may be really intelligible to those to whom they apply.

The first question is as follows: during recent years the Community has been moving, and quite rightly so, towards a price pyramid in favour of animal production. I would like to know the reasons why this guiding principle was abandoned when the last agreements were reached in Brussels?

The second question concerns beef and veal raisers for whom, in particular, the intervention price—that is, the price they may normally hope to obtain for their cattle—will be going up less steeply than the guide prices.

In such conditions, does not the Commission see a risk of decapitalization in this sector and the bottleneck in the beef and veal market continuing into the coming months? This situation could suggest a substantial and structural surplus in 1975 whereas in fact this would be put the prelude to a shortage setting in as from 1976 as the result of a trend reversal, which is always possible, on the world market and the great tension prevailing in cattle-raising circles.

**President.** — I call Mr Liogier.

**Mr Liogier.** — (F) From your statement, Mr Commissioner, I gather that very full explanations are to be given to our Committee on Agriculture at its meeting next Thursday. For the moment, therefore, I shall confine myself to the following question. In view of the fact that, according to certain reports, the Commission has in mind, in the fairly near future, the abandonment of the safeguard clause and is planning to import large quantities of beef and veal, more or less offset by exports of the same kind from the Community to other countries, could the Commission confirm or deny that these reports are correct?

Should they be true, could Mr Lardinois give us some explanation of the reasons for this trade, its mechanism and the interest that it might present for the Community?

**President.** — I call Mr Della Briotta.

**Mr Della Briotta.** — (I) I should like to put a question which is linked with that already raised by Mr Brugger.

**Della Briotta**

I trust that this postponement will produce merely a delay in the application of the directive on hill-farming; even so this is a very unpleasant matter because there had been talk of a combined decision.

I should not like to confine myself to raising the problem connected with the fact that farming in the less-favoured areas would thus find itself deprived of valuable Community assistance, but I should like to put one precise question to Commissioner Lardinois: if final approval of this directive were to be further delayed, what will happen to the measures that the various national governments have brought in for hill-farming areas where the promise of aid has already been given, particularly for beef and veal herds, and where application forms have already been distributed and the procedure already prepared, leading up to the effective granting of such assistance?

The problem assumes very great importance especially for Italian hill-farming where the prospect of receiving this support helped, in recent months, to keep many cattle farmers on the land.

**President.** — I call Mr Cipolla.

**Mr Cipolla.** — (I) Mr President, I would first like to ask Commissioner Lardinois whether forecasts have been made with regard to the increased costs of the EAGGF both in relation to the increase in fixed prices and in relation to the trend reversal that is now setting in on international markets with regard to cereal prices. The fact is, that for some of these cereals, the EAGGF and the balance of the Community could, in the coming months, have outgoings in the form of export refunds instead of income from export levies.

The second question is to some extent linked up with that already put by Mr Liogier. The press has published reports regarding the attitude of the Commission to the problem of beef and veal exports and imports inside and outside the Community.

We would like to have clarification of the Commission's present position.

In addition, we should like to have clarification of the problem of national aids in addition to those that have already been discussed and are to be borne by the EAGGF.

To conclude, Mr President, I should like to ask Commissioner Lardinois, in view of the dissatisfaction that has been expressed in several areas of the Community—and I would say that in my country even the Minister for Agriculture who

handled the negotiations did not declare himself fully satisfied with their outcome—what stage has been reached in taking stock of the results of agricultural policy with reference to consumers, farmers, costs and relations with third countries, as was requested by the Council of Ministers and promised for a date which I now believe to be very close at hand. The point is that, with this document, we could take a new look at all the problems of the common agricultural policy instead of being forced into the usual marathon on agricultural prices.

**President.** — I call Mr Lardinois.

**Mr Lardinois,** *member of the Commission of the European Communities.* — (NL) Mr President, the chairman of the Committee on Agriculture regretted the fact that the proposal on aid to young farmers was put aside. This is not quite correct as I see it. The Council simply decided to speak about this subject at a later date. It will presumably be on the agenda in March, when I expect there to be two meetings. The matter was put on one side at the last meeting since it was considered that the field was so complicated and comprehensive that there was not enough time to deal with the subject adequately.

I agree with Mr Houdet that it was unfortunate that the Council did not have the courage to introduce the sugar price arrangement in two stages. One factor was the anxiety felt by some delegations about the possible extra stimulus to inflation.

I gratefully appreciated the words and congratulations of Mr Frehsee. We do not always agree on everything. However, I am glad that we are always on the same side when it comes to considering the Community and the Common Agricultural Policy.

I share Mr Frehsee's concern about the different kinds of national support measures in the beef sector. As I said in my first speech, this is not one of the most acceptable components of the package. If national aid has to be offered in certain economic conditions, I would prefer Ministers to take a common decision in the Council, and a common responsibility, rather than that Member States should make arrangements behind our backs and present us with a *fait accompli*. This often happens directly after a Council meeting on which no information has been given. I repeat that the solution is not excellent, but if it is maintained, we can live with it for this year.

Both Mr Frehsee and Mr Früh asked how it was possible to juggle with figures in this way: in

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one place we have 10.2% and in another 5.9%. I can well imagine that for non-experts this is somewhat confusing. I stated that the figure of 10.2% applies to the Community exclusive of monetary compensatory amounts. This does not mean that it is 10.2% for every country in the Community. This depends on the products: some are produced in one country and not in another. The difference in the amounts produced is also a factor. The figure of 10.2% excluding monetary compensatory amounts covers not only beef, pigmeat, milk and cereals, but also olive oil, durum wheat and rice. If we consider the package country by country, then a number of products fall out of line. In this way the price increase, excluding monetary compensatory amounts, is 9.1% in Germany, 9.2% in France and 10.8% in Italy.

If I include the monetary compensatory amounts for Germany, then I have to deduct 2.2% from the percentage mentioned. This leaves 6.9% calculated on the basis of the guide prices. If you consider what this means in relation to the guarantee and intervention prices and if you disregard the fact that the data for the increase for different products have been readjusted, you can equally well say that the real guarantee level, disregarding the various data, approximates to 6%, 5.9% or 6.2% or thereabouts. In other words the difference lies in the approach, whether this is accepted as an increased guarantee, or security, or as what we are doing and what COPA is doing—namely, increasing guide prices for products for which there are no intervention prices—for example, poultry, pigmeat, horticultural products, etc.

Mr Hunault mentioned the hierarchy of the products. He asked how it was that animal products were once given better treatment than plant products in the Community, and why the opposite is now the case. In reply, I would say that I have never been greatly impressed by the theory of hierarchy. I am unable to see any hierarchy between pigmeat and wheat, or between milk and beef on the one hand, and sugarbeet on the other hand. As far as this is concerned and as far as prices are concerned, we have to adjust to market conditions and cost factors. Last year cost factors and above all market conditions were such that the Commission and Council decided to encourage the production of cereals, sugarbeet, etc., to a greater extent than animal products. I hope that in a later year it will be possible to do it the other way round. Much depends, however, on the trend in market conditions.

In reply to the question whether there will be a shortage again in 1976, I should like, at all events, to express the hope that in 1976 the

tension which still exists in this market—namely, the tension caused by overabundance and surpluses which is being felt on this market throughout the world—will ease during 1976. This will greatly depend on short-term trends in the other sectors of our economy, since beef is, more than most other products, particularly sensitive to the level and development of incomes outside agriculture.

Mr Liogier and Mr Cipolla asked about the safeguard clause for beef. Mr Liogier had read that the Commission had certain plans to abolish or change the safeguard clause. I can say that the Commission is not intending to abolish the safeguard clause, but does wish to adjust the provisions of the safeguard clause as they now stand. They are at present investigating whether perhaps after the middle of April Community importers may be allowed to import 100 000 tonnes of beef during the rest of the year free of levies—that is, 100 000 tonnes in the framework of the safeguard clause up to about the end of the year. We do, however, make the condition in that case that 100 000 tonnes should first be exported without refund. This is a so-called 'ex-im-arrangement' by which exports must be effected before certain rights are granted for the import of a corresponding amount.

A measure of this kind would have the advantage that we should be able to maintain more or less traditional flows of trade and in this way remove the political pressure on our whole trade policy without endangering the balance of beef in our Community and without incurring extra costs for the Agricultural Fund.

We are still working on this. We do not know yet precisely how to arrange the technicalities, and until we have completely finished—and I assume that this will take a few more weeks—the Commission will not take a formal decision on the matter. We are, however, in contact with various embassies in Brussels which are particularly interested. We hope in this way to contribute to better relations with a number of third countries and also to restore somewhat traditional flows of trade without great detriment to the beef situation in the Community in 1976.

Mr Scott-Hopkins asked about the position in the cereal markets. There is certainly much less pressure on the cereal markets at the moment than there was two months or even one month ago. This does not mean that there are more cereals available than we expected a month or six weeks ago, but there are a number of factors, including the general economic pattern in the Western world, and as a consequence reduced consumption of meat, with, again, a consequent reduction in the consumption of cereals; the balance between the fear of a shortage and the

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hope that we shall have adequate supplies has turned in favour of adequate supplies.

Nevertheless, the American Government, on whom we are dependent in the first instance for unrestricted supplies of fodder cereals, is still asking us to do everything possible to limit purchases in the United States. We have said that there is little we can do about this given the present price relations on the world market, but as far as possible and as far as we can exert influence we shall take account of this request. In the United States there has been a particularly steep decline in the consumption of fodder cereals, especially maize. There is even talk of a reduction of a total of 30 million tonnes in consumption in comparison with last year. It does, however, go without saying that it makes little difference whether this figure of 30 million turns out to be 25 million or 32 million.

The position with respect to all cereals in the Community is a balanced one, with the exception of soft wheat. We have an export surplus of approximately 2 million tonnes, which is only a fraction of our total production of 108 million tonnes, six months before the next harvest. I cannot say what the influence of retail price measures in the United Kingdom would be. For price measures and compensatory monetary amounts the percentage for this country is 12.6. Normally, the effect of this on the cost of living would result in something more than 1% if we consider exclusively the price-increasing factor. I shall not go into the consequences for the later stages in the trading chain.

There is also the decision to grant 1.25% less in compensatory monetary amounts for imports in the United Kingdom. This will also influence the cost of living, and I estimate the total increase at a maximum of 1.5%

I would now like to make a remark on the subsidy for calves. This is intended exclusively for Italy. In the interests of greater uniformity, we could well consider, in a year's time, applying this premium in other Member States. This is, however, a completely different matter. At the present time, the premium is intended exclusively for Italy, which is not taking advantage of the other premiums granted.

I did indeed say to the press that I was not happy with the system chosen. However, a compromise is a compromise. One objection is that this system, as it is applied, for example, in Great Britain, is fairly dear. This may provide a good reason for applying a system next year in which there is more emphasis on intervention; the United Kingdom is hesitant about this at present. In my opinion, it is a less expensive system.

Mr Brugger and Mr Della Briotta asked about the policy in respect of agriculture in hill areas. I would like to assure Mr Della Briotta in particular that our proposal presents a solution for the remaining problems in those areas. The Council has approved our proposal.

The Council also decided to finance 25% of all this expenditure from the Agricultural Fund. We stated, however, that we could not agree to this; the Commission believes that the percentage should be higher. Our original proposal was that the Community should participate to the order of 50%. It has, however, now been decided that the Community should pay 25% and the Member States together 75%.

At our suggestion the Council accepted these matters should be considered again at a following meeting. We hope that most of the ministers will then be given greater latitude by their governments and will be able to propose a higher percentage than 25. This amount can be paid from the Guidance Section of the EAGGF. The whole package was accepted, and we can count on a contribution from the EAGGF for each measure. However, in some Member States the contribution to be paid by the national government is quite high. This may act as a brake on the rapid implementation of this arrangement.

In reply to Mr Howell, the guarantee which we are giving for sugar-beet is exclusive of pulp and transport. I have the impression that people in the United Kingdom still stick a little too much to the structure of the earlier national arrangement in which the state fixed, as it were, a price. In the European Community, however, a minimum price is set.

If the sugar refineries feel able to pay more, then they do so. I have the impression that the British are unable to forget the philosophies of the past and that this country is interpreting our system too much in terms of the traditions of their old arrangement. The British Government must be careful here. Otherwise, we may well have to defend the rights of the British farmers against the British Government.

Let us hope that this problem can be solved after a certain transitional period, which will probably be over this year, without too many difficulties.

I hope and expect that there will be no talk in the coming year of extra price increases for milk or any other product. If we take this course, then I am sure that I can vouch for the future of the common agricultural policy.

The acid test to which we have been subjected should not be underestimated. On the one hand,

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we had to propose and get accepted the price increase in September-October. Five months later, we had to do this again in a more complex situation. If we have to start again in four, five or six months, I would like to state formally to this Parliament that I will not have any part of it. The destructive influence of this on the common agricultural policy would be so great that we should not be able to hold it together any longer. We cannot continue to force matters in this way with impunity and to ask twice or three times a year for such efforts from a Community which has its hands full if only asked to do it once a year. I hope that I have made myself clear; I cannot make myself any clearer.

I have already told Mr Cipolla that there will be no need for an extra budget for the EAGGF. It is of no consequence to the EAGGF if we have no further revenue from cereal exports, since the fund has no revenue of its own and can only indulge in expenditure. Despite the fact that the world market is against us in a number of respects, we hope that it will not be necessary—and at the present juncture, in February 1975, I see no reason for it—to ask for an extra budget over and above the 200 million which we asked for in July of last year, in the light of market conditions and the decisions which have been taken.

I hope that the decisions which we shall have to take in the near future both on the balance of the agricultural policy and on a number of interim measures for horticulture in Europe and also for the olive oil sector, the hop sector and for a number of other sectors will be enough to keep the whole thing alive and to make adjustments where necessary. I expect that the balance of the Community agricultural policy on which we are working at the moment can be submitted to Parliament in about two weeks. This will presumably be the next major agricultural topic for this Parliament and the Council. (Applause)

**President.** — Thank you, Mr Lardinois.

The debate on this item is closed.

*8. Regulation on the allocation for 1974 of EAGGF appropriations and on certain final dates for 1974 and 1975*

**President.** — The next item on the agenda is a debate on the report drawn up 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 on the allocation for 1974 of appropriations from the Guidance Section of the European Agri-

cultural Guidance and Guarantee Fund and on certain final dates for the years 1974 and 1975 (Doc. 373/74 rev.).

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

**Mr Liogier, rapporteur.** — (F) Mr President, honourable Members, each year the European Parliament has to vote on a proposed regulation regarding the annual allocation of the EAGGF Guidance Section appropriations. The regulation on the 1974 allocation of Guidance Section appropriations is, as in the past, analysed in a report which I have drafted on behalf of the Committee on Agriculture and which the latter considered and adopted at its meeting on 21 November 1974.

The report was to have been submitted to the European Parliament at its part-session held last December. It was withdrawn at the last minute for reasons that I shall explain shortly.

So that the matter may be more clearly understood, a brief summary of past events may be useful particularly for those who are not members of the Committee on Agriculture. The EAGGF, an integral part of the Community budget, was set up by Regulation No 25, which concerns the funding of the common agricultural policy. Article 5(2) states that the contribution from the EAGGF to eligible expenditure shall correspond to one third of total expenditure under the Guidance Section heading, in other words the Guidance Section would represent one quarter of the total outgoings of the fund. Operational characteristics were laid down in 1964 by Regulation No 17/64.

Under of this regulation EAGGF participation could not exceed 25% of the resources to be applied to a specific project, and the financial participation of those benefiting was to amount to at least 30%. Expenditure covered by the Guarantee Section therefore followed a steadily rising curve. The reasons for this increase are clear. The percentage of Member States' expenditure taken over by EAGGF has steadily increased, and the number of products subject to market organization has increased between 1962 and 1970 because market organizations have only gradually come into being.

Expenditure also increased because of the assistance given at Community level in areas where Member States were unaccustomed to take action and where production surpluses called for export refunds.

In 1966, Regulation No 130/66 fixed a ceiling of 285m u.a. a year for total Guidance Section expenditure. This ceiling was later raised to

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325m u.a. by Regulation No 2718/72, and that ceiling of 325m u.a. still applies today.

The point is that a continuous increase in Guarantee Section expenditure would have had the automatic effect of increasing the funds allocated to the Guidance Section because the latter were to be equivalent to one third of Guarantee Section expenditure.

It should be noted, incidentally, that the European Parliament has always expressed the most definite reservations with regard to the ceiling principle, on which, moreover, it had not been consulted.

In addition, this regulation changed the 25% I have referred to. As from the 1967-68 accounting period, aid from the fund may be increased up to a maximum of 45% for certain types of project, specified in Community programmes.

The point here is that the Community programmes covered in 1966 by concrete proposals on which Parliament voted have not as yet produced any Council decision. It was in 1969 that the Commission submitted the Mansholt memorandum on structures, which was followed by directives.

The Commission centred its main effort on structures. These measures obviously gave rise to considerable expenditure to which the Community as such had a duty to contribute. It was at that time that the idea germinated of creating reserves by temporarily freezing a fraction of the appropriations that would normally have been available to the EAGGF Guidance Section.

The formation of these reserves was also justified by the fact that the services responsible for administering this body did not have enough staff to be in a position to scrutinize and distribute all the aid resources.

The idea was put into practice in 1969 in a proposed regulation relating to assistance from the Guidance Section. This regulation proposed that the then 285m u.a. be split between common actions and individual projects, on the one hand, and an amount to be put to reserve as a means of implementing structural measures to be taken in the framework of agricultural reform, on the other.

Since then, this approach has been applied each year. At 31 December 1972 the so-called Mansholt reserve amounted to 438 384 300 u.a. In December 1973 it was 438 525 700 u.a. It will be noted that this sum appears under the heading of reserve appropriations. Since then Parliament has on many occasions had cause to draw attention to the rather strange nature of this reserve which is in the hands of Member

States and not the Community although, legally speaking, the latter has the title to these moneys.

What needs to be stressed here is the risk of this money losing in value because of monetary erosion, particularly since the implementation of directives on agricultural reform is much slower than intended, thus resulting in a very low level of Guidance Section expenditure in this area.

In this situation, the Committee on Agriculture has, as in previous years, been asked to consider a proposal by the Commission to the Council for a regulation concerning the allocation of EAGGF Guidance Section appropriations for 1974;

Here we should point out an innovation. The Commission has noted that applications for assistance for individual projects were and still are continuing to increase. Initially the amount earmarked for such projects—170m u.a.—was enough to cover only 25% of applications made in 1974, i.e. 1 473 applications representing 660m u.a.

In view of the scale of these applications reflecting urgent requirements, the Commission of the Communities thought it advisable to raise the appropriations from 170 to 235m u.a. earmarked for 1974 for individual projects. To this end the proposal from the Commission of the Communities to the Council splits the available EAGGF Guidance Section appropriations for 1974, i.e. the ceiling of 325m u.a. as follows:

- (1) A fraction for the purpose of financing various measures—fruit and vegetables producer groups, grubbing-up grant for fruit trees, various premiums for slaughtering, cows, withholding milk from the market, production and marketing improvements in the Community citrus fruits sector, and common market organization for fishery products—though no figures are given for this part as to its total or breakdown;
- (2) Another fraction amounting to 235 million u.a. to be used for financing individual projects within the meaning of Article 13 of Regulation No 17/64, which I have just explained; and
- (3) A last fraction for financing common actions under Article 6 of Regulation No 729/70, the amount and detailed allocation of which sum has not yet been defined.

In view of the vagueness of this information the Committee on Agriculture and its rapporteur, on its behalf, felt that before forming an opinion they should first ask for detailed figures, which were subsequently provided by the Commission.

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From them it appeared that the first fraction—concerning the financing of various measures—came to a total of 41m u.a. The second fraction was confirmed as being 235m u.a. As to the third and last fraction, called the remaining fraction and relating to common actions, this came to a total of 49m u.a., giving a grand total of 325m u.a.

I was preparing to report on these figures at the December part-session, the report having been approved by our committee on 22 November 1974 as I have already said, when the final and incidentally somewhat terse communiqué of the Paris Summit came out ratifying the creation of a European Regional Fund and specifying that its financing would be initially constituted by 150m u.a. taken from the funds available to the Guidance Section of the EAGGF.

This decision prompted me to look into the origin of these moneys, which I found in a reserve fund, separate from the Mansholt structural reserves, set up as from 1972 for the purpose of financing development operations in priority agricultural areas; these funds have not so far been used and amounted to 25m u.a. for 1972, 50m for 1973 and 50m for 1974.

But this last appropriation of 50m u.a. ought it appears, to have appeared in the third or remaining fraction. However, according to the figures supplied by the Commission this remaining fraction, intended to finance common actions, reached an overall total of only 49m u.a. The only possible conclusion was, therefore, that certain errors had been made in the judgments put forward by the services of the Commission which was then apprised of the matter, whilst Mr Houdet asked that the report be withdrawn from the agenda and referred back to committee.

It therefore appeared that some of these amounts, at the precise moment when Parliament was to be called upon to consider them, no longer correspond to the true facts.

After investigation, it appears that during the preparation of the budget, the services of the Commission find that, particularly in view of the variations affecting expenditure forecasts entered by Member States, they have to alter—and sometimes drastically, as can be seen in the present case, the appropriations initially decided in the framework of the budget, using mainly the regulation procedure of transfer from chapter to chapter.

It was in this way that your rapporteur, basing himself on the figures he had been given, had referred to an amount of 41m u.a. appearing in Chapter 89, Title 8 of the 1974 budget, and intended for financing various measures stemming from Community regulations on producer

associations, cow slaughtering premiums, etc. But after investigation it appeared that this figure of 41m u.a., at the very moment that it was being submitted to Parliament for consideration, no longer agreed with the amounts finally allocated to this chapter and which, in reality, came to 21 538 103 u.a.

I was thus obliged to submit to the Committee on Agriculture an updated report in which the figures were adjusted and now correspond to the true expenditures that are actually committed. In particular the remaining fraction is no longer 49m u.a. but 59 226 719 u.a. for financing common actions, this amount now including the 50m u.a. appropriation intended for financing development operations in priority agricultural areas. The figures have been checked by the Commission's services in Brussels.

In the event, it would appear by and large to be a matter of an 'out-of-phase' between committed appropriations and actual expenditure, which has probably happened in past years and which, in any case, took place last year on the occasion of Mr Scott-Hopkins' report on Guidance Section appropriations for 1973. Nor were the figures given in this report up-to-date at the time Parliament considered them.

This, then, was the purpose of the paper which the rapporteur felt it necessary to submit to the Committee on Agriculture, whilst stressing that the changes made to the figures given in no way altered the comments, objections, criticisms or conclusions included in the report, itself brought up to date and adjusted in respect of the figures initially provided by the Commission and regarding which I have just given you an explanation.

At a recent meeting of the Committee on Agriculture, however, your rapporteur felt obliged to submit the following requests to the representatives of the Commission.

Firstly, it would be necessary for him to give a full clarification of the manner in which the EAGGF services find they have to correct and adjust the amounts initially entered in the budget in the light, *inter alia*, of the requests for reimbursement entered by national governments. This is an administrative procedure about which the Committee on Agriculture would like to have a very full explanation.

Secondly, as the rapporteur has indicated in his report, he would urge the Commission in future to accompany any proposed regulation on the annual allocation of Guidance Section appropriations by a full, clear and detailed account of the reasons involved and stating, alongside the theoretical appropriations decided in the budget, the actual outgoings known at the time that the

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proposed regulation is submitted to the European Parliament for its appraisal.

Thirdly, your rapporteur feels it would be desirable for the services of the Commission, once the budget has been finalized, actual expenditure is known and accounts have finally been closed, to communicate all the figures in full detail to the secretariat of the Committee on Agriculture, which would inform its members in writing.

To be honest, I should state that the representative of the Commission who attended the meeting at which I tabled this paper, after explaining that the differences between the two sets of figures were due to the timetable of repayments to Member States, agreed with our requests and undertook to ensure that in future the accounts of the reasons for such proposals would contain more accurate and more detailed information.

There was another problem causing some concern to both myself and various members of the Committee on Agriculture including Mrs Orth, Mr Frehsee and Mr Baas.

The Commission is asked to state clearly, with reasons, its position with regard to the transfers of appropriations from the EAGGF reserve fund to the Regional Fund.

In our view, these are wholly different and separate funds which should not be mixed up since they concern different actions. Those of the EAGGF are purely agricultural, whereas those relating to the Regional Fund should apply to the overall development, particularly at economic and industrial level, of the regions concerned.

What is more, if the amounts made available to the Regional Fund, after being deducted from the EAGGF Guidance Section under the heading of the total reserve set up to finance development actions in priority agricultural regions, are added together the total is 125m u.a. (25 + 50 + 50). But 125m u.a. does not make the 150 announced at the Paris Summit.

Where is the missing 25m u.a. to be found? One is forced to conclude that this 25m u.a. will be taken from the other reserve, the 'Mansholt reserve' whose purpose is exclusively that of developing, restructuring and modernizing agricultural enterprises.

Now at first sight, whilst it appears, to say the least, very difficult—and we shall soon have an opportunity to discuss this—to accept the transfer to the Regional Fund of the whole of the reserve fund formed in order to finance development actions in priority agricultural

regions, the transfer to this same fund of 25m u.a. from the Mansholt reserves would appear unjustified and unjustifiable.

That is the main part of what I have to say.

For the rest, regarding the deferment of the latest dates for receiving applications for EAGGF Guidance Section aid and the decisions on these applications, we note that it has been possible to reduce the delay that has occurred in scrutinizing them by four months compared with last year and that every effort will be made in future to keep to schedule.

In the light of these comments, your Committee on Agriculture asks you to adopt this report in which the figures initially given by the Commission have been updated and adjusted.

*(Applause)*

**President.** — I call Mr Lardinois.

**Mr Lardinois**, *member of the Commission of the European Communities.* — (NL) Mr President, I should like to thank the rapporteur for his work and for the serious study which has formed the basis of his report. He has gone into all details of this not-so-simple matter in a most remarkable way. I have every respect for the results of his work. Also, it does not raise any difficulties as far as I am concerned.

I should like to start now with an observation on the 150m u.a. for the Regional Development Fund. The rapporteur rightly said that this matter goes back to the beginning of 1972. The Commission proposed at the time—after gaining approval from the Council—to force a breakthrough. The intention was to launch a regional policy for agricultural priority areas in a somewhat different framework than that provided by the Guidance Section of the EAGGF. The amount mentioned then was three instalments of 50m u.a.

The first sum of 25m u.a. was voted in 1972. Appropriations of 50m u.a. were also included in the 1973 and 1974 budgets, bringing the total to 125m.

The rapporteur rightly said that we are still 25m u.a. short. He also says that this should be taken from the Mansholt reserve. This is not our intention. This amount should be taken from the 1975 budget. We shall be presenting a proposal to this effect, and Parliament will be consulted on the matter. The problems of the Mansholt reserve will therefore persist. This question is outside the province of the reserve fund, and is already quite difficult enough. The reserve is intended for Community programmes,

**Lardinois**

and to use this money somewhere else for other purposes would involve complications, particularly legal complications.

The rapporteur also pointed to the problem of the time-lag in the implementation of these programmes. I am pleased that after everything I have had to listen to in this Parliament—Mr Scott-Hopkins' report last year, for example—I can now say that we were in a position at the end of 1974 to take a decision on the first instalment for 1974—i.e. for the same year.

I hope that this will help us to catch up on the backlog and that we shall be able to open the first instalment some months before the market changeover in the second half of December. Perhaps it will be possible as early as October 1975.

This has always taken up a lot of time. The investigations which have to be made for these plans are quite extensive.

These were the two points which I wished to emphasize. My thanks once again to the rapporteur. I hope that the adoption of the resolution will enable us to round off this difficult matter on which a decision was rightly postponed at the end of 1974.

(Applause)

**President.** — I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

9. *Oral Question with debate:*  
*Sheepmeat regulation*

**President.** — The next item on the agenda is the Oral Question, with debate, put by Mr Scott-Hopkins on behalf of the European Conservative Group to the Commission of the European Communities (Doc. 446/74).

The question is worded as follows:

'Subject: A sheepmeat regulation

What progress is being made in drafting a Community sheepmeat regulation, and when does the the Commission expect to submit the draft text to the Council of the European Communities?'

I call Mr Scott-Hopkins to speak to this question.

**Mr Scott-Hopkins.** — I do not intend to detain the House long on this question, as we have discussed the subject in the past. It last came up on

11 December, when an Oral Question was answered by Sir Christopher Soames. Indeed, the subject has been in the minds of the Commission and Parliament over a fairly lengthy period of time.

This concerns a regulation controlling sheepmeat to bring it within the common agricultural policy. I am sure the House will understand why I have raised the question. There are anxieties in my country about the progress Mr Lardinois and his staff have been making in bringing forward the regulations, which, when they are in existence, will have a profound effect on that section of the meat market.

I believe all Members of Parliament are agreed that all types of red meat are inter-allied. Red meat is dependent on itself. Indeed, white meat is also, but red meats are particularly interdependent. The strange situation is that there are Community regulations within the common agricultural policy controlling all meats with this one exception.

I fully appreciate that in most countries of the Community this is nothing like such an important question, nor is such a large quantity consumed or raised, as in my own country. That is why we have a special interest in trying to probe the Commissioner's mind—and it is no more than that—as to what his intentions are and what progress he is making in bringing forward proposals for the regulation of the sheep market.

There are problems of which we are all aware. The problem of 'growing' sheep, if I may use that word, in the hill areas is being dealt with by the use of various methods in different countries, and in my own particularly with the help of certain subsidies and grants. Now, too, there are the hill and marketing directives of which Mr Lardinois has told Parliament the good news today.

There is also the question of sales of this type of meat throughout the Community. In the past some difficulty has been experienced regarding entry into some of the other Community countries. This commodity is not regulated. The national governments therefore feel they can take what action they wish.

I have been trying to study, rather briefly I admit, a case which came up recently before the Court of Justice concerning bananas. Unhappily, the entire case is reported in French, and I fear that my French is not good enough for me to understand fully the legal aspects. Nevertheless, from what I have understood of this banana case decided by the Court of Justice, even though there is no common regulation,

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

**Scott-Hopkins**

national states, when there are no barriers, are not entitled to exercise restrictions on entry to other states within the Community. That removes one of the worries in the minds of some people in my country, particularly those interested in this type of meat.

My group's purpose in tabling the question is to find out what is in Mr Lardinois' mind. We hope that he may be able to set at rest the minds of some of the farmers in my country and the minds of those in other parts of the Community by stating what progress he is making, and the lines along which his thoughts are now moving.

I do not wish to expand this statement to take in imports into the Community, as that is outside the scope of my question to Mr Lardinois. *(Applause)*

**President.** — I call Mr Lardinois.

**Mr Lardinois, member of the Commission of the European Communities.** — *(NL)* Mr President, Mr Scott-Hopkins rightly refers to the judgment of the Court of Justice of the European Communities concerning what can or cannot be done in the common market after the transitional period. In a fairly short time the Court of Justice has made a number of judgments, including the 'banana judgment', which restrict to a minimum the freedom of movement of Member States with respect to national measures at borders. This minimum lies somewhat below the level accepted until now. We are therefore studying with great interest these various judgments and looking particularly at the consequences they may have on a number of agricultural markets.

Here I am thinking, amongst others, of the potato market and the mutton and lamb market. It is in these two very sectors that we have decided to work out a common market arrangement and to create a common market. There were various reasons for not being able to do this earlier. One of them was put aside last week. It was, you see, important for us to know whether we should be given the powers and the opportunity to give extra financial help in the hill areas and other problem areas where more than 60% of the Community's sheep-farming is carried on. Now we are to be given these powers and consequently also the opportunity of giving help.

There is a second point. I mention this with some diffidence, but perhaps Mr Scott-Hopkins will understand why. It seems to me a little difficult to draw up the measure now on a mutton and lamb market organization just before the critical moment when we find out

whether the most important consumer market and the most important production area in the Community will still be with us when such an organization comes into effect. If the largest consumer and production area for mutton and lamb no longer belongs to the Community, our attitude to such an organization will be completely different.

The third problem concerns the dreadful monetary compensatory amounts, which stand in the way of the efficient working of the common market system.

I hope that during the course of this year we shall be able to make a proposal on a common organization in this area. It is our intention to make this a fairly lenient regulation, which will give greater legal security to Community producers and traders than they have so far enjoyed. It will be a fairly lenient regulation which, I hope, will offer a practical solution to the problem for which, as Mr Scott-Hopkins has rightly said, we must provide well organized market conditions.

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

**Mr Kavanagh.**— On behalf of the Socialist Group, I wish first to say that in its memorandum of 31 October 1973 the Commission promised to introduce a sheep-market organization. On 13 February 1974 Mr Lardinois repeated the promise in a declaration to the European Parliament. In addition, several Oral and Written Questions had previously been asked on the subject. In fact, I asked Question No 373 back in 1974, but the reply at that stage was not very satisfactory.

In recent months it has become obvious that there is considerable pressure to shelve any further extension of the market organization to agricultural products other than those already covered. I was glad to hear from Mr Lardinois today that he is considering this market. However, I would remind him that no mention of this is made in the Eighth General Report of the Commission for 1974.

The German Government has made its views known, and voiced its opposition to the establishment of new market organizations in agriculture.

As has been mentioned:

'With the renegotiation of the British terms and their forthcoming referendum, there is no desire to do anything which might limit the imports of cheap mutton and lamb to the British consumer from New Zealand.'

**Kavanagh**

The last year for which complete figures for the Community for the sheep-meat trade are available to me is 1972. The figures show a total Community consumption of 859 000 tons. The main producers were: the United Kingdom, 225 000 tons; France, 122 000 tons; Ireland, 45 000 tons and Italy, 24 000 tons. Total Community production of mutton and lamb was 441 000 tons, imports of 373 000 tons from New Zealand and 35 000 tons from Australia being required to satisfy the needs of the Community.

The only country of the Nine producing a surplus is Ireland. Britain imports more than her requirements from New Zealand and has a surplus for export to France. Lately, Belgium has been importing from Ireland and exporting to France.

The problems arise in this trade because of the operation of the French market and the absence of any control on the imports into Britain of unlimited quantities of New Zealand lamb.

In the last year, the price of the product in the Community market varied greatly. It was 54p per pound in Germany, 60p in France, 38p in Britain for home-produced meat, and 40p in Ireland. These prices refer to fresh and not refrigerated meat. The British Government are paying a variable subsidy to producers of up to 6.7p per pound. The figures I have just quoted had received a subsidy of 3p per pound.

Britain also has available to her the possibility of importing large quantities of frozen lamb, as I have said, from New Zealand at a world price that varies from 20p to 28p, or about one third of the French price for fresh-killed meat. Britain can therefore take advantage of the high French price, the proximity of the market and the subsidy which she gives her producers to export the home-grown product to France and make up the deficit from New Zealand.

Sheepmeat was not covered by the British protocol limiting imports of certain agricultural products from New Zealand, and there is a transitional period for the running down of imports of butter and cheese to Britain from there by 1978.

The operation of the French market is also a cause of some concern. The French import sheepmeat only when the price rises in the home market above a certain level. Last year, that was 64p, and then Britain, Ireland and Belgium exported their surplus, against an import levy, to the Paris market. When the price became depressed again because of over-supply, the market was closed. This market usually remains open for the summer months. Such a bizarre arrangement is suitable both to the French and the British, but it has resulted

in a drop of 6.8% in sheep numbers in Ireland in the last year—and this in a Community where there is only a 54% self-sufficiency in mutton and lamb.

There is need to bring some order into the market, and, therefore, it is welcome to hear Mr Lardinois say that he hopes to do this in the coming months. I do not believe that it will cost the Community a great deal of money.

There are two ways in which this object could be achieved. One has already been suggested—a market arrangement with guide prices for sheep and an intervention system. This would have to have a transitional period to phase in the whole Community. If that is not acceptable at present to the Council, the other method would be the setting up of an internal market for Community countries which would contain no quantitative restrictions on the trade between Member States, and a gradual alignment of prices in the member countries over, say, five years, with the harmonization or slow or complete abolition of national aids. The present situation should not be allowed to continue, and I commend one or other of these methods to the Commission.

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

**Mr Hunault.** — (*F*) Mr President, honourable Members, our group has long been putting forward proposals regarding a common agricultural policy on sheepmeat. COPA has also made proposals with a view to a common agricultural policy on the same subject. Nothing has come of these proposals.

In reply to an Oral Question a few months ago a member of the Commission stated that the latter had not had the time to formulate this proposal. Is this really an excuse? We sincerely hope that we shall soon have a common agricultural policy in this field, particularly since sheep farmers have been badly hit by price changes in recent months. Sheepmeat has many advantages over beef and veal: not only do sheep also give red meat, but what is more they create no surplus problems since sheep produce lambs and lambs give meat. There are therefore no secondary products likely to create similar difficulties to those caused by overproduction. Some countries, like Germany, are at present opposed to any extension of market organizations in so far as this would appear to interest only certain specialized countries; Germany in this case is afraid of having to pay for other countries. The criterion that Germany appears to use in reasoning in this way is that of least cost. And yet it is curious to see that country's

**Hunault**

government reasoning along these lines, when in only one year, 1974, they recovered the whole of the agricultural deficit they had suffered in the framework of EAGGF since 1964.

The fact is that German consumers have enjoyed the benefit of far lower prices in Europe than on the world market. To want to restrict market organizations, therefore, by objecting to their extension, and in particular for sheepmeat is to take the short-term view, which disregards a basic objective of common agricultural policy, namely that of securing a comparable income for all our farmers. What is more, in the long term, organization of the market in sheepmeat would have beneficial effects for the whole of the Community.

This is why we hope sincerely that the Commission will soon be in a position to present proposals to Parliament and to the Council. I thank Mr Lardinois in advance for any efforts that he may be able to make in this direction.

*(Applause)*

**President.** — I have no motion for a resolution on this debate.

The debate is closed.

I thank Mr Lardinois.

10. *Regulation on the common organization of the market in rice*

**President.** — The next item on the agenda is a debate on the report drawn up by Mr Cipolla 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 359/67/EEC on the common organization of the market in rice (Doc. 493/74).

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

**Mr Cipolla, rapporteur.** — *(I)* Mr President, honourable Members, I think that you will all understand the embarrassment with which I perform the democratic duty, that of true democracy, of reporting to Parliament on a text that is completely different from the one that I had prepared. My embarrassment is all the greater for the fact that I was not even able to defend my text because, although it is incumbent upon me to thank my colleague Mr Cifarelli, who defended it in my place, I was unable to attend the meeting at which it was considered because I was ill.

Personally, I cannot associate myself with the conclusions reached democratically, by a majority vote, by the committee. But I would like to explain what my opinion was as rapporteur and what was the opinion of my colleagues so that Parliament may debate the matter with the utmost clarity.

My starting point consisted of two considerations. The first was a matter of history. The reversal of the situation in the international markets in cereals that occurred in 1973 led to a new situation as far as the instruments of the common agricultural policy were concerned.

Up to that time, for common wheat and rice, the Community had applied refunds; once the prices went up on the international market, the Community found that it had to deal, to protect European consumers, with a shortage, greater quantities of common wheat and rice going for export than those which could effectively be exported—with grave consequences for consumers.

The need was met by the safeguard clause, which the Commission invoked, by banning exports for a certain period of time. But even with the safeguard clause exports still had to be made. It was then decided to impose levies on exports of common wheat and rice. Thus, at this point, there was a change in system.

I would ask Members to pay careful attention to what I am saying because, whereas the preceding system was automatic—in other words a producer wanting to export common wheat or rice to a third country applied to the customs authorities, carried out the export transaction and then, armed with the documents for the completed export transaction, applied to the treasury of his country for the refund. Once the situation changed, the Commission decided that it ought to apply the open tender system, a feature of which was the export levy.

The open tender system is completely different from that of automatic refunds because, whereas in the latter system each individual economic agent is free to act at any moment to suit his own economic needs—provided the limits laid down by the Commission are respected as regards the amount of the levy and refund—with the open tender system all transactions relating to trade in cereals are controlled from Brussels so that only the large operators are able to take part in this trade, and participation in open tender is only possible with large quantities.

Such a system could be contemplated at a time when it was necessary to protect the market. But later the situation on the world market

**Cipolla**

changed again, with international prices for some qualities of rice and common wheat again falling to lower levels than those obtained within the Community, so that it was again necessary to switch from the export levy system to the export refund system.

At this point, last July, in spite of the protests—witness the reports of proceedings—of Mr Liogier and Mr Scott-Hopkins at the extreme rapidity with which the provision was considered, giving no opportunity at all for thorough examination the Commission introduced a new regulation on the export of common wheat based on the open tender system centred in Brussels.

Later, on 15 November, this same system was also applied, in spite of the reservations expressed by Parliament, to the market in rice, that is to say an even more specialized market, common wheat being produced throughout the Community whereas rice is grown almost exclusively in Italy.

Let me be clearly understood: it is not my intention to defend the previous automatic system of refunds. But I must point out that the open tender system applied to rice has already caused very great difficulties in my country.

The first is bound up with the lack of urgency in bringing the system into effect. For some months Italian rice producers protested because there was no open tendering. The Commission, the only body to be in a position to operate the system failed to make the necessary arrangements for a number of months. Then, when it did decide to do so, prices had gone up; but in the meantime the rice, in many cases, was no longer in the hands of the producers but of merchants who had purchased it when exports were frozen and prices had fallen on the market.

The fact that these measures were devised to protect growers—otherwise, there can be no explanation for them—whereas instead their effect is to benefit operators who are not growers, shows that our action is unsound.

In the second place—and here I will deal with the second negative consequence of the new system—if the exports had taken place in the months of October and November, the Community would have been able to collect the relevant levies. The delay of these few months therefore also inflicted economic damage on the Community which, instead of collecting levies, which contribute to the general balance, had to operate the open tender system with refunds payable from the EAGGF.

Hence the reason for my question a little while ago and hence the loss of some million units of account to the Community balance.

The third aspect to which I referred a short time ago warrants, in my view, every effort that can be made to clear it up. Mr De Koning, arguing against my position, said in committee that the rice market was now concentrated in the hands of a few big exporters.

But we do not want this; we do not want a situation in which only the large firms are exporting, leaving no room for the small operators. This is a matter with which I, and I think many other colleagues, cannot be in agreement. Lastly, Mr President, I would like to make a final comment regarding Article 1 of the proposal for a regulation. Let me say at once that I shall not be tabling amendments and shall confine myself to voting against. In Article 1, the Commission has established a criterion which I, as an Italian—Italy is said to be the cradle of law—cannot accept, because in substance, on the basis of this article, the Commission and the management committee can do just what they want. It provides, in fact, for the refund to be corrected by an adjustment whose amount is to be determined from time to time and which may be fixed at the same time as the refund and by the same procedure. Where necessary, however, the Commission may, at the request of the Member State or on its own initiative, take a different decision. With this article, therefore, we are giving the Commission a free hand to do exactly what it wants.

In these conditions, honourable Members, I can in no way bring myself to accept the first paragraph of the motion for a resolution, 'approves the proposal of the Commission', and I consider that, at the earliest possible moment, when the Commission's document on the results of the common agricultural policy is discussed, the whole situation regarding the regulations on organization of the market should be altered and reviewed, because at a time when the situation of the Community is politically serious—as the address by President Ortoli has shown—we cannot continue to follow a path the pursuing of which merely confirms the Community as a centre of bureaucratic power.

For these reasons, Mr President, I shall be voting against the motion for a resolution under consideration. Naturally we shall have to consider the possibility of tabling amendments and their content firstly within my group and then together with other Members. The embarrassment is considerable for the rapporteur as I think it must be for all Members.

**President.** — I call Mr Houdet to speak on a point of order.

**Mr Houdet**, chairman of the Committee on Agriculture. — (F) Mr President, I should like to say a few words to present any confusion arising.

As rapporteur Mr Cipolla has just set out his personal opinions on the proposal submitted by the Commission. He was, it is true, appointed rapporteur but because of his illness Mr Cifarelli deputized for him and the document submitted to you is the motion for a resolution which is attached to the written report and was adopted by the Committee on Agriculture by twelve votes with two abstentions. This motion for a resolution approves the Commission's proposal subject to additional information to go along with the texts which, Mr Lardinois, you will subsequently be incorporating in the general texts on cereals.

**President.** — I call Mr Liogier.

**Mr Liogier.** — (F) Mr President, honourable Members, the present proposed amendment of the common organization of the market in rice affects a particular aspect of the common agricultural policy and the organization of the market in cereals. Over the last years and months, the Council and the Commission had felt that it was advisable to take steps to restrict rice exports by the application of specific levies and the use of the open tender system.

These measures caused an appreciable fall in prices at producer level but also brought about a reduction in Community output.

Added to this was the fact that, during the last ten years, the intervention price which is used to finance the harvest, has increased by only 23%, whereas the increase in processing costs alone granted to industrial firms in the Community was 127% over the same period. Similarly, whereas in 1961 French rice production potential amounted to 81 600 tonnes of milled rice, which covered French consumption, these requirements have now risen to 134 000 tonnes.

In these circumstances, rice growers have been forced to reduce their sowings in order to limit their operating losses. It is curious to note that at a time when Community countries need to save their foreign currency, France should be forced to purchase American rice at a far higher price than equivalent French rice when it is known that a kilogramme of imported rice is equivalent, for example, to five litres of petrol at international rates.

This is the context in which the Commission today proposes two changes to the common organization of the market in rice.

The first is aimed at introducing more flexibility in making corrective adjustments, when necessary, to export refunds. The Commission justifies this change by referring to experience gained so far, which has shown that the application of these corrective adjustments does not always correspond to the needs of the export market.

The second point, on the other hand, seems more debatable. The point is that, as regards export levies, of which producers are not particularly fond as you know, it is not a matter of taking into account a considerable increase on the world market, but merely a question of bringing price levels closer together.

Up to now there have been export levies when world prices were 2% higher than Community prices. From now on it is proposed that such a sum could be fixed when the world price merely approached the Community price. Clearly this approach could be both in the positive direction and in the negative direction, that is to say when rising world prices have not yet reached the level of Community prices. This would appear to leave too broad a margin of judgement.

As far as we are concerned, in order not to make the situation even worse and in order to take into account the cyclical reversal that has been taking shape since January—the first signs of a fall in world market prices have begun to appear—we would doubtless have preferred to see measures taken which, whilst admittedly controlling exports of rice qualities in short supply in the Community, would nevertheless have allowed grades that are in surplus to be exported.

The regulation proposed by the Commission would appear to be rather fussy and perhaps pays insufficient heed to the exigencies of the market and to production potential. The point is that there is unused production capacity which it would be wise not to check abruptly by a stop-go policy. Of course, the security of Community supplies has to be safeguarded, but this has to be based on a balance of resources and on export programmes allowing for both internal consumption requirements and the disposal of production surpluses. American farmers themselves are currently eager to move into rice production, clearly thinking that they will be able to sell the whole of their harvest at a high price. They make the point that the oil-producing countries in the Middle East are large consumers of rice and that the United States could pay for part of its oil imports in rice exports. Our producers have the same idea, and for this reason it is important to involve the rice trade in managing the rice markets.

**President.** — I call Mr Lardinois.

**Mr Lardinois**, *member of the Commission of the European Communities.* — (NL) Mr President I should like to thank the rapporteur for the report which he has drawn up and for the motion for a resolution submitted to the House. This presents no difficulties as far as I am concerned, and I therefore hope that Parliament will be able to adopt this resolution.

During the debate, however, both Mr Cipolla and Mr Liogier have raised some criticism of the system. On the one hand, we agree that the consumer does not need to pay more than the prices which we have prescribed, and on the other hand, there are difficulties as the producer cannot obtain more than the guide price fixed by the Community or even a price between the intervention price and the guide price.

As time goes on, I am becoming less sure that I know the answer to this. Either we conduct a policy in which the consumer is protected against high world market prices when they are above our producer prices, and in which the producer is also protected if the prices are below our guide prices, or we do not. We must choose or split the difference. We cannot demand the advantages of one system for the producer while not accepting on the other hand the disadvantages of the other system for the consumer under which the producer would have to bear the consequences.

If it is said that the Community should perhaps have exported more in view of price changes during the last few months, I must answer that this is unacceptable. What we can do is to draw up a general balance for rice, retaining in the Community what we in the Community need while maintaining normal exports to the traditional marketing areas. If this is agreed to, we must be given the resources to do it, and the resources must be somewhat more generous than the normal traditional system, since the latter is impossible with regular refunds or only a regular levy, given the extreme fluctuations in world market prices.

In this kind of situation we must have a more sensitive steering instrument such as we have requested from you. The objections as put forward this afternoon by Mr Cipolla and Mr Liogier are in these circumstances unacceptable. We cannot give the consumer the advantages of lower prices than those on the world market while at the same time the producers ask for higher prices than those obtaining on the world market. We have either one or the other. In my opinion, it is wrong in this connection to make the comparison with, for instance, the United States, where producers are not protected in the same way as they are in our Community.

I have disregarded whether production in France is higher or lower. In this matter, we must take account of production and consumption in the Community as a whole. As concerns both wheat and rice, we have, in my opinion, so far achieved results which will be of benefit to the agricultural policy for many years to come. I hope that Parliament will continue to provide us in the future with the resources and the instruments required for the successful pursuit of this policy.

**President.** — I call Mr Cipolla.

**Mr Cipolla.** — (I) Mr President, I hope that the discussion in the Council of Ministers will be more to the point than that which we have had here today. I did not say that I want consumer protection as against protection of the producers' interests. What I did say, and I now repeat it in very mild but extremely clear terms, was that the change of the system, that is the switch from automatic refunds to refunds manoeuvred solely by the Commission, has caused harm to consumers and to producers. Consumers have suffered because they have paid the same price as they would in any case have had to pay and producers because they have sold at a time when exports were frozen. When the Commission's open tender system did start to operate the merchants to whom the producers had sold their produce—and I would like to see the names of these merchants—and the open tender prices at which they bought made known—sold abroad at a higher price than what they had paid to the growers. Consequently neither consumers, nor producers in the Community gained any advantage from the system. My question, therefore, was this: is it true that the Community has gained some advantage in view of the fact that it has lost millions of units of account in the form of levies that have not been collected and the refunds that it has had to pay to exporters?

This was the question that I put and to this question—begging the Commissioner's pardon—I do not believe I have had an answer. We stand for the protection of consumers and for the protection of producers but we do not want, in the name of such protection of consumers and producers, this to serve the interests of commercial groups, particularly when such commercial groups have a monopoly on the market.

**President.** — The debate is closed.

We shall now consider the motion for a resolution.

I have no amendments or speakers listed.

Does anyone wish to speak?

**President**

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

I thank Mr Lardinois.

11. *Eleventh Annual Meeting of the Parliamentary Conference of the EEC-AASM Association*

**President.** — The next item on the agenda is a debate on the report drawn up by Mr Sandri on behalf of the Committee on Development and Cooperation on the results of the Eleventh Annual Meeting of the Parliamentary Conference of the EEC-AASM Association (Abidjan, 27 to 29 January 1975) (Doc. 498/74).

I call Mr Deschamps to deputize for the rapporteur.

**Mr Deschamps, deputy rapporteur.** — (F) Mr President, honourable Members, Mr Sandri himself should have presented the report he has drawn up on the work and conclusions of the Parliamentary Conference of the EEC-AASM Association held at Abidjan in late January.

Mr Sandri has had to leave us for compelling reasons, and he therefore asked me to take his place, thus expressing a confidence in me for which I thank him; I shall, of course, endeavour to be objective. I shall find this all the more easy in that the report was unanimously approved by the Committee on Development and Cooperation and the arguments which are set out in it are those on which we found ourselves largely in agreement both at Abidjan and during the discussions in committee.

I will begin by telling you what the report does not contain. Firstly, it does not review the history of negotiations between the nine countries of the Community and the 46 countries in Africa, the Caribbean and the Pacific. The work of the Parliamentary Conference itself and the Joint Committee was indeed devoted almost exclusively to these negotiations, but the course they followed has already been dealt with in an excellent report by Miss Flesch, which the European Parliament approved unanimously at the end of December.

Secondly, Mr Sandri's report also contains no systematic and detailed analysis of the elements of the agreement reached in negotiations since then. This will be covered by resolutions that we shall have to discuss at the initiative of the Commission when the Convention has been signed by all participating countries, which will be done at Lomé on 28 February next.

What then is the content of the motion for a resolution and report that we are to discuss today?

Primarily judgments, points of emphasis, intentions and wishes in connection with the work of the Parliamentary Conference, the negotiations to which it devoted its work, the institutions that are to give life to the new Convention and, lastly, the nature of the Convention itself.

The first and very positive judgment relates to the EEC-AASM Association which came to an end on 31 January. Its operation truly opened the door to a strengthening of commercial, financial and technical cooperation between the partners. This is well-deserved appreciation for all those who have contributed during the last ten years to the fact that this should be so. But above all it is a real reason for confidence in the future of the new Convention. The partners will be more or less unchanged, and so should the spirit inspiring them.

It may be noted with satisfaction that the solemn appeal made by the Abidjan Parliamentary Conference to the negotiators of the EEC and the ACP countries has been heard. Agreement was reached in January, and the agreement will be signed in February as we requested in the solemn declaration made at Abidjan. We have thus avoided becoming bogged down, which could have been fatal, without making the agreement dependent on external factors.

The resolution rightly stresses that this was the result of 'a sincere political will to reach an agreement equitable to all'. The European Parliament may legitimately claim that the action of the parliamentary institutions—the Conference and Joint Committee—was partly responsible for the emergence of this political will. As noted in the report, these parliamentary institutions—and the chairman of the Joint Committee is here and can substantiate this fact—formed an ideal setting for the frank, far-reaching, and sometimes keen, though always friendly, discussions between the representatives of all the participating countries, whilst at the same time constituting a forum in which were heard the voices with the greatest authority in the Community and the Third World. Presidents Yacé and Berkhouwer—who, I am glad to say, will be present to represent the part taken by your Parliament in the signing at Lomé—and Mr FitzGerald, President-in-Office of the Council, spoke with authority and the report rightly quotes them.

To speak now of the real political will referred to in the resolution before us, I would like to recall, above all, the words of President Houphouët-Boigny: 'It is a matter of knowing whe-

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

**Deschamps**

ther two continents and two groups of nations are able to develop a sufficiently wide and harmonious picture of their common future, whether they can overlook natural differences and devotion to certain principles, in order to institute a forward-looking community built on intellectual and cultural values as much as individual interests and memories.' These words made a strong impression and had a positive influence on all the work done at Abidjan and on the spirit of the Brussels negotiations.

Similarly, Mr Hillery should also be quoted when he stressed 'that the parliamentary institution of the Association has until now made such a large contribution to the creation of a climate of mutual comprehension and to the definition of political orientations'. This excellent climate is referred to at another point in the resolution which rightly also points out that this open way of tackling problems made a strong impression on observers from the associate states who were at Abidjan. Mr Sandri's report rightly insists on the need, in the present economic situation, to avoid at all costs the temptation of confrontation and instead to replace it by a tenacious will for dialogue and understanding. In this it elaborates on paragraph 5 of the motion for a resolution which reflects two essential principles: firstly, the passing of the age of colonialism exemplified in the Yaoundé Association by the joint nature of the institutions; secondly, the wish that, in the new Convention, the institutions should retain the same spirit of solidarity and equality. This—as the report rightly stresses—is the best feature of the new Convention in the eyes of the new partners and prefigures the new relationships, based on greater justice, which need to be established at world level between industrialized and developing countries.

These fairer relationships will be achieved—and this is the point made in paragraph 4 of the motion for a resolution—in particular by fairer prices for primary commodities. This point was emphasized during the work at Abidjan and forms one of the most satisfying innovations in the new Convention.

The last point made in Mr Sandri's report relates to the strengthening of industrial cooperation and, in this connection, greater collaboration between the representatives of the various socio-professional groups of the EEC and ACP. The motion for a resolution suggests that this would lead to a better international division of labour but, in view of what some quarters would like to read into this wording, it adds that this international division of labour would have to be freely agreed by all concerned.

Throughout his report, Mr Sandri refers in congratulatory terms to the remarkable reports of Mr Boolell and Mr Mounthault on the activity of the Yaoundé Association. He has some kind words to say, for which I thank him, about President Kasongo and myself who chaired the Joint Committee. He has a special word—and rightly so—for Mr Sissoko who, at the Parliamentary Conference, vigorously defended the resolutions and statements of the Joint Committee.

Mr Sandri's report concludes with some general considerations and a two-fold appeal. It points out that the Parliamentary Conference of the EEC-AASM Association must be considered to have been successful firstly because of the welcome it received from the Ivory Coast authorities and population, and secondly because of the political atmosphere, the scope of the work and the conclusions that characterized it.

The first appeal relates to the wish for a continuance of the spirit which inspired the discussions, particularly those of the Joint Committee: the absence of any sectarianism, respect for the solidarity of the ACP countries, whose new unity should be regarded as an extremely important political event, and lastly, the rising above disagreements in order to reach positive conclusions. These same conditions for success also apply to the new Lomé Convention.

A second appeal is addressed to all Members of the European Parliament. It asks them to urge the new institution to equip itself with rules and executive bodies enabling it to play its real part in the interests of all the States signing the Convention and in those of the development of democratic cooperation between all these countries.

To these two appeals I ask you all, as Mr Sandri himself would have done, to make a positive and vigilant response, and I also ask you to approve this report and the motion for resolution, thus following in the path already taken by the Committee on Development and Cooperation.

*(Applause)*

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

**Mr Seefeld.** — *(D)* Mr President, ladies and gentlemen, at the very beginning of my comments, which, incidentally, will be very brief, I would like to state on behalf of my group that we shall be voting in favour of the resolution.

Honorable Members, it was probably the last annual meeting of the Parliamentary Confer-

## Seefeld

ence of the EEC-AASM Association that brought together the representatives of our nine countries in Abidjan with the representatives of the hitherto 19 Associated States. As yet we do not know how future cooperation with the ACP countries in place of this successful institution will turn out. Nevertheless Abidjan was not a conference of sorrowful good-byes or mournful speeches, or of resounding statements on how successful cooperation had been under the first and second Yaoundé Conventions. Instead, 19 African countries in Abidjan set a value on their relationships with firstly the six and later the nine Member States of the European Communities. We Europeans, too, looking back, expressed our satisfaction with the Association, and I would like to make it quite clear that these were not empty courtesies of the kind often proffered on this type of occasion. The meeting at Abidjan looked back to the past but above all it looked forward to the future. For example, the unanimously agreed resolution contains confirmation of the desire and will—which the partners already have—for continuous cooperation.

One of the participants in the Conference—I believe he came from an African country—put in this way: 'Yaoundé is dead, long live the Lomé Convention'.

Linked with this phrase, which was received with applause, is now the hope—and not without good grounds, I would add, having attended the Abidjan Conference, that the 19 African states who have cooperated with us so closely and so amicably up to now, will bring their knowledge and experience with them into the community of the 46 countries in the Caribbean, the Pacific and Africa.

Perhaps many of the newcomer countries still have reservations. Perhaps others have too little understanding of the forms cooperation has taken in the past. To that extent, Mr President, it was very good that observers from the new countries should have been with us at Abidjan. They openly admitted to having come in a sceptical frame of mind. But they also said that they were going back to their countries with certain hopes. And they also made it known in the *Assemblée Nationale* in Abidjan that they would be in a position to tell the politicians in their countries and the other partners who did not yet know the Association, that we had in the past performed some very solid work for the common good.

They were surprised at our Association. They praised the excellent atmosphere, they praised the spirit of partnership based on equal rights and showed their pleasure at the frankness and satisfactory cooperation of the past.

My friends and I hope that all this, expressed openly and freely by those who will be joining us, can be carried forward into the new Convention. We hope so for the citizens of our countries who unfortunately often know far too little about the significance and value of development aid and the nature of cooperation.

My friends and I also hope that the new Convention will prove as successful as its predecessor. We are, however, awaiting the settlement of some points that still remain unclear. We are interested, for example, in the forms that will be found for parliamentary cooperation. We naturally do not want to see abandoned what has already been successful and consider it important that, alongside the views of the government representatives, the opinions of selected parliamentarians should be given their place in the work. Regarding the forms, there will naturally be opportunities for discussion.

Mr President, it also appears right to us that the European Parliament should, of itself, quickly seek ways and means of establishing contact with our new partners. In the relevant committee, therefore, advance discussions should already be held—perhaps the Commission might have something to say on this because we would be glad to know the answer—regarding, for example, the very interesting and important sugar question and how it will be settled in the framework of the Convention in the event that Britain leaves the Community. Naturally we are hoping the British will show their perspicacity. Even so this point needs to be considered.

Mr President, ladies and gentlemen, there is certainly no need to repeat here everything that Mr Sandri has set out in his report and what Mr Deschamps, deputizing for Mr Sandri and speaking on behalf of his group, has outlined. In Abidjan, too, there was unanimity on this package of subjects and the same was true in committee.

In conclusion therefore, allow me to add the following: my friends and I are convinced that the age of colonialism is past. Wherever in the world such systems are still in existence, they will—I am certain—be overcome in the course of time. The European Community needs partners throughout the world. This serves those partners just as it does the citizens of our countries. Partnership helps many people including, of course, ourselves. The new Convention is bound to bring us new knowledge and, of this I am certain, new friends as well. My friends and I therefore look forward with every hope to future cooperation in the spirit of good partnership.

(Applause)

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

**Lord Reay.** — We in the European Conservative Group welcome the report which Mr Sandri has produced and which Mr Deschamps has just presented, and we accept the resolutions which are attached to it. I agree with the description, which Mr Sandri gives in his report and which Mr Deschamps has just read out, that the Conference was a success. First, we were most hospitably received in the remarkable city of Abidjan by the Ivory Coast authorities. Secondly, the atmosphere at the Conference was good

Both sides were willing to enter frankly into the discussion. When I say 'frankly', I do not mean this as a euphemism for the fact that there were violent rows, as I suspect the word is sometimes used on certain diplomatic occasions. The discussions were both frank and amicable. As Mr Sandri points out in his report, its scope is necessarily limited by the fact that our discussion concentrated on, or at any rate was very much occupied with, the question of the negotiations between the EEC and the ACP countries, negotiations which have since been concluded but which it is obviously not possible for us to discuss here at this time. We shall, I am sure, have an opportunity to do so later.

It means that there is not now a great deal for us to say on this matter. However, I believe we can say that the parliamentary institutions of the old Association have now come to an end, that the Joint Committee which will meet in the summer in Dublin is in the nature of an epilogue to the old Association—and that is the word Mr Sandri uses in his report—and that, whatever happens, the institutions will not be the same again.

As I understand it, it is proposed for the new Convention that there should be a Consultative Assembly based on the principle of parity; that is to say, it should have an equal number of representatives from Associated States and from this Parliament, but that further questions, for example, whether or not there should be a bureau to prepare the work of that conference, how frequently that bureau and the Consultative Assembly should meet and what should be the total number of representatives at this conference, are all matters which will be left to the discretion of the new institutions, including, of course, ourselves.

If and when the new Convention is signed, we shall have to work out what we want together with our partners, bearing in mind the value of such contacts on the one hand, particularly in a period like this when we must find new ways

of cooperating and maintaining contact between ourselves and people in other continents, and, on the other hand, taking account of the fact that there are many demands from different quarters to have regular contacts with Members of this Parliament, a fact which in itself is positive but which, amongst other things, threatens this institution with heavy financial impositions at a time when our responsibilities to our own people oblige us to look for possible economies.

Whatever we finally agree in practice, I hope at least, as Mr Deschamps expressed the hope, that we shall be able to carry forward some of the spirit which characterized the old institutions and was exemplified for the last time at Abidjan, into the new period and into the new institutions. We support Mr Sandri. We thank him for his report and Mr Deschamps for having presented it.

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

**Mr Deschamps.** — (*F*) Mr President, a few moments ago, at the request of Mr Sandri, I presented a report concerning the meeting we held in Abidjan. I hope that I did not depart from the spirit of the written report that has been issued to you.

Allow me to say a few words on behalf of the Christian-Democratic Group. Of course, what I have to say from this standpoint will not, in any way, conflict with what I have just said as deputy rapporteur, because—I pointed this out and Mr Seefeld and Lord Reay have just said so in their turn—we were unanimous both at Abidjan and in committee.

I should like to stress a number of aspects to which we Christian Democrats would like to draw your special attention. I shall not be putting any specific questions to the Commission. The fact is that it is difficult for the Commission at this moment to go any further than it has already gone in concluding the Brussels agreements. I would, however, like to stress certain aspects which were a guiding light in our work and in the framing of the Convention itself. Thus, I shall point out to the Commission those points to which we would ask it to give particular attention during the initial implementation of the agreement and which we shall raise again and no doubt make the subject of questions when we have a broader debate after the signing of the Convention.

I should first of all like to stress the spirit of modernity and uncompromising innovation of the Convention to be signed at Lomé.

## Deschamps

The fact is that in its breadth this Convention is an innovation. This is the first time that so many countries have reached agreement on problems of cooperation affecting so many fundamental aspects of their economic relations, their technical, industrial and financial cooperation and also their interdependence and mutual development.

Through this breadth—the 46 ACP countries have a considered population of 268 million, and with us Europeans that means that over 500 million people are involved—we have here a model Convention at world level, and that is what it should remain. This is a first aspect that I wished to stress for the Commission's attention.

This fundamental solidarity of humanity throughout the world constitutes one of the basic principles of Christian-Democratic doctrine, and we are proud to be helping in a practical manner in its application on such a major scale.

The Lomé Convention is also modern in the new and up-to-date principles on which it is based. These are principles whose application has long been requested by the developing countries and which find their practical expression in the Convention.

Firstly the principle of parity in the organs of cooperation based on equal rights of the partners. This principle is found in the new institutions of the new Convention: the Conference of Ministers, the Committee of Ambassadors and the Consultative Assembly. It is also to be found in the management bodies of a number of activities: the Development Fund, the Fund for the Stabilization of Export Incomes and the Committee on Industrial Cooperation. Even when parity is not perfect—because at a certain moment a decision has to be taken and responsibility assumed—at every stage, the partners consult together and endeavour to reconcile their viewpoints as far as possible.

This equality in cooperation and this respect for the dignity of all are also principles on which we Christian Democrats have founded our policy of cooperation and to which I would like the attention of the Commission to be drawn when it comes to putting the new Convention into practical effect.

A second principle: the concern to help, first and foremost, the smallest, the poorest and the most deprived of nations and of men. Here again is a fundamental rule of our programme.

It finds its application in several decisions contained in the new Convention. Here are a few examples:

- in the mechanism for the stabilization of export incomes, the less-favoured countries are exempt from the obligation to make repayments;
- in financial and technical cooperation, apart from the fact that the accent is placed on the development of small and medium-sized undertakings, and on micro-projects in rural areas, provision is made for special measures in favour of the most deprived nations.

The principle of solidarity that is necessary among developing countries themselves and the necessary cooperation that this should induce amongst them also finds its application in the new Convention. Both during the negotiations and in its application, the Europeans will have helped to promote this solidarity and this budding unity. At the same time, our object was to diversify our cooperation in order to suit it better to the conditions and real needs of each of the countries and to increase the effectiveness of the action taken to the benefit of all.

Similarly, the principle of reciprocity underlay the agreements on trade arrangements and commercial cooperation.

We have always believed and said that a true policy of cooperation between industrialized and developing countries could be accepted and would be economically and socially tolerated in Europe and, ultimately, could thus have the lasting and stable character essential for its effectiveness, only if, far from contrasting the requirements of populations in developing countries with those of workers in the industrialized world, the agreements that are concluded emphasize the deep-rooted solidarity of the masses at world level.

Today, the international economic situation has changed radically, and the Lomé Convention gives even better expression to this fundamental solidarity and the reciprocal nature of aid.

For countries where, in many cases, poverty has been aggravated by the increase in the price of the energy that they must have for their development, we guarantee stability of resources.

For those who have suddenly become rich, but are still incapable of turning their wealth to account for the benefit of the masses, we provide the capital and technologies they need for economic take-off, which has its social repercussions.

For our workers, rightly concerned that their jobs should be safeguarded and undertakings assured of the supplies they need, the countries producing raw materials promise, for their part,

**Deschamps**

regular access to their basic commodities and access to their markets for our most sophisticated products.

Because the motion for a resolution tabled essentially corresponds to these objectives, which have always been those of our own development policy, because the report is the reflection of a deep-going consensus among all groups in this Parliament with regard to these fundamental questions, and because the motion stresses what needs stressing and underlines the most characteristic aspects of the new Convention and of the efforts made towards it by the Abidjan Parliamentary Conference, the Christian-Democratic Group willingly signifies its agreement both with Mr Sandri's report and with the motion for a resolution.

**President.** — I call Mr Brunner.

**Mr Brunner**, member of the Commission of the European Communities. — (D) Mr President, ladies and gentlemen, you have convincingly portrayed the significance of what has been achieved in Abidjan. You have explained how greatly we are concerned to continue fostering this new form of cooperation with the developing countries.

I believe, in fact, that the Abidjan Conference came at a moment in which it could have maximum effect on the negotiations in progress. You were able to intervene at a decisive moment, during the last phase of the negotiations, and the result is plain to see. I believe that all of us in the Community may be proud of what has been brought into being in this new Convention with the countries in Africa, the Caribbean and the Pacific.

The President of the Council has himself drawn attention to the importance of this Convention and has underlined the significance of your work in Abidjan. The Commission can but concur in these words of praise.

We shall do everything we can to ensure that what you recommend in your report is in fact put into effect. We take the view that this new form of cooperation requires new and flexible rules of procedure. These rules of procedure must be worked out.

We must firstly bear in mind that we no longer have 22 countries as partners, but that the number has now risen to 46. Secondly, we must take into account the fact that we are now in a situation in which we must deal with new fields on a joint basis. In industrial cooperation, for example, we have developed a new form of partnership. Here, too, we need to promote those

procedures that are necessary so that work may progress.

I believe that the Joint Parliamentary Conference is the best type of cooperation that can be devised. In this way we will reach a model solution for we can show the whole world that the Community on the one hand and the developing countries on the other are working together in a spirit of mutual understanding.

In this way, we can demonstrate that in those fields where otherwise only confrontation prevails, precisely in those areas of industrial cooperation, in the fields of security of raw materials supply, in the fields of guarantees for raw materials prices—in all those areas where all over the world we have nothing but conflict, where—often in an artificial manner without regard for the objective situation—countries are whipped up into hostility with one another, the Community and these countries have jointly created a new basis.

We are determined to hold fast to this basis and to develop it further.

You, ladies and gentlemen, have made a valuable contribution, and the Commission is confident that you will continue your efforts in this spirit. (Applause)

**President.** — Thank you, Mr Brunner.

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

## 12. Agenda for the next sitting

**President.** — The next sitting will take place tomorrow, Friday, 21 February 1975, at 9.30 a.m. with the following agenda:

- Report by Mr Howell on the common organization of the markets in eggs and poultry-meat (*without debate*);
- Report by Mr Laban on the organization of the market in pigmeat (*without debate*);
- Report by Mr Notenboom on the exemption from taxes of small consignments of non-commercial goods imported from third countries;
- Interim report by Lord Mansfield on protecting the rights of the individual in the face of automatic data-processing;

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

**President**

- Report by Mr Walkhoff on certain dangerous substances and preparations;
- Report by Mr Jahn on migratory birds;
- Report by Mr Seefeld on the supply of sugar to UNRWA as food aid;

— Report by Mr Seefeld on food aid to Somalia  
*(without debate).*

The sitting is closed.

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

## SITTING OF FRIDAY, 21 FEBRUARY 1975

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IN THE CHAIR: MR HANSEN

*Vice-President*

*(The sitting was opened at 9.35 a.m.)*

**President.** — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

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

**Mr Jahn.** — (D) Mr President, as vice-chairman of the Committee on Public Health and the Environment I wish to make the following observation and ask the House to endorse a proposal.

At the end of the minutes of the sitting of 18 February a corrigendum to the minutes of 17 February was added to the effect that the Commission's proposal for a directive on the classification, packaging and labelling of pesticides (Doc. 460/74) had been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Public Health and the Environment and the Legal Affairs Committee for their opinions.

I must confess this seems to me completely incomprehensible. As you can see from a quick glance at the proposal, it concerns questions of public safety and health as well as environmental matters. The Committee on Public Health and the Environment is responsible for all these matters. What is more, this—in my view—incorrect referral runs counter to the Parliament's normal practice, whereby the general directive on the approximation of laws, regulations and administrative provisions relating to

the classification, packaging and labelling of dangerous substances of 27 June 1967 was referred to the former Committee on Social Affairs Health Protection and to the Committee on Internal Trade—as the Committee on Economic and Monetary Affairs was then called—for its opinion.

The honourable Members who were here then will recall Mr Spénale's report. Moreover, the implementation of amending provisions to this basic directive has already been discussed by the Committee on Public Health and the Environment. I am referring to the reports drawn up by Mr Bourdellès and Mr Premoli. We shall also, today, be hearing Mr Walkhoff presenting his report on the proposal for a directive on restricting the marketing and use of certain dangerous substances and preparations, which was drawn up on behalf of our committee.

For all these reasons it is essential that the House should refer the proposal for a directive on pesticides to the Committee on Public Health and the Environment as the committee responsible and to the Legal Affairs Committee and the Committee on Economic and Monetary Affairs for their opinions.

**President.** — Mr Jahn, I have been told that the corrigendum is based on an error and that the minutes for 17 February are correct. Your wish is therefore satisfied.

2. *Document received*

**President.** — I have received from the Council of the European Communities a request for an opinion on the proposal from the Commission of the European Communities to the Council for a directive relating to pollution of sea-water and fresh water for bathing (quality objectives) (Doc. 507/74).

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

3. *Regulation on the common organization of the market in eggs - Regulation on the common organization of the market in poultrymeat*

**President.** — The next item on the agenda is a vote without debate on the motion for a resolution contained in the report drawn up by Mr Howell on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for

- I. a regulation on the common organization of the market in eggs; and
- II. a regulation on the common organization of the market in poultrymeat

(Doc. 468/74).

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

4. *Regulation on protective measures on the market in pigmeat - Regulation on the common organization of the market in pigmeat*

**President.** — The next item on the agenda is a vote without debate on the motion for a resolution contained in the report drawn up by Mr Laban on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for

- I. a regulation laying down conditions for applying protective measures in the market in pigmeat; and
- II. a regulation on the common organization of the market in pigmeat

(Doc. 469/74).

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

5. *Directive on tax exemptions for small consignments of non-commercial goods from third countries - Regulation on exemption from import dues of the same goods*

**President.** — The next item on the agenda is the report drawn up by Mr Notenboom on behalf of the Committee on Budgets on the proposals from the Commission of the European Communities to the Council for

- I. a directive on the exemption from taxes on importation of small consignments from third

countries of goods of a non-commercial nature; and

- II. a regulation providing for exemption from duties and charges on importation in respect of goods sent by a private person from a third country in small consignments of a non-commercial nature to another private person living in the customs territory of the Community

(Doc. 482/74).

I call Mr Notenboom.

**Mr Notenboom, rapporteur.** — (NL) Mr President, as rapporteur of the Committee on Budgets I also have the pleasure to present the report on behalf of the Committee on Economic and Monetary Affairs, which has underwritten the report drawn up on behalf of the Committee on Budgets and in addition put a brief question to the Commission.

For a long time fairly generous exemptions have been granted on certain quantities of goods of a non-commercial nature carried by travellers from one Member State to another or from a third country to the Community in their personal luggage. The list of exemptions is in fact quite complicated. There are restrictions in the case of children under 15, people living within 15 kilometres of frontiers and so on. A limit of 125 u.a. applies to all travellers, but there is then a quantitative restriction on heavily taxed goods which may be imported duty-free as personal luggage. The maximum quantity and value vary depending on the type of journey: between Member States, imports from third countries, whether the traveller lives near a frontier and so on.

To give an example, normal travellers between Member States may import the following:

- 300 cigarettes or 150 cigarillos or 75 cigars or 40 grammes of pipe tobacco;
- 2 standard bottles of alcoholic beverages, 3 litres of wine, 75 grammes of perfume, 750 grammes of coffee and 150 grammes of tea.

The purpose of these exemptions is to give the citizens of our Member States a greater feeling of belonging to the Community by removing the obstacles that they have encountered in the past when taking small presents on journeys from one Member State to another.

Minor though the budgetary consequences may be, these exemptions have also helped to speed up the processing of travellers at frontiers and airports. Their purpose is also to prevent duty being paid on goods twice. This type of merchandise is after all not duty-free when exported.

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

### Notenboom

On 19 December 1974 the Council approved a directive under which consignments of a non-commercial nature between Member States are to be accorded the same treatment as travellers' luggage.

Gifts are nevertheless subject to a limit in value of 40 u.a. In the case of heavily taxed goods—tobacco, alcoholic beverages, perfume, coffee and tea—under Article 1 (3) of the directive of 19 December 1974 the relief Member States may grant from duties and taxes is less than that allowed for personal luggage. This provision has aroused mixed feelings in our committees, since it may produce a situation in which varying exemptions are granted in an area where uniform exemptions are required in the interests of harmonization. The practical results will not, however, be apparent until April of this year and perhaps somewhat later, when the Member States inform the Commission what measures they have taken in order to apply the directive. We hope that the differences will be minor.

This is the background to the Commission's proposals for the harmonization of provisions governing small consignments of a non-commercial nature from third countries to the Community.

The object of the directive is to exempt such consignments from value added tax and any other taxes on consumption such as excise duties, while the proposed regulation is aimed at exempting such consignments from third countries to the Community from import duties.

The proposed limit of 25 u.a. seems reasonable to us in view of the other provisions. The same applies to the limits on alcoholic beverages and perfumes. The proposed maximum quantities in the case of tobacco—50 cigarettes or 25 cigarillos or 10 cigars or 50 grammes of pipe tobacco—still seem too low to us, however. We feel that these limits do not correspond to the spirit of the other provisions. When making a gift to someone in a distant country, most people after all think in terms of 100 cigarettes or at least 25 cigars. If such small quantities remain subject to duty, the gesture made by our Community, even for people despatching a small consignment, will have almost no significance.

The quantities suggested in the amendments do not appear to the committees excessive. We feel they are more reasonable: 100 cigarettes or 50 cigarillos or 25 cigars or 100 grammes of pipe tobacco. It is certainly not a world-shaking proposal. It would mean approximately doubling the quantities exempted from duty.

As regards coffee and tea the Committee on Budgets had mixed feelings. However, in view of the other provisions and of the heavy duties on these products in certain Member States, we

have refrained from proposing an increase in quantities. With these provisions on small consignments from outside the Community and the existing regulations on small consignments between Member States and the luggage of travellers between Member States and from third countries we have an all-embracing arrangement, and we would urge the Commission to ensure that as much profit as possible can be drawn from it so that the citizens of the Community and of the rest of the world know that 'Europe' has achieved harmonization in this field. In post offices and airports throughout the world lists of exemptions are to be found. They should no longer contain the names of our countries separately, but simply the European Community as a whole. Although from a budgetary point of view the matter is of limited importance, the psychological effect may be very substantial. It will also help the citizens of our Community since the subject has definitely been somewhat complicated. Explaining the matter carefully to the public may promote the feeling of belonging to Europe.

We would ask the Commission to publish a regular report on the general effect of exemptions at a personal level, as regards both travellers' luggage and small consignments. With the aid of a report of this kind the Sub-Committee on Tax Harmonization of this Parliament will be able to examine the situation from time to time.

It is obvious that the Committee on Budgets and the Committee on Economic and Monetary Affairs are very much in favour of the amended proposals, since they will contribute to freer movements of non-commercial consignments between friends and members of the same family. The proposals should therefore be regarded as positive and useful. They also represent a harmonizing measure, which accentuates the human side of the Community and the somewhat more liberal attitude towards such consignments.

The Committee on Economic and Monetary Affairs has also asked whether the Commission can look into the possibility of fixing a higher maximum value for consignments from Associated States. We are thinking in terms of 40 u.a., the same limit as applicable to consignments between the Member States. The increase need not be made today. But we would like to take the opportunity to request the Commission to examine this question in the next few months. If this step was taken, the importance of Association with the countries of the Community might take on a more human aspect for many countries in the world.

*(Applause)*

**President.** — I call Mr Normanton.

**Mr Normanton.** — I had not intended to participate in the debate but during the presentation of the report I could not help thinking that the time has long arrived when the world, let alone Europe, should do something about this ridiculous procedure by which the air over Europe is full of alcohol and tobacco transported for the purpose of avoiding customs duties. Duty-free transport of these goods by air is nonsense. Somehow and some time the Commission on behalf of the Community should take the initiative in world circles to bring this costly idiocy to an end.

*(Laughter and applause)*

**President.** — I call Mr Brunner.

**Mr Brunner,** *member of the Commission of the Communities.* — (D) Mr President, for one moment I was afraid we were already having to deal with environmental problems; but this is a matter of air transport, not air pollution.

We shall gladly comply with these requests, Mr President. The rapporteur has presented the complex material we have to deal with in an exemplary manner. I can say on behalf of the Commission that we can certainly agree to the modification relating to tobacco. As we have said, we are trying into this new regulation to treat consignments from third countries in the same way as those from Member States. We have also adopted the same principles: they must be consignments between private individuals and they must have less than a certain value.

I do not wish to detain you any longer. I should just like to say once again that we are very grateful to the committee for its work and can accept the proposed modification.

**President.** — Thank you, Mr Brunner.

I put to the vote the motion for a resolution relating to the directive.

The resolution is adopted.<sup>1</sup>

I put to the vote the motion for a resolution relating to the regulation.

The resolution is adopted.<sup>2</sup>

6. *Protection of the individual's rights with regard to automatic data-processing*

**President.** — The next item on the agenda is the interim report drawn up by Lord Mansfield

on behalf of the Legal Affairs Committee on the protection of the rights of the individual in the face of developing technical progress in the field of automatic data-processing (Doc. 487/74).

I call Lord Mansfield.

**Lord Mansfield,** *rapporteur.* — I would like to begin on a personal note. It is appropriate, and my desire, to thank the President and others who have made it possible for me to present the report at this part-session immediately prior to my resignation from the European Parliament. In the ordinary course of events, this report would have been discussed in a month or so, and it is only due to the kindness of those behind the scenes who have helped me to put the report together, have translated it and put it in a form in which it could be distributed, that it is possible for us to discuss it today.

Those who have read the report will appreciate that this chance to set up a special committee is an exciting opportunity for the European Parliament to broaden its influence and powers. The Commission has, in effect, invited the co-operation of Parliament, as the democratic organ of the Community, to use its expertise and political knowledge to join the Commission in the preparation of a directive which in the end will have basic constitutional importance in that it will seek to establish common Community measures for the protection of the rights of individual citizens in a field which will in future affect each of us to an increasing degree.

Perhaps I can put the matter in a different way when I say that, for the first time, as far as I am aware, Parliament is being asked to prepare a directive, or at least help to draft it, instead of being consulted about a directive which is already in existence in draft form and then asked to approve it. It is right to say that this new procedure is being established in full awareness of the political significance it represents, and this opportunity is a challenge to Parliament which it cannot ignore. A full-hearted response will go far to widen the influence of the Parliament and at the same time to disarm those critics who complain that it is a powerless talking-shop and that little attention is paid to the needs and rights of the individual citizen in the Community.

The protection of the rights of the individual is becoming increasingly urgent and important. In this context, privacy as it affects individuals may be defined as the claim of individuals to determine for themselves when, how and to what extent information about them is conveyed to others.

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

**Lord Mansfield**

The right of privacy so far as it is affected by automatic data processing is being continuously eroded by the advance of techniques unheard of a few years ago. At the same time, urgent measures by the Community and this Parliament are essential if common grounds are to be established before the Member States of the Community enact their own, probably conflicting, national legislation which will require to be harmonized at a later stage.

Perhaps I can define the terms and phrases which are contained in the report. There have been language and translation difficulties, which caused problems in the Legal Affairs Committee. The French word *informatique* does not, I understand, completely reflect the English phrase 'automatic data processing', which is used for any form of processing of information performed by automatic equipment.

Two other terms caused problems in the Legal Affairs Committee. The first was 'data bank'. I should make it clear that we are not really concerned with information stored by banks in the financial sense. A data bank is a comprehensive store or file of information, but it may be information or material which is nothing to do with the world of finance or with any financial institution.

Curiously enough, the second word which is causing difficulty is 'committee'. Following the recommendation of the enlarged Bureau, this motion for a resolution seeks to establish a working party which, under Rule 37 of the Rules of Procedure, is a committee of this Parliament, although of a temporary and special nature. The committee will have the powers defined in the motion for a resolution, it will have the right to hold public meetings under Rule 40, and it will have the right and duty to report directly to Parliament under Rule 42.

Before I conclude, I should like to explain how these matters have progressed and culminated in this motion for a resolution before the House today. I do not need to expound at length on the amazingly quick growth of data processing throughout the world. Nor do I need to spell out in detail the problems which automatic data processing have brought to the individual citizen. There are abuses both in the private and in governmental sectors which make it imperative to regulate the gathering, storage and dissemination of electronically stored information.

However, such regulation and control poses real problems, in that there are many legal and technical questions to be answered. How far may a state or government, in order to conduct its affairs in an orderly manner for the greatest

good of the greatest number, store and release information about its citizens which may reflect badly on them? If a man is slow to pay his debts, how far should that information be circulated to warn other commercial undertakings which he may later ask to give him credit? What are the technical safeguards which operators of data storage banks should employ to ensure that material stored should not fall into the wrong hands? Should there be regulations to inform a citizen about whom material is gathered and stored, so that he is entitled to challenge the accuracy of the information and, moreover, to have it changed when his circumstances alter? There is, therefore, a substantial amount of work to be done.

The committee comes into being by virtue of one paragraph in the Commission's proposal to the Council on Community data processing policy. The proposed directive goes into the whole matter of computers and not so much into the narrower field with which we are concerned today. Paragraph 39 of that document to the Commission wisely pointed out the dangers and went on to say:

'In view of its basic constitutional importance the Commission believes that public hearings on the matter are desirable.'

It was as a result of that paragraph that conversations took place between the Commission and Parliament, and it was decided, again with great wisdom, by the Commission that Parliament, although it does not have the financial resources to do this work on its own, should, as the democratic arm of the Community, set up the whole framework and machinery. There is substantial work to be done. Much expertise exists inside and outside the Community, especially in America. Those who take part in the working party will have to be prepared to spend quite a long time before eventually making their report. I say that in the full knowledge that valuable assistance is likely to be afforded from the professional and commercial interests involved, from experts in the OECD, the Council of Europe, the Commission, and not least from individual Community citizens and institutions.

Therefore, I beg to commend this report in what is, in effect, my swan song in the European Parliament. My only regret is that I personally shall not have an opportunity to participate in Parliament's work in the future.

(Applause)

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

**Mr Broeksz.** — (NL) Mr President, we have too often heard this Parliament being stamped as a gathering of technocrats. It is therefore particularly fortunate that we have two items on the agenda today which affect every inhabitant of the Nine Member States directly, the Notenboom report on a matter that concerns or may concern pretty well everyone, and Lord Mansfield's report.

I will begin by congratulating Lord Mansfield on so important a report, which is also his swan song. The Legal Affairs Committee regrets the fact that he is leaving us, since he has done so much important work in our Parliament.

I cannot say that this report, which is in itself so important, came about in our committee without difficulty. There were various reasons for this. Everyone agrees with the principle involved. Everywhere there is concern to a greater or lesser extent about what is happening to our personal freedom and privacy due to the existence of these data banks, which are sprouting up all over the place in the nine Member States, some of which do not have any clear legislation in this respect. In others relevant legislation exists or is being prepared. It is, however, extremely important for such legislation to be enacted in the whole of the Community.

Why did we discuss this report at some length? Not because it proposes the setting up of a committee. The enlarged Bureau had already requested this. The report is in fact rather distinctive in two ways. Firstly, we have here the first example—I agree with Lord Mansfield on this—of cooperation between the Commission and Parliament in the drafting of a directive. We find it particularly pleasant that this time we can have our voice heard before the directive comes into being rather than after the event.

Secondly, it is not exactly clear what the intention of Rule 37 is. Rule 37 of our Rules of Procedure of course gives us the right to set up standing or temporary, general or special committees, whose powers are determined by Parliament. It is less clear, however, whether this committee of nine members, when it is set up, must also have a chairman and one, two or three vice-chairmen. I assume that in this case one vice-chairman will be enough, but the Bureau has not yet decided this. Nor is it immediately clear what will happen with the report drawn up by this committee. I assume that reports are generally submitted to Parliament. Will that also be the case here, or is the proposed committee more or less regarded as a sub-committee of the Legal Affairs Committee, and will the report therefore be referred back to the Legal Affairs Committee?

Mr President, I am not saying that I want the report to be referred back to the Legal Affairs Committee; I want to point out that this is a problem that should be looked into once again by the enlarged Bureau and on which a decision will have to be taken in due course. For us the main thing is that the proposed committee be set up. This idea has the heartfelt support of my group; it also underlines the objective set out in Lord Mansfield's report. We will take part in this work with great interest and already know that it is important for the people of all nine Member States.

I am not only grateful that Lord Mansfield has been given the opportunity to present his report at so early a date; we also consider it important for it to be adopted by Parliament as quickly as possible. As soon as it is adopted, the special committee can get to work and have its report ready all the sooner. In many quarters there is considerable concern about this matter, and many realize the importance of protecting privacy. The sooner this report appears, therefore, the better. Perhaps we have now gained two months. If that is so, I am particularly glad.

(Applause)

**President.** — I call Mr Brunner

**Mr Brunner**, member of the Commission of the European Communities. — It is fitting that, after a Conservative and Socialist, a Liberal should take part in the debate, although from a slightly different angle. I will try to do this in English. I hope I will not provide unwittingly the only good reason Britain might have to move out of the Community: namely, the slow erosion of the English language through its use by foreigners.

The Commission thanks Lord Mansfield for his report. It represents a very important step and touches upon a major problem.

As our Community grows, we develop new common areas, we have new directives, and we affect the rights of the individual in Europe. At the same time, it is necessary that we establish a degree of protection of these individual rights, that we develop a system such as has been developed in Europe for protection in recent centuries and that we manage to enlarge the areas of rights of citizens all over Europe. This is a question of transferring the idea of division of powers to a wider common area in the course of the process towards European unity. Here both the Commission and Parliament have a responsibility.

It is very important that the average citizen in Europe should have the feeling that we are

**Brunner**

keeping these areas in mind, we are doing something about the question and in due course his rights will be adequately protected not only by the national states but also in the Community.

This is only a beginning. It is especially important that we act in good time when dealing with data. We are at a point where entire data systems can be transferred from one country to another. We are at a point where the civil liberties of citizens in this regard can be threatened by the handling and mishandling of these systems.

We should work hard because time is pressing. We should try as quickly as possible to come to an understanding also about the way in which to set up the necessary mechanisms to proceed with our work.

The opinions of both Lord Mansfield and Mr Broeks are very fitting in this connection. The Commission welcomes this move of Parliament. *(Applause)*

**President.** — Thank you, Mr Brunner.

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

7. *Directive on certain dangerous substances and preparations*

**President.** — The next item on the agenda is a debate on the report drawn up by Mr Walkhoff on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States restricting the marketing and use of certain dangerous substances and preparations (Doc. 394/74).

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

**Mr Walkhoff, rapporteur.** — (D) Mr President, ladies and gentlemen, the Commission's proposal for a directive restricting the marketing and use of certain dangerous substances and preparations was discussed a length in the Committee on Public Health and the Environment. The outcome of our discussion is presented in my report. The Commission's proposal had become necessary, because the earlier directive on the classification, packaging and labelling of dangerous substances had proved inadequate to

protect human health and the environment or to ensure the free movement of goods.

Even the proposal we are considering is only a beginning, because the annex to the directive which is supposed to list the substances concerned actually names only one, PCBs. The Commission justifies this by saying that most of the substances in respect of which restrictions are probably necessary cannot be included in the annex as yet because there is not enough scientific data available.

In its motion for a resolution the Committee on Public Health and the Environment therefore requests the Commission to examine as soon as possible other dangerous substances and preparations and, where appropriate, to include them in the annex to the directive.

On the positive side, the motion for a resolution stresses that the Commission has drawn up this proposed directive with a view to total harmonization, which is very important from the point of view of public health and environmental protection. I wish to point out, however—and the committee has referred to this in the motion for a resolution—that there is a loophole in the Commission's draft which makes it possible to get round the regulations. This is because there is no rule that products intended for export to third countries must be specially labelled. It is essential to make it impossible to evade the directive by manufacturing and storing products not really intended for third countries.

After the discussion in committee the Commission's representative finally agreed to our request, which will make for more effective control and is therefore important for the application of the directive.

On behalf of the Committee on Public Health and the Environment I should like to thank the Commission for its agreement and ask it to confirm it once again today in the House.

I shall, if I may, confine myself to these main points. I thank the Commission for submitting the proposal for a directive in good time. This directive is one more important fragment in our overall design for the protection of the consumer, public health and the environment. Honourable Members, I ask you to approve the motion for a resolution tabled by the Committee on Public Health and the Environment.

*(Applause)*

**President.** — I call Mrs Fenner.

**Mrs Fenner.** — I wish to add my support for this measure and also to seek one point of clarification.

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

**Fenner**

In the United Kingdom, the sole manufacturer of polychlorinated biphenyls—and although this is a general directive, the annex of the machinery we are examining deals with that substance only—has voluntarily ceased to provide that substance now, except for electrical transformers and capacitors. Can the Commissioner assure me that, while this proposal very properly sets out a standard, any country which already has a more stringent control would not be prohibited from employing that even more stringent control?

**President.** — I call Mr Brunner.

**Mr Brunner, member of the Commission of the European Communities.** — (D) First, Mrs Fenner's question. The Commission shares her view. Where rules already exist which are particularly strict and provide for even better control than our harmonization measures, then they must still stand.

The rapporteur has almost overwhelmed me with his thanks. However, the Commission is not able to comply with all Parliament's wishes in this matter.

We can agree to the proposed amendment to Article 1(1). But there are some difficulties, I am afraid, with regard to the amendment to Article 1(2)(b). This is the provision on special labelling. We admittedly failed to speak out clearly enough in committee—overwhelmed, no doubt, by Parliament's expert knowledge and eloquence—and to express any reservations about the amendment regarding special labelling.

However, later on we got cold feet. This was because dangerous substances which are exported have to be transported. In such cases labelling is required, in fact it is compulsory, and this works well. There is no problem here.

We are afraid that, if we now introduce another type of labelling we shall only cause confusion, because a lot of exporters might assume they can give up the present type of labelling, which is not the case. We want the rules to be as clear and straightforward as possible. We therefore hope the House will understand why we can only agree to the amendment to Article 1(1).

The Commission's other work in this area is well underway. Since the present proposal for a directive applies only to the marketing and use of dangerous substances, we have supplemented it. We have drawn up a proposal for a directive on the collection, regeneration and destruction of polychlorinated biphenyls (PCBs) and shall be submitting it shortly to the Council.

I ask you to understand the Commission's position. You have helped us a great deal by your discussions in committee. We ought to have explained our views on the second proposal for an amendment earlier. But even Homer sometimes slept.

**President.** — I call Mr Walkhoff.

**Mr Walkhoff, rapporteur.** — (D) Mr President, honourable Members, I ask you to agree to the committee's proposal for an amendment to Article 1(2)(b), despite Mr Brunner's cold feet! It is not our problem, but the Commission's, if it pretends to the public, which in any case harbours considerable reservations about the Community, that it is pursuing a policy in the interests of the consumer, when in reality it is pursuing a policy favourable to industry, because it is not prepared to accept the provisions required to make the consumer policy work.

This seems a case in point. Something must be done to prevent industry from evading this very reasonable proposal for a directive.

Where it is a matter of creating the practical means for applying the restrictions and achieving effective control, the Commission is not prepared to back the committee's proposals. I find its argument spurious. I am sorry it is unable to abide by the position it adopted in the two committee meetings. We at any rate, the European Parliament, ought to agree to the motion for a resolution to show that we mean what we say about protecting the consumer and public health.

**President.** — I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — I was almost slumbering peacefully, thinking this debate was going through without difficulty, until I listened to the Commissioner. If I may say so with respect, he has made confusion doubly worse by what he has said. I hope the House will certainly follow the views of our rapporteur and vote for this resolution.

It seems to me that the Commissioner has said that there are all kinds of labelling regulations which work perfectly adequately for these substances when they are in transit and being transported throughout the Community, and yet the substances are completely excluded, both in transit and while being transported within the Community, by Article 1(2) and (3). I cannot understand how the Commissioner can say that and why he is objecting to the amendment we are putting forward in the House.

**Scott-Hopkins**

Secondly he says, 'We have made a mistake about this. We are going to have another go at it and will withdraw this. We will have another shot at it.' I would ask the Commissioner what he is going to do? Is he going to withdraw it and give us a new directive? If so, will he let us know, and we will not waste our time or his in dealing with the matter?

Quite truthfully, what has been said up to now has rather clouded the issue, and I would be grateful if the Commissioner would clarify his intentions and also those of the Commission.

**President.** — I call Mr Brunner.

**Mr Brunner**, member of the Commission of the European Communities. — (D) Mr President, if I am causing confusion, it simply reflects the confusion I feel about this. I do not think it is right to say that the Commission is shirking a provision which would protect the consumer; on the contrary, we are afraid that what you are hoping to do by your second amendment will harm the interests of the general public. This is an unsatisfactory situation. For labelling is already required for dangerous substances that are exported. It is general and compulsory; for these goods have to be transported. Secondly, goods are labelled on export, voluntarily, and this labelling is so extensive that it is virtually comprehensive. And now you want another, special kind of labelling.

If you introduced this third kind of labelling, people will no longer know what they are supposed to do. They will decide to use either two kinds of labelling or three, or just the one. This is going to cause a great deal of administrative expense and difficulty, and more red tape and confusion for the consumer. This is our view and we can do no more than say so. We genuinely believe that the existing provisions—compulsory labelling on transport and voluntary labelling for commercial consignments within the Community—should be sufficient, but of course, if you think differently, we have no option but to agree.

**President.** — Thank you, Mr Brunner.

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

#### 8. *Petition No 8/74: Save the migratory birds*

**President.** — The next item on the agenda is a debate on the report drawn up by Mr Jahn on

behalf of the Committee on Public Health and the Environment on Petition No 8/74: Save the migratory birds (Doc. 449/74).

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

**Mr Jahn**, rapporteur. — (D) Mr President, honourable Members, the European Parliament received a petition last autumn on the need to save our migratory birds. The petitioners were mainly presidents, directors, secretaries and other members of national of international animal protection organizations. Their requests can be summarized as follows: they urge the European Parliament, the Council and the Commission—to whom they have also appealed directly—

- to give the problem of saving migratory birds due priority over less pressing matters,
- to convene an international conference on the problem of migratory birds with a view to investigating the problem on a bicontinental (European-African) level,
- to recommend any country allowing the hunting of birds on its territory to call an immediate halt to these practices or at least drastically to shorten the hunting season, until the results of the conference are known,
- to inform the public of these facts over the regular international news media.

I have summarized the petitioners' arguments under paragraph 3 of the explanatory statement, to which I refer you.

In paragraph 2 of the motion for a resolution we point out that the European Parliament has on a number of occasions raised the question of the protection of migratory birds. I need not repeat all the details here regarding these initiatives, which range from the Written Question by our former colleague Mr Glesener, in 1971, Written Questions by Lord O'Hagan and your rapporteur and the Oral Question by Lord Chelwood to the Oral Question with debate on the threat to the Dollart nature reserve put by the Committee on Public Health and the Environment early in 1974. You can find the details of these in Section II (paragraphs 4-12) of the explanatory statement in my report. Despite these numerous moves by Parliament, it has not been possible to find a satisfactory means of protecting migratory birds at Community and international level, so that some 200 million birds each year fall prey to mass extermination. We express our regret about this in paragraph 3 of the motion for a resolution.

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

**Jahn**

With your permission, I shall now run through the events following the consideration of the petitioners' requests in the Committee on Public Health and the Environment. We first ascertained that the 'Save the migratory birds' petition fell within the sphere of activities of the Communities, in other words, that it was admissible.

Our committee then considered whether the petition was also well-founded and decided that it was.

We therefore urge the Commission and the Council in paragraph 11 of the motion for a resolution to adopt in the near future practical measures for the protection of migratory birds, to include particularly:

1. a general prohibition on the trapping of birds with nets;
2. a shorter season for hunting migratory birds by other means;
3. a general prohibition on cruelty to captured birds;
4. a strict prohibition on the importation into the Community of dead song birds and migratory birds and import controls in the case of live birds.

These measures should be taken as far as possible in collaboration with the the United Nations' environmental protection steering committee to avoid duplication.

The committee was not able to endorse the petitioners' other main request for the convening of an international conference. It has pointed out on many occasions in the past that the time for studies, enquiries, conferences and colloquies is past and that it is now time to act. It is clear from this Parliament's sorry experience to date that laws must be enacted without delay prohibiting the trapping and netting of migratory birds, since the whole ecological balance of Europe and Eurasia is at stake. Moreover, the existing regulations must be enforced as completely as possible by comprehensive controls and severe penalties for offenders.

I now come to the petitioners' third request, which our committee considers comparatively modest. They want the institutions of the European Community to 'recommend' any country allowing the mass destruction of birds to call an immediate halt to the hunting and netting of these birds or 'at least drastically to shorten the hunting season, until the results of the conference are known.' This request seems to us insufficiently binding. A mere recommendation

is not enough. In paragraph 17 of the motion for a resolution, we ask the Commission to inform world opinion about the problem of migratory birds and the measures taken to protect them in order to make the general public aware of the environmental implications and urge the Council immediately to release the relatively modest funds required for this publicity campaign.

Let me not forget to thank the Committee on Cultural Affairs and Youth for the opinion drawn up by its chairman, Mr Broeks. The full text is printed in the annex to my report. The Committee on Cultural Affairs and Youth also endorses the petitioners' arguments. Furthermore it recommends active protection of birds, particularly through the maintenance of suitable bird reserves, new government regulations and environment protection.

Mr President, ladies and gentlemen, let me conclude by expressing quite openly my serious concern regarding future developments in this matter. I cannot help feeling that, despite the countless initiatives of this Parliament, the Commission is not tackling the problem sufficiently energetically. I expressed this fear indeed, in paragraph 3 of the first draft of the motion for a resolution, which was discussed at the meeting of my committee on 8 January 1975.

The Commission had acted and presented a recommendation at the end of last year. We think this recommendation inadequate; for unless we have a regulation which is binding on all countries, we shall be just where we were before: we shall receive well-meant assurances, but the necessary legal measures will not be forthcoming, or, where they are, they will not be properly implemented.

This committee and this Parliament cannot stand by and allow serious attacks on the ecological structure of Northern Europe to be made over large areas of Southern Europe. In the last eight or ten years eight species of bird have been exterminated. This—especially when you think of modern methods of bird trapping—represents an enormous threat to the whole ecological balance.

Therefore, in addition to the action already taken by the Commission, which is merely a recommendation, I intend in the very near future to ask the Committee on Public Health and the Environment to submit a request to the Commission to propose, at long last, positive measures for the protection of our birds and to urge the Council to adopt them.

I can only hope that the Commission, particularly in view of the wishes expressed in our

**Jahn**

motion for a resolution, which are fully justified and represent the wishes of millions of people—I have never before received so many enquiries, some of them from large organizations of high international standing, as I have on this matter—that the Commission will abandon its irresolute approach and submit shortly a proposal for a regulation to this House. Enough precious time has already been wasted.

*(Applause)*

**President.** — I call Mr Della Briotta.

**Mr Della Briotta.** — *(I)* Mr President, honourable Members, we must thank Mr Jahn for introducing this debate, and I am grateful, too, to the large number of our colleagues who are present here at the end of the part-session to discuss this important problem, which falls within the Community Action Programme for the Protection of the Environment. This programme provides for direct action against the wholesale destruction of migratory birds and song birds in Europe.

The programme stated that action would be taken by 31 December 1974 at the latest. In the event, the Commission's activities to date have been limited to a study entrusted to the Zoological Society of Frankfurt and a recommendation made at the end of last year to Member States, asking those who had not already done so to sign as quickly as possible the International Convention for the Protection of Birds, adopted in 1950 in Paris, and the Convention on Wetlands adopted at Ramsar in Iran in 1971.

In this recommendation, which was also mentioned by Mr Jahn, the Commission, after mentioning the important role of birds for the ecological balance, laid particular emphasis on the fact that migrant birds belonged jointly to all our states and not to the individual state where they make a temporary halt in the course of their migrations.

It is to be hoped that this recommendation will be accepted and followed up by Member States in the Community and that these two Conventions, which are essential for the protection of the environment and the habitat in our territories, will be approved as quickly as possible.

They could also constitute a starting point for the setting up of common standards in all Member States of the Community and for possible future rules.

The petition which has given rise to our debate and to the document drawn up by Mr Jahn and approved by the Committee on Public Health

and the Environment, exposes this state of affairs and concludes by asking that this problem of migratory and song birds be given the priority which it deserves over other problems and that the countries which practise or permit the practice of exterminating birds be made to cease it or reduce it drastically.

Over the last ten years a rapid reduction in the number of birds, particularly of certain species, has been noted. Enquiries by bird-watchers, cultural associations and researchers have shown that this phenomenon has two major causes and one minor cause.

The first two are the extension of continuation of the practice of capturing birds with nets; this is done especially in Italy and certain regions of Southern France, whereas it is limited by strict rules in other Community countries such as Belgium.

The other reason is the increasing and indiscriminate use of insecticides, which at present are essential to maintain productivity in agriculture, but which represent a problem which must be solved, although in a balanced and reasonable way.

A third reason, which is of less importance, is the practice of hunting, with methods and systems which should be subject to regulations, and illegal hunting.

In fact, even in committee some members were worried about this, saying that a mention of limiting or abolishing hunting in certain countries would risk provoking civil war.

And I must add that in my own country when, once upon a time, there were more stable governments, it was said that to bring down the government it was sufficient to propose an amendment to make the hunting laws more restrictive. Nowadays our governments are no longer very stable and in any case there is no mention of amending the laws on hunting.

Hunting does not really involve massive destruction of migrant birds. However, it can be a contributing factor to their destruction, although to a much lesser extent than the other causes.

I think that a whole series of measures could be proposed in this field. Perhaps it is too much to talk of harmonization, because bird-life is closely linked with the physical characteristics of the land and we know that Europe, although a very small continent, stretches almost from the North Pole down to regions not so far from the equator.

The first necessity would be to forbid the use of certain hunting weapons which are particu-

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larly destructive such as the automatic repeating rifle or heavy mounted rifles; then to limit the periods and areas in which hunting is allowed; to set up reserves where migrant birds can live and breed in all tranquility or at any rate find an oasis in which to rest during their migrations. Finally, there should be an explicit and permanent prohibition of hunting and selling insect-eating birds and birds of prey.

Some of these measures have already been adopted in many Member States, which have rightly been worried about the consequences of the reduction in the numbers of birds. This is not a problem which is of concern only to nature lovers; it concerns the very survival of our continent.

There should be no great difficulties in achieving total harmonization of all these measures, indeed this is absolutely necessary if the rules on the protection of wild birds are not to remain mere empty words.

More serious still is the damage produced by bird-catching and the use of insecticides. A dynamic attitude and vigorous action by the Commission, and not mere recommendations, are not only desirable but necessary at a time like this.

As regards bird-catching, it should be said that this is an ancient practice firmly rooted in the traditions of many peoples. Those who know Italian or Provençal literature will realize how closely this type of hunting is linked with the life of those peoples.

However, when this problem is spoken of, there is a basic ambiguity, that is the view that birds are *res nullius*, that is to say that they belong to whoever catches them. And it is on the basis of this presupposition that certain practices are declared legal, ignoring the fact that we are in danger of upsetting a biological balance which is already in serious peril and that this could cause irreparable damage.

As regards the indiscriminate use of insecticides, thought must be given to the long-term damage that they can cause, and appropriate steps should be taken to deal with this. We are well aware that industry has no interest in seeing this problem properly resolved; its only interest is to sell insecticides to farmers and to sell them in ever greater quantities, even though this may involve dangers for consumers of agricultural products themselves. The dangers may well become apparent only to future generations, either through a gradual breaking down of resistance or a process of degeneration. Moreover, the medical world has already begun to raise serious reservations on this problem.

The Commission should therefore bring strong pressure to bear on Member States to strengthen the laws and administrative provisions necessary to ensure greater safety in this field.

However, the sector in which the Commission could really take useful initiatives is that of bird-catching, to ensure better protection for wild birds, particularly migratory birds of prey.

When, in my own country, we undertook decisive action on this matter (to tell the truth, without appreciable results), we met with considerable sympathy from public opinion, but the powerful associations of bird-catchers always answered that in reality the problem concerned not only Italy but should be extended to all the countries of the Mediterranean Basin.

In deed such action cannot be limited to European countries; it must be extended to all the countries of the Mediterranean Basin, and in particular to North Africa, where migrations generally start.

We often hear of enormous slaughter of migrant and song birds being carried out in these countries, with special nets known as *diluvi* to supply the flourishing trade with European countries and therefore also with Community countries.

When this problem was discussed in Italy by a parliamentary committee, scores of envelopes arrived containing an unspecified number of invoices for birds sent from various Mediterranean countries to Italy. The conclusion was clear: what was the point of prohibiting these practices in our own country when in other countries wholesale slaughter was carried out to supply this flourishing trade?

It therefore appears necessary to impose an absolute and specific prohibition on the imports of birds, live or dead, to all Community countries. I think that if the Commission took such a step, it could have swift and effective results and would give support to the struggle being carried out by many in my own country (where, moreover, the problems are of another order, since in this field account must be taken also of interference by local powers).

Finally, it seems essential that the Communities take energetic action on all the points put forward both by the signatories of this petition and in the numerous appeals received by the Committee on Public Health and the Environment. In some countries, like Holland, there is a great awareness of these problems, and many associations and individuals are pressing for direct action to guarantee the survival of migratory species.

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Faced with all these requests, we cannot be content with mere declarations; we must take practical steps.

I must agree with the practical proposals drawn up by Mr Jahn, whom I thank for his dedicated work in this field. I hope that the Commission will take these suggestions into proper consideration and not be content with making recommendations (which serve no useful purpose and, indeed, it is better not to make them) but bring pressure to bear on individual countries to achieve a practical solution to the problem.

We must, however, realize that these battles will be difficult to win, because of all the complicated local circumstances and the complexity of the various administrative and legislative powers.

(Applause)

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

**Mr Normanton.** — Our debate this morning brings to mind an occasion eighteen months ago. During Question Time I raised the question of the suffering which many people feel is inflicted upon cattle and sheep which in the course of trade are transported by sea, rail and road around the vast area of the Community. It was not the question which I put to the Commissioner on that occasion but his reply to which I feel it is appropriate to refer.

After a supplementary question had been put to him and other comments had been made, Commissioner Lardinois, perhaps in a fit of pique or as a sharp response to the sharpness of the question, made this remark which is appropriate to our debate this morning. He said:

'I hope the honourable Member will not think that the British are the only people who are concerned with dumb animals.'

Our debate this morning proves the correctness of Commissioner Lardinois' sharp comment. Throughout Parliament, regardless of party or of national origin, all Members, rightly, have shown deep concern at the subject matter of Mr Jahn's report. The European Conservative Group strongly supports in principle the recommendations.

Having said that, I feel it would be unrealistic for this Parliament to demand that all birds, just because they are birds, should be brought within the framework of total protection, whatever legislative or administrative measures result from this debate this morning. We have to recognize that there are, and probably always will be, some birds which can only be described

as verminous. I would not like to make any identification of those as far as countries other than the United Kingdom are concerned, but I do not think I would be offending any bird lovers or conservationists were I to mention that some people, if not a large number, would agree that sparrows, starlings and pigeons are, and certainly will be under many conditions, regarded as verminous.

Although, therefore, we are debating a report which covers birds generally and some birds in particular, I would hope we will recognize the existence of certain sectors of the bird population which must of necessity be viewed as verminous and in need of either massive reduction or planned culling.

My second point is that, although the report is headed 'Save the Migratory Birds', the inclusion in it of a reference to wild animals is, I feel, a very sound and realistic expression of the deep concern over the avoidable suffering imposed on this diminishing sector of the population of Europe—wild animals and indigenous animals.

My third point also relates to wild animals, those in course of transportation in the pursuance of the trade in wild animals. We have to recognize that this is a big business. It really covers the whole world. I have no doubt in my mind that there are avoidable, unnecessary and totally unacceptable sufferings imposed on a large proportion of those creatures, animals and birds, in the course of trade. Policy there, whether this be Community policy, a Community directive or legislation on this subject, should not be dominated or dictated by popular emotion. I earnestly hope that an approach to this wide and important field, as it is in the minds of such a large proportion of the people of Europe, will be by a process of objective analysis of the problem and the adoption of realistic, effective measures to deal with the situation.

On behalf of the European Conservative Group we offer our congratulations to Mr Jahn on the extensive nature of his report and on giving an opportunity to this Parliament to prove itself deeply concerned with this important subject.

**President.** — I call Mr Brunner.

**Mr Brunner,** *member of the Commission of the European Communities.* — (D) It all goes to show that this debate is not just for the birds.

Mr President, first of all we want to concentrate on the practical measures we have taken in this matter, which we regard as very important. As you know, we have entrusted this study to *Zoologische Gesellschaft*. We are now at the stage of contacting the specialist organizations and other interested bodies.

**Brunner**

In addition, we have taken a second step: we have called on all the Member States to sign the Paris Convention on the Protection of Birds of 1950.

Thirdly, we have urged all the Member States to accede to the 1971 Ramsar Convention on Wetlands. We can assure you of one thing: if these recommendations fail to produce satisfactory results, the Commission will submit a proposal for a directive, as Mr Jahn asks. Then we shall have to harmonize the laws on bird protection.

But that is not all. Mr Normanton has spoken of the great harm and unnecessary suffering inflicted on animals in transport. There is, of course, the Washington agreement on international trade in species of flora and fauna threatened with extinction. All the Member States of the Community have signed this convention. We mean to ensure that uniform measures are taken throughout the Community to implement it.

Finally, we shall be submitting a second action programme on the protection of the environment. We have naturally included in this measures for the protection of the natural environment. We also mean to propose measures on hunting. These will all help to protect the migratory birds.

In the last few days I have been deeply disturbed at the sight of newspaper photographs showing birds being massacred. One may say that such destruction is in many cases necessary.

One may say it is sentimental to feel moved. But I do. The report of the *Zoologische Gesellschaft* has revealed deplorable facts. Out of 408 species of bird only 125 are still reproducing at a normal rate. 221 species are decreasing in number each year. 58 are threatened with extinction in the Community. These include birds like the common heron and the white stork, but also small birds from our gardens, like warblers. Such species, which are of importance to all of us, are threatened with extinction. We ought to do something to save them. Migratory birds are a bond between people which cuts across all national borders, even the external borders of the Community.

Since it is Friday and we are almost at the end of the sitting, you will perhaps, Mr President, allow me to tell a little story that has always moved me. It has never failed to move me when in America near San Francisco, on the same day as for the last 150 years, the swallows fly into the village of Capistrano and are welcomed with bells in a village festival. These swallows bring a message of joy at the beginning of the

summer. Some of you may know a song which was sung in the thirties, 'The swallow flies back to Capistrano'.

**President.** — Thank you, Mr Brunner.

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

9. *Regulation on the supply of sugar to UNRWA as food aid*

**President.** — The next item on the agenda is a debate on the report drawn up by Mr Seefeld, 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 Regulation (EEC) No 1052/73 on the supply of sugar to UNRWA as food aid pursuant to the agreement with that Agency dated 18 December 1972 (Doc. 494/74).

I call Mr Seefeld.

**Mr Seefeld, rapporteur.** — (D) Mr President, ladies and gentlemen, I can be very brief. This proposal concerns a three-year agreement between the EEC and United Nations Relief and Works Agency for Palestine Refugees in the Near East. In this agreement the Community has undertaken to deliver 6 094 metric tons of sugar to the Agency between July 1974 and June 1975. This aid is, as the text puts it, 'to take the form of white sugar, produced and in free circulation in the Community.'

Unfortunately, when various invitations to tender were issued in 1974 it became clear that, because no offers were received, another solution had to be found. The sugar supply situation in the Community and the prospects for the 1974/75 harvest are bad, and are unlikely to improve. Even the sugar supplies delivered to the Agency have since been exhausted.

This means that the UN Relief and Works Agency is no longer able to continue with the distributions of sugar planned under the refugee aid programme.

In view of this unfortunate situation a solution to the difficulties must be found. This means, if we are to honour our commitments—and no one questions that—sugar must be purchased on the world market. But this can only be had at higher prices.

For this budgetary transfers are required. The Committee on Budgets, which has been asked

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

**Seefeld**

its opinion, has explained through its chairman that the only way to ensure that this sugar is supplied to the UN Agency is by purchases on the world market. The Committee on Budgets therefore informed the Committee on Development and Cooperation, on whose behalf I have drawn up my report, that it realizes the Community must meet its international obligations in this important sector, and has pronounced in favour of this proposal.

So that is really all I need say. There was complete agreement in both committees. We all agreed that we must honour our commitments. We have accordingly presented this short report in which we have confined ourselves to a few essential points. I should be very grateful if you would vote in favour of this resolution.

**President.** — I call Mr Brunner.

**Mr Brunner**, member of the Commission of the European Communities. — (D) Mr President, ladies and gentlemen, it is indeed true that the difference in the price of sugar has caused some difficulties. At the moment we are not able to calculate the difference exactly. From costing 1 300 u.a. per tonne in November 1974 it dropped to 773 u.a. per tonne on 11 February 1975. It is possible, therefore, that there will be further fluctuations.

You will therefore understand that we can only give a provisional agreement. This would mean that taking 865 u.a. as the basic price—that was the price on 13 January 1975—there will be differences amounting to 3 394 m u.a. So much for the financial side.

The reasons why we have submitted this proposal are well known to you. We have undertaken, under a three-year agreement, to supply 6 094 tonnes to UNRWA. We must honour this commitment. We intend to try to obtain the quantity which we cannot get on the Community market on the world market. I think this is a necessary and sensible regulation. It is justifiable for us to depart from the original condition that this sugar should be produced in the Community and be in free circulation there.

**President.** — I call Mr Lange.

**Mr Lange.** — (D) Mr President, I think I should remind the House of an idea which has been prominent on previous occasions when the question of food aid has come up. There was a time when the Commission held the view that food aid should come mainly from surplus production. We find this untenable—and that was what we said at the time in the Committee

on External Economic Relations. I am glad that in the present case it has been made clear once again that the first essential is to stand by our agreements and not to fail to do what we have promised just because no offers were received in the Community. Secondly, the Commission should lay that down, as an unviolable principle, for food aid is an obligation for the industrial nations regardless of the international economic situation and they cannot under any circumstances evade it. There can be no question now, as was once the case, of falling back on the simplest argument that we have no surpluses and therefore cannot help. I would ask you to take this very seriously.

The Committee on External Economic Relations whole-heartedly supports the resolution of the Committee on Development and Cooperation, which is thus in line with its own earlier proposal—which at the time conflicted sharply with the Commission's position, so as far as that goes I welcome the change in the Commission's position.

**President.** — I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

I thank Mr Brunner.

#### 10. Regulation on the supply of skimmed milk powder to Somalia

**President.** — The next item on the agenda is a vote without debate on the motion for a resolution contained in the report drawn up by Mr Seefeld 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 laying down the general rules for the supply of skimmed-milk powder as food aid to Somalia (Doc. 495/74).

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

#### 11. Dates of the next part-session

**President.** — There are no other items on the agenda.

The enlarged Bureau proposes that our next sittings be held at Strasbourg during the week from 10 to 14 March 1975.

Are there any objections?

That is agreed.

<sup>1</sup> OJ No C 60 of 13. 3. 1975.

12. *Adjournment of the session*

**President.** — I declare the session of the European Parliament adjourned.

13. *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.

The sitting is closed.

*(The sitting was closed at 11.15 a.m.)*



