

Annex

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### European Communities

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English edition

## Debates of the European Parliament

### 1978-1979 Session

### Report of Proceedings

### from 10 to 14 April 1978

European Centre, Luxembourg

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

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## IN THE CHAIR : MR COLOMBO

*President*

*(The sitting was opened at 5.10 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 March 1978.

2. *Statement by the President*

**President.** — I have received the following communication from Mr Andersen, the President-in-Office of the Council of the European Communities :

I have pleasure in informing you that, in accordance with the wish expressed by the European Parliament in its resolution of 16 February 1978, the European Council reached agreement at its meeting of 7 April 1978 in Copenhagen on the date of elections to the European Parliament by direct universal suffrage, which will be held from 7 to 10 June 1979.

I propose to make a comprehensive statement to the European Parliament on 12 April 1978 concerning this decision and other subjects discussed by the European Council in Copenhagen.

3. *Appointment of a Member*

**President.** — On 4 April 1978, the Folketing of the Kingdom of Denmark appointed Mr Ib Christensen a Member of the European Parliament to replace Mr Jensen.

Mr Christensen's credentials will be verified after the next Bureau meeting. In the meantime, he will take his seat in Parliament and on its committees with the same rights as other Members, pursuant to Rule 3 (3) of the Rules of Procedure.

I should like to take this opportunity of welcoming Mr Christensen on behalf of Parliament.

4. *Petitions*

**President.** — I have received the following petitions :

- from Mrs P. Watsham and four other signatories, a petition on the conservation of wetlands ;
- from Mr V. Martin and six other signatories, a petition on Republican baptism ;
- from Mr A. Grassani, Director of the National Centre for Customs Studies, Genoa, a petition on simpler Community regulations to be completely redrafted in case of amendment.

These petitions have been entered under Nos 2/78, 3/78 and 4/78 respectively in the register provided for

in Rule 48 (2) of the Rules of Procedure and, pursuant to paragraph 3 of that same rule, referred to the Committee on the Rules of Procedure and Petitions.

5. *Documents received*

**President.** — I have received :

(a) from the Council, requests for an opinion on the following Commission proposals and communications :

- proposal for a directive relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading and unfair advertising (Doc. 8/78)

which has been referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible and to the Committee on Economic and Monetary Affairs and the Legal Affairs Committee for their opinions ;

- communication on the introduction of a Community aid system for intra-Community trade in power-station coal (Doc. 9/78)

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

- proposal for a regulation opening, allocating and providing for the administration of Community tariff quotas for certain wines having a registered designation of origin, falling within subheading ex 22.05 c of the Common Customs Tariff, originating in Algeria (1978/79) — (Doc. 10/78)

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

- communication on the programme of work to be carried out in the veterinary, zootechnical and animal protection spheres ; staff required for such work (Doc. 11/78)

which has been referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible and to the Committee on Agriculture and the Committee on Budgets for their opinions ;

- proposal for a regulation laying down the customs procedure applicable to the stores of vessels, aircraft and international trains (Doc. 12/78)

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

- proposals for :

- I. a regulation on the opening, allocating and administration of the Community tariff quota of 38 000 head of heifers and cows, not intended for slaughter, of certain mountain breeds falling within subheading ex 01.02 A II (b) of the Common Customs Tariff

## President

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

(Doc. 42/78)

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

- proposal for a regulation relating to the creation of a European Agency for Cooperation (EAC) — (Doc. 43/78)

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

- proposal for a regulation on the application of the provisions of the Financial Protocols concluded with Greece, Turkey and Portugal (Doc. 44/78)

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

- proposal for a regulation amending the Annex to Regulation (EEC) No. 804/68 on the common organization of the market in milk and milk products (Doc. 45/78)

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

(b) from the committees, the following reports:

- by Mr Comtat on behalf of the Committee on Budgets on the draft report on the administrative expenditure of the European Parliament for the period 1 January to 31 December 1977 (financial year 1977) — (interim report) (Doc. 14/78);
- by Mr Lamberts, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission of the European Communities to the Council for a directive amending for the fifth time Directive 73/241/EEC on the approximation of the laws of the Member States relating to cocoa and chocolate products intended for human consumption (Doc. 15/78);
- by Mr Normanton, on behalf of the Committee on Energy and Research, on the proposal from the Commission of the European Communities to the Council for a directive amending Council Directive 68/414/EEC of 20 December 1968 imposing an obligation on Member States of the EEC to maintain minimum stocks of crude oil and/or petroleum products and on the need for improving the Community's policy for the storage of oil and/or petroleum products (Doc. 16/78);
- by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs, on the proposal

from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to hot-water meters (Doc. 29/78);

- by Mr Adams, on behalf of the Committee on Social Affairs, Employment and Education, on the mandate for the negotiations between the EEC and Yugoslavia (Doc. 32/78);
- by Mr Ligios, on behalf of the Committee on Agriculture, on the communication from the Commission of the European Communities to the Council on the guidelines concerning the development of the Mediterranean regions of the Community, together with certain measures relating to agriculture (Doc. 34/78);
- by Mr Hughes, on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council on the fixing of prices for certain agricultural products and certain related measures for the 1978/79 marketing year (complementary report) (Doc. 35/78);
- by Mr Spinelli, on behalf of the Committee on Budgets, on the proposal from the Commission of the European Communities to the Council for a decision empowering the Commission to issue loans for the purpose of promoting investment within the Community (Doc. 36/78);
- 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 statistical surveys of the areas under vines (Doc. 38/78);
- by Mr Corrie, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a decision on financial participation by the Community in respect of the inspection and surveillance operations in the maritime waters of Denmark and Ireland (Doc. 39/78);
- by Mr Früh, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation laying down, in respect of hops, the amount of the aid to producers for the 1977 harvest (Doc. 40/78);
- 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 471/76 as regards the period of suspension of the application of the condition on prices governing the importation into the Community of fresh lemons originating in certain Mediterranean countries (Doc. 41/78);
- by Mr McDonald, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the proposal from the Commission of the European Communities to the Council for a regulation concerning accession to the United Nations Convention on a code of conduct for liner conferences (Doc. 47/78);

**President**

(c) the following oral questions with debate :

- by Mr Jahn, Mr van Aerssen, Mr Kunz, Mr Klinker, Mr Aigner and Mr Wawrzik, to the Commission, on relations between the European Community and the Council for Mutual Economic Assistance (Comecon) (Doc. 19/78);
- by Mr Spicer, on behalf of the European Conservative Group, to the Commission, on the eradication of rabies (Doc. 20/78);
- by Mrs Cassanmagnago-Cerretti, Mr Vernaschi, Mr Ripamonti, Mr Pucci, Mr Bersani and Mr Ligios, to the Commission, on discrimination against women at work (Doc. 21/78);
- by Mr van Aerssen, Mr Martunelli, Mr Vandewiele, Mr Jahn, Mr Müller-Hermann, Mr Ripamonti, Mr Luster and Mr Klepsch, to the Commission, on growing protectionism in dealings in patents and licences (Doc. 22/78);
- by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs, to the Commission, on a new procedure for the elimination of technical barriers to trade (Doc. 23/78);
- by Mr Müller-Hermann, Mr Vandewiele, Mr Martunelli, Mr Schwörer, Mr Bersani, Mr Luster, Mr Jahn, Mr Santer, Mr Fioret and Mr van Aerssen, on behalf of the Christian-Democratic Group (Group of the European People's Party) to the Commission on trade relations with Japan (Doc. 24/78);
- by Mr Damseaux and Mr Durand, on behalf of the Liberal and Democratic Group, to the Commission, on regional development programmes (Doc. 25/78);
- by Sir Derek Walker-Smith, Mr Stetter and Mr Fletcher-Cooke on behalf of the European Conservative Group to the Commission on the ACP-EEC Convention (Doc. 26/78),
- by Lord Bessborough, Mr Noè, Mr Jensen, Mr Normanton, Mr Jakobsen, Mr Fioret and Mr Bersani, to the Commission, on a framework agreement on trade and cooperation between the People's Republic of China and the European Community (Doc. 27/78);
- by Mr Comtat, on behalf of the Group of European Progressive Democrats, Mr Carpentier, on behalf of the Socialist Group, Mr Colin, on behalf of the Christian-Democratic Group (Group of the European People's Party), Mr Bourdellès, on behalf of the Liberal and Democratic Group, Mr Spicer, on behalf of the European Conservative Group and Mr Eberhard, on behalf of the Communist and Allies Group, to the Commission, on shipping regulations (Doc. 28/78);

(d) Oral question without debate by Mr Bersani, to the Commission, on the effects of the meeting of the OECD agricultural ministers on food policy (Doc. 31/78)

(e) For Question Time on 11, 12 and 13 April 1978, pursuant to Rule 47A of the Rules of Procedure, oral questions by :

- Mr Schyns, Mr Pisoni, Mrs Dunwoody, Mrs Kellett-

Bowman, Mr Osborn, Lord Reay, Mr Normanton, Mr Nyborg, Mr Brosnan, Mr Klepsch, Lord Bessborough, Mr Bertrand, Mr Kavanagh, Mr Dondelinger, Mr Hoffmann, Mr Fellermaier, Mr W. Müller, Mr Prescott, Mr Carpentier, Mr Howell, Mr Müller-Hermann, Mr Ryan, Mr Power, Mr Brugha, Mr Herbert, Mr Deschamps, Mrs Ewing, Mr Cousté, Mr Patijn, Mr Pintat, Lord Ardwick, Mrs Cassanmagnago-Cerretti, Mr Nyborg, Mr Osborn, Mr McDonald, Mr Damseaux, Mr Howell, Mr Ryan, Mr Herbert, Lord Reay, Mrs Ewing, Mr Cousté, Mr Patijn, Mr Pintat, Mrs Dunwoody, Mr Ripamonti, Mrs Ewing, Mr Berkhouwer, Mr Dondelinger, Mr Sieglerschmidt, Mr Ryan and Mr Osborn

(Doc. 33/78);

(f) a motion for a resolution tabled by Mr Hamilton, pursuant to Rule 25 of the Rules of Procedure, on the holding of the Olympic Games in 1980 in the Union of Soviet Socialist Republics (Doc. 30/78),

which has been referred to the Political Affairs Committee;

(g) from the Commission :

- a proposal for the transfer of appropriations from one chapter to another within Section III — Commission — of the general budget of the European Communities for the financial year 1978 (Doc. 17/78),

which has been referred to the Committee on Budgets

- a proposal for the transfer of appropriations from one chapter to another within Section III — Commission — of the general budget of the European Communities for the financial year 1978 (Doc. 46/78),

which has been referred to the Committee on Budgets.

In accordance with the provisions of the Financial Regulation, I have, on behalf of Parliament, consulted the Council on the latter proposal, as it concerns expenditure not necessarily resulting from the Treaties.

#### 6. *Authorization of reports — referral to committee*

**President.** — Pursuant to Rule 38 of the Rules of Procedure, I have referred

- the question of the possible appointment by the European Parliament of an ombudsman for the Community

to the Legal Affairs Committee as the committee responsible, and to the Political Affairs Committee and the Committee on the rules of Procedure and Petitions for their opinions.

Also pursuant to Rule 38 of the Rules Procedure, I have authorized committees to draw up the following reports :

- Committee on Social Affairs, Employment and Education :
  - social security for Yugoslav workers resident in the Community;
  - the Commission's four working documents on the 1978 Tripartite Conference;

**President**

- Committee on Regional Policy, Regional Planning and Transport :
  - transport problems at the frontiers of the European Economic Community
  - asked for its opinion : Committee on Economic and Monetary Affairs ,
- Committee on the Environment, Public Health and Consumer Protection :
  - first Commission report on the consumer protection and information policy ;
- Committee on External Economic Relations :
  - the present state of the Community's economic and trade relation with Yugoslavia.

At the request of the Committee on the Environment, Public Health and Consumer Protection, the committee responsible, I have referred the

draft Council regulation on a Community action programme on safety and health at work (Doc. 480/77)

to the Committee on Social Affairs, Employment and Education for its opinion, pursuant to Rule 38 (3) of the Rules of Procedure.

At its own request, I have referred to the Committee on Regional Policy, Regional Planning and Transport for its opinion, pursuant to Rule 38 (3) of the Rules of Procedure, the

motion for a resolution on the revival of economic and monetary union (Doc. 496/77)

which had been referred to the Committee on Economic and Monetary Affairs as the committee responsible.

### 7. Order of business

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

The Commission of the European Communities has asked to be allowed to make a statement during today's sitting on its proposals for combating unemployment among young people.

Since the order of business must be determined by Parliament, I shall consult the House on the inclusion of this statement by the Commission. I would point out that it could conveniently be taken after the joint debate on today's agenda on equal treatment for men and women at work.

I call Mrs Kellett-Bowman.

**Mrs Kellett-Bowman.** — It is most unfortunate, I am sure you will agree, that a number of committees are holding their meetings during this plenary sitting notably the Committee on Budgets and the Committee on Economic and Monetary Affairs — both at 6 o'clock. This is going to clash with the debate on equal pay, and equally with the very important statement that is to be made on juvenile unemployment. Could you use your good offices to

persuade the chairmen not to call these important committees when equally important debates are taking place in which many Members wish to take part — I particularly wanted to speak on equal pay — but are prevented from doing so.

**President.** — I agree that it is unfortunate that committee meetings are being held during the plenary sitting, but I do not think this will be a major inconvenience today, because the committee meetings will have been concluded before Mr Vredeling makes his statement.

I propose that Members should have a total speaking time of 20 minutes following the statement by the Commission.

Are there any objections ?

That is agreed.

The European Conservative Group has asked for the oral question with debate tabled by Mr Spicer, to the Commission, on the eradication of rabies (Doc. 20/78), originally scheduled for the sitting of Friday, 14 April, to be postponed until a later part-session.

Are there any objections ?

That is agreed.

I call Mr Glinne.

**Mr Glinne, Chairman of the Committee on Economic and Monetary Affairs.** — (F) Mr President, in the light of observations made by several members of the Committee on Economic and Monetary Affairs, I wrote to you asking for the joint debate on the state of the customs union and the internal market and on the oral question with debate on the new procedure for the elimination of technical barriers to trade to be postponed to the May part-session.

Are you able to comply with that request, or will the debate still be included in Friday's agenda ?

My main concern was to hold a comprehensive debate with Commission and Council.

**President.** — I call Mr Nyborg.

**Mr Nyborg.** — (DK) Mr President, firstly I would like to support Mr Glinne's request that this debate be held over, as Parliament must surely be anxious to see these questions debated in the presence of the Council. It is not with the Commission that Parliament has any problems where this matter is concerned, but with the Council, and I would therefore urge strongly that Mr Glinne's request be noted.

The second point I wish to raise is the fact that I have been asked, on behalf of my group, to request whether item 21 on today's agenda, the interim report by Mr Cointat, can be postponed until tomorrow, as Mr Cointat is unable to be present today on account of pressing work in the French National Assembly.

**President.** — There are two requests for postponements. Mr Glinne and Mr Nyborg have asked for the joint debate on the state of the customs union and the internal market (Doc. 557/77 and 23/78) to be postponed until the next part-session.

I put this request to the vote.

The request for postponement is rejected.

There is also a request for the interim report by Mr Cointat (Doc. 14/78) to be postponed until tomorrow.

I put this request to the vote.

The request for postponement is rejected.

I call Mr Lange.

**Mr Lange, Chairman of the Committee on Budgets.** — (D) Mr President, we had a report in plenary sitting by Mr Bangemann setting out the Parliament's guidelines for the 1979 budget. It was pointed out in that context that an opinion should be discussed at this part-session on the Commission's communication on the overall assessment of budgetary problems. The Committee on Budgets will be adopting its opinion very shortly and I should be grateful if this item could be included on the agenda of this part-session, since May will already be a little too late for the Commission to prepare the budget. The Commission should have Parliament's views on its document in advance, which means that a debate should be held this week. Since this matter also concerns the Council I would be grateful if it could be debated in plenary sitting on Wednesday.

**President.** — Mr Lange, I shall submit your request to the Bureau during this part-session, when I also hope to be able to tell you of its decision.

I call Lord Bruce.

**Lord Bruce of Donington, Chairman of the Committee on Regional Policy, Regional Planning and Transport.** — Mr President, notwithstanding the remarks by the Chairman of the Committee on Budgets on this matter, I am bound to inform you, on behalf of the Committee on Regional Policy, Regional Planning and Transport, that this document has enormous implications for regional development, and we, for our part, would much prefer it to be postponed until May. I am sorry to disagree with my colleague on the same committee.

**President.** — I shall submit your comment to the Bureau together with the request made by Mr Lange.

I now propose the following order of business :

*This afternoon :*

- Procedure without report ;
- Statement by the Commission on the action taken on the opinions of Parliament ;

- Joint debate on the Dunwoody interim report and on an oral question to the Commission on equal treatment for men and women at work ;
- Commission statement on unemployment among young people ;
- Lamberts' report on cocoa and chocolate products ;
- Cointat interim report on the administrative expenditure of Parliament during the 1977 financial year ;

*Tuesday, 11 April 1978, 10.00 a.m. and afternoon :*

- Brimelow report on dumping ;
- Oral question with debate to the Commission on EEC-Comecon relations ;
- Oral question with debate to the Commission on EEC-Japan trade relations ;
- Oral question with debate to the Commission on trade between China and the Community ;
- Joint debate on the Nyborg report and an oral question to the Commission on the development of the customs union ;
- Oral question with debate to the Commission on dealings in licences ;
- Spinelli report on the decision empowering the Commission to issue loans ;

*3.00 p. m. :*

- Question Time (questions to the Commission) ;

*3.45 p. m. :*

- Votes on motions for resolutions on which the debate has closed ;

*Wednesday, 12 April 1978, 9.30 a.m., afternoon and evening :*

- Statements by the Council and the Commission on the European Council in Copenhagen (followed by debate) ;
- Joint debate on two oral questions with debate, one to the Council and the other to the Commission, on the Community's legal policy ;
- Hughes complementary report on the fixing of agricultural prices ;

*3.00 p.m. :*

- Question Time (questions to the Council and to the Ministers of Foreign Affairs) ;

*4.30 p.m. :*

- Votes or motions for resolutions on which the debate has closed ;

*Thursday, 13 April 1978, 10.00 a.m. and afternoon :*

- Ligios report on the development of the Mediterranean regions ;
- Oral question with debate to the Commission on shipping regulations ;
- Lezzi report on the accession of Djibouti to the Convention of Lomé ;
- Oral question with debate to the Commission on the EEC-ACP Convention ;
- Oral question with debate to the Commission on regional development ;



**President**

3.00 p.m.:

— Question Time (questions to the Commission);

3.45 p.m.:

— Votes on motions for resolutions on which the debate has closed;

Friday, 14 April 1978, 9.00 a.m.:

— Procedure without report;

— Hamilton report on inquiries into the political affiliations of Commission officials;

— Liogier report on areas under vines;

— Corrie report on Danish and Irish maritime waters;

— Oral question with debate to the Commission on food policy;

— Früh report on aid to hop producers;

— Oral question with debate to the Commission on the working languages of Parliament;

— Adams report on EEC-Yugoslavia negotiations;

— Nyborg report on hot-water meters;

— Albers report on inland waterway navigation (without debate);

End of sitting:

— Votes on motions for resolutions on which the debate has closed.

Are there any objections?

That is agreed.

### 8. Urgent procedure

**President.** — I have received the following motions for resolutions, with requests for debate by urgent procedure, pursuant to Rule 14 of the Rules of Procedure:

— by Mr de Keersmaeker, Mr Geurtsen, Mr Nyborg, Sir Brandon Rhys Williams, Mr Schwörer, Mr Noës, Mr Notenboom, Mr Starke, Mr Ripamonti and Mr Deschamps, on the manufacture distribution and use of pharmaceutical preparations (Doc. 13/78);

This motion for a resolution has since been withdrawn.

— by Mr Fellermaier, on behalf of the Socialist Group, on the manufacture, distribution and use of pharmaceutical preparations (Doc. 18/78)

— by Mr Kofoed, on behalf of the Committee on Agriculture, on the Amoco Cadiz disaster (Doc. 37/78)

— by Mr Schyns, Mr Van der Gun, Mr Santer, Mr Bersani, Mr Vandewiele, Mr Wawrzik, Mr Mont and Mr Ryan, on behalf of the Christian-Democratic Group (Group of the European People's Party), on the campaign by the trade unions of the Member States to overcome unemployment problems (Doc. 48/78)

— by all the political groups, on terrorism (Doc. 50/78).

I shall consult Parliament on the adoption of urgent procedure at the beginning of tomorrow's sitting.

### 9. Limit on speaking time

**President.** — In accordance with our usual practice, I propose that, with the exception of the debate on the outcome of the European Council in Copenhagen and the reports by Mr Hughes and Mr Ligios, speaking time on all reports and motions for resolutions on the agenda be limited as follows:

— 15 minutes for the rapporteur and for one speaker on behalf of each group;

— 10 minutes for other speakers.

Pursuant to Rule 28 of the Rules of Procedure, I propose the following allocation of speaking time for the debate on the European Council and the reports by Mr Hughes and Mr Ligios:

*Debate on the statements by the Council and the Commission on the European Council:*

Council and Commission :	60 minutes altogether
Socialist Group :	40 minutes
Christian-Democratic Group (EPP Group) :	32 minutes
Liberal and Democratic Group :	20 minutes
Group of European Progressive Democrats :	17 minutes
European Conservative Group :	17 minutes
Communist and Allies Group :	17 minutes
Non-attached Members :	7 minutes

*Debate on the Hughes complementary report on agricultural prices:*

Rapporteur, draftsmen of opinions and Commission :	60 minutes altogether
Socialist Group :	50 minutes
Christian-Democratic Group (EPP Group) :	40 minutes
Liberal and Democratic Group :	25 minutes
Group of European Progressive Democrats :	20 minutes
European Conservative Group :	20 minutes
Communist and Allies Group :	20 minutes
Non-attached Members :	10 minutes

*Debate on the Ligios report in the development of the Mediterranean regions:*

Rapporteur, draftsmen of opinions and Commission :	60 minutes altogether
Socialist Group :	40 minutes
Christian-Democratic Group (EPP Group) :	32 minutes
Liberal and Democratic Group :	20 minutes
Group of European Progressive Democrats :	17 minutes
European Conservative Group :	17 minutes
Communist and Allies Group :	17 minutes
Non-attached Members :	7 minutes

Are there any objections?

That is agreed.

### 10. Procedure without report

**President.** — Pursuant to Rule 27A (5) of the Rules of Procedure, the following Commission proposals have been placed on the agenda of this part-session for consideration without report:

— directive on statistical returns in respect of carriage of goods by road, as part of regional statistics (Doc. 486/77),

**President**

which had been referred to the Committee on Regional Policy, Regional Planning and Transport as the Committee responsible and to the Committee on Budgets for its opinion ;

- directive amending the Directive 71/305/EEC of 26 July 1971 concerning the coordination of procedures for the award of public works contracts (Doc. 517/77),

which had been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Budgets for its opinion ;

- decision adopting a European Economic Community concerted action in the field of physico-chemical behaviour of atmospheric pollutants (Doc. 554/77),

which had been referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible and to the Committee on Budgets for its opinion ;

- decision adopting a European Economic Community concerted action in the field of analysis of organic micropollutants in water (Doc. 555/77),

which had been referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible and to the Committee on Budgets for its opinion ;

- regulation amending Regulation (EEC) No 1703/72 *inter alia* laying down rules for the Community financing of expenditure arising from the implementation of the Food Aid Convention of 1971 (Doc. 558/77),

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

- regulation opening, allocating and providing for the administration of a Community tariff quota for apricot pulp, falling within subheading ex 20.06 B II (c) I (aa) of the Common Customs Tariff originating in Turkey (Doc. 560/77),

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

- decision concerning the Community's acceptance of Resolution No 212 (revised) of the Economic Commission for Europe relating to the facilitation of health and quality inspection in the international carriage of goods by rail as regards traffic between the Community and third countries signatories to the Resolution (Doc. 561/77),

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

- regulation opening, allocating and providing for the administration of Community tariff quotas for certain wines having a registered designation of origin, falling within subheading ex 22.05 c of the Common Customs Tariff, originating in Algeria (1978/79) — (Doc. 10/78),

which had been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture and the Committee on Development and Cooperation for their opinions.

Unless any Member asks leave to speak on these proposals, or amendments to them are tabled before the opening of the sitting on Friday, 14 April 1978, I shall at that sitting declare them to be approved by the European Parliament pursuant to Rule 27A (6) of the Rules of Procedure.

#### 11. *Time limit for tabling amendments*

**President.** — I propose that the time limit for tabling amendments to the Hughes complementary report on agricultural prices (Doc. 35/78) and the Ligios report on the development of the Mediterranean regions (Doc. 34/78) be fixed at 10 a.m. on Wednesday, 12 April 1978.

Are there any objections ?

That is agreed.

#### 12. *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 the action taken on the opinions of Parliament.

I call Mr Vredeling.

**Mr Vredeling, Vice-President of the Commission.** — (NL) Mr President, at its March part-session the European Parliament delivered its opinion on 11 proposals from the Commission. It proposed amendments in one case only. These amendments were adopted by the Commission. They concerned the Zywiets report on the second triennial action plan on information and scientific and technical documentation. We have taken the necessary measures to submit an amended proposal to the Council very shortly. The amended proposal will of course also be forwarded to Parliament.

Mr President, I should also like to take this opportunity to inform you that the Commission, in response to various requests made in Parliament and elsewhere, is immediately making available an amount of 500 000 EUC as initial aid to the population of Brittany so hard hit by the oil disaster. I believe that there will be a wide-ranging exchange of views on that disaster during this part-session.

**President.** — I call Mr Spicer on a procedural motion.

**Mr Spicer.** — Mr President, I wonder if I might just take this opportunity to ask the Commissioner about a draft directive on the harmonization of laws in the Member States to combat illegal migration and illegal

**Spicer**

employment within the Community, which passed through this House last year. The proposed directive has now been forwarded to the Council, and the information that I have is that it is a very substantially changed document from the one that was debated in this House. New articles have been added, and it does seem to me quite improper that the Commission should pass changed directives to the Council without a firm recommendation that such directives should be sent back to this Parliament and, in this case, referred to the appropriate committee for further discussion before a final decision is taken by the Council. Otherwise, it seems to me that we are completely wasting our time in voting on a directive which is substantially changed in content when it goes from the Commission to the Council. I would like to ask the Commissioner if he can give that assurance.

**President.** — I call Mr Vredeling.

**Mr Vredeling, Vice-President of the Commission.** — (NL) Mr President, I can set the honourable Member's mind at rest on this point. We amended our original proposal on which the Council had requested Parliament's wishes. We made far-reaching changes to our proposal, and I assume that the Council will be consulting Parliament again on it. The depends of course on the Council but I hope it will be done... My staff assure me that the document has now been submitted. The Council will thus consult Parliament again.

### 13. *Equal treatment for men and women at work*

**President.** — The next item is a joint debate on the interim report (Doc. 6/78) by Mrs Dunwoody, on behalf of the Committee on Social Affairs, Employment and Education, on equal treatment for men and women in the Member States of the Community, and the following oral question with debate (Doc. 21/78) by Mrs Cassanmagnago-Ceretti, Mr Vernaschi, Mr Ripamonti, Mr Pucci, Mr Bersani and Mr Ligios, to the Commission of the European Communities:

Subject: Discrimination against women at work

Is the Commission aware that in some countries of the Community there have recently been cases where employers have refused to recruit women, on the grounds of their sex, although they had all the necessary qualifications?

Is the Commission aware that women are often discriminated against during the course of their careers by being given jobs beneath their professional qualifications?

Can the Commission say what stage has been reached in the various Member States in the application of Directive No 76/207/EEC<sup>1</sup> on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions?

I call Mrs Dunwoody to introduce her report.

**Mrs Dunwoody, rapporteur.** — Mr President, you will recall that this is a subject which has been debated in this chamber more than once. But it does not lose any of its urgency because of that. After the discussion which arose out of our last attempt to discover exactly what was happening in the somewhat emotive field of equal pay and equal opportunity, it did become fairly obvious that the Commission had sought to obtain information from the Member States, because they themselves realized that they needed a very clear indication of how much activity there was in the Community, as opposed to conversation. I think we have had years of conversation, and it will be very helpful if now we could get some concrete results.

What we have done in the Committee on Social Affairs, Employment and Education is to produce a very simple report which is basically an extension of the discussion we have had over a number of years. What we say is that the present directives for changes in relation to equal opportunity at work profoundly underestimate the size of the problems in the Member States, particularly in relation to Article 119. We say that because of the need to improve working conditions for women in general, it is important that Member States should be encouraged to go beyond the framework of their existing legislation. We are worried that the Commission only has limited powers of monitoring existing legislation and we are concerned that they may not perhaps be following this subject with the urgency that we think it warrants.

Mr President, it is quite obvious that in a field as delicate and important as the relationship between men and women and work, there will always be a limited amount that can be done by straightforward legislation in the member parliaments or in the Community. But if there is to be any reality to the Community for the average woman, it must be seen to impinge upon her life in those areas which are more important to her than any others: that is to say the whole field of work, the whole field of fiscal involvement and the whole field of training and education. I am afraid that this is the thing that particularly concerns us. Are we as a Parliament actually able to point to concrete results nearly two and a half years after the implementation of the directive on equal pay and equal opportunity? It is true that the Commission is able to say: look, we have set afoot a number of projects: we have investigated the real problems of the middle-aged woman, who having had her family and sent them to school, needs to return to work: how can she be re-trained? In what field should she be re-trained? It is true that the Commission have undertaken a number of pilot projects and have indeed actually set aside a sum of money under the Social Fund specifically for the retraining and assistance of women who wish to return to work. But I am afraid they are a trifle naïve when they say that they do not appear to have received any applications for

<sup>1</sup> OJ L 39 of 14. 2. 1976, p. 40.

**Dunwoody**

this particular sum of money. It seems to me that until you persuade the Member States that there is a very real problem in relation to women and retraining, they will not seek to put any specific plans into operation. Indeed, until you look at the statistics about the numbers of women in, or available for, part-time work, you do not begin to understand the actual size of the problem. Modern life has speeded up tremendously. Women nowadays are very likely to get married earlier and to have their children earlier, and they are then going to have at least 20 or 30 years of working life ahead of them when their children have grown up and left home. But they are going to find themselves at the bottom of the work ladder. No one is going to want to employ them. Or if they are employed, they are going to be employed in the low-income ranges, and they are not going to be offered the opportunity to do interesting and stimulating work.

We tend and have tended for a long time in this Parliament, unfortunately, to treat this as a subject for ritual debate at proper intervals, as long as it didn't actually impinge too much upon the political life of the Parliament. I think that is a measure of the failure of the men and women here. Perhaps it is also a measure of the imbalance of the sexes, because I suspect that if we had more awkward women sitting, not only in this Parliament of elected representatives, but also on those benches over there, we might get rather more active movement on equal pay and equal opportunity. We are aware of what the Commission is doing, but we really do not believe that it is enough or that it is urgent enough, or that it is even detailed enough. Where, for example, are the results of the work done in the pilot projects? Where can we see what has happened with the women who were consulted, who were offered retraining, whose psychological problems were looked into? It is verging on the obvious to say that a woman who has brought up a family is going to have considerable difficulty in going back into the discipline of office or factory work, or even of administrative work. But that seems to be the extent of the research that has been done so far.

I was disheartened — I might as well be quite honest — when I noticed that much of the work in the pilot surveys seemed to suggest that women should aim for the secretarial jobs, for shop work, for the sort of semi-skilled jobs that are available to them at the present time. If you produce a race of intelligent women you offer them decent training, indeed you offer them further education, it really is not enough to say: when you come back to work in your late 30s or early 40s, it may be essential for you to go into a semi-skilled job. That is not good enough; it is not good enough for my generation, and it certainly will not be good enough for the generations that come after us. Yet this appears to be the sum total of the suggestions coming from the Commission.

Nor is it enough to say that we have removed legal discrimination. You can give women the right to go to law, but unless you yourself fight their battles, they will not have the money, or the opportunity, or even the will, in some instances, to protect their own interests. I am afraid that we are in danger of becoming a little too complacent in our attitude towards this entire problem. We have regular debates at these plenary sittings about how we are going to convince the electorate of Europe of the efficiency of the European Parliament. One way we could do that job very simply would be to say to them: We know what your difficulties are, we have not just set aside an amount of money, but we have actually taken action, we have actually gone to your member governments, and told them that this is the way in which you can most usefully get women back to work.

I have so far been talking largely of women who have brought up families. But that is to beg the whole question of women who have no choice about whether they work or not when they have small children. Because still, in many industrialized countries, the woman of the household works and brings up a family simultaneously, simply because she has no choice. There is a great deal of mealy-mouthed rubbish talked about the woman who leaves her children and goes to work as if she did it from choice. In many instances, particularly in my own country, from the Industrial Revolution on, she had absolutely no say in the matter. If she was not to work, the family were not to eat, and that remains so in many instances. But that is also one reason why many of those same women were stuck in an economic class and at the lower end of the wage scale where it was impossible for them to take further training, impossible for them to move up and certainly impossible for them to be promoted. It is not an accident that today too many women are in the lower-paid groups of workers.

Too few women are organized in trade unions, too few women are given retraining opportunities, and it is not enough for the Commission to say; we will ask the Member States what they are doing. If you are actually using the sums of money set aside in the way that they should be used, then you must have results to show for it. After all, here you have a field in which you can take action — and you will get the support of every Member State if you take action. Why are you not giving us that lead? It is not enough to come back here and say: we have asked the questions, now we await the answers. We already know the answers; we are very good at asking the questions ourselves. What we want from you is a detailed reply indicating what you are doing, what you envisage doing and, most, of all how soon you will do it. Because if we don't get those answers, there will not be any point in

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having our ritual debate in six months or a year's time, because we shall have lost the opportunity that we now must seize.

**President.** — I call Mr Vandewiele to introduce the oral question.

**Mr Vandewiele.** — *(NL)* Mr President, I hope that the ladies in this Parliament will not take it amiss if I deputize for Mrs Cassanmagnago-Cerretti and if a male member of our group takes the floor yet again. I am doing this as an amicable gesture to Mrs Cassanmagnago who is unfortunately unable to be here with us: there have been difficulties with her flight.

I want to begin by congratulating Mrs Dunwoody not only on her detailed and careful report but above all on the quality of the motion for a resolution which we fully support. We have already shown our support in committee and we hope that the resolution will be adopted unanimously by Parliament today especially because it calls for rapid and effective measures. There has already been too much hesitation over a number of measures which should have been implemented directly.

I want to recall what Mr Vredeling said in our last debate. In February he made the following observations with his characteristic amiability and well-known ability to get to the heart of his subject:

I have already said that if it transpires that the directive is not being satisfactorily applied we shall not take the view that the poor economic situation makes it difficult to ensure equal pay for women because the economy is ill-prepared for that. We do not refer to the economic situation when it comes to applying directives and norms on the remuneration of male workers. The Commission makes no difference whatever between regulations affecting men or women. We shall therefore not hesitate to use the procedure under Article 169 of the Treaty if it turns out that the rules are not being properly applied in the Member States.

I have since attended a debate on this subject in the Belgian parliament. Mrs Dunwoody is right and I must confess that a good deal remains to be done in this area in my own country. There is still no clear definition of what is meant by specifically women's work. Mrs Dunwoody was right when she said that we must give up the old jargon. Regulations must be brought into force which clearly and unambiguously provide for equal treatment of men and women according to the wishes of Parliament.

Mrs Cassanmagnago-Cerretti had wanted to stress above all the fact that women suffer discrimination in the matter of employment opportunities. As to the background to her question, I would refer you to the statement made by one of our Italian colleagues during the last debate. Today's question follows on from that. In Italy, the principle of equal remuneration is embodied in all the agreements but women are still being relegated to activities which are euphemisti-

cally described as 'women's work'. There is certainly no real profession in those cases and the degree of skill needed is very often extremely low.

Women are employed in weak sectors with low investment levels such as the textiles and clothing industry, food-canning plants and agricultural production. They work in the services sector where black labour flourishes and in home-employed activities where the wages are sometimes 20 % lower than in other industrial sectors. Mrs Squarcialupi pointed this out during the previous debate. I therefore wish to repeat the question put previously by Mrs Cassanmagnago and her colleagues:

Is the Commission aware that in some Member States women are sometimes denied employment purely on the grounds of their sex although they possess all the necessary qualifications? Is the Commission also aware that women are often the victims of discrimination in their careers because the tasks entrusted to them do not correspond to the level of their professional qualifications? Can the Commission already provide information on the application in the various Member States of the Council's directive on the implementation of the principle of equal treatment of men and women in regard to access to the employment process, occupational training, promotion prospects and working conditions?

We welcome today's debate which will, we hope, bring us a little further and we shall be listening closely to the Commission's answer. We can certainly assure the Commission of our full support for whatever efforts it may undertake and we look to our national parliaments for clear answers to the pertinent questions put in turn by the Commission. It would be all too easy to suppose that a general debate in this chamber could solve the problem. In the first place, men and women at national level level in the various Member States must show solidarity in working at long last towards the achievement of complete equality.

**President.** — I call Mr Vredeling

**Mr Vredeling, Vice-President of the Commission.** — *(NL)* Mr President, I shall begin with a general observation. This is not the first debate here in Parliament on the problem of equal pay for men and women and on equal treatment for both sexes and our discussion is taking place in an increasingly difficult economic situation. I welcome the opportunity given to me by Parliament to introduce a little later this evening our new proposal on the creation of jobs for young people. We shall see that young people are particularly hard-hit by unemployment and once again it is young women who suffer the most — far more than their male counterparts.

So when we speak of equal pay and equal treatment the basic issue is in fact equitable treatment of everyone — both men and women. This involves the aspect of justice: a just distribution of work between

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the different categories — old and young, women and handicapped workers.

That is the political background to this problem and I am pleased to see that the Parliament loses no opportunity to draw the attention of the Commission, of public opinion and of the persons directly concerned to it. I therefore lend my full support to the motion for a resolution tabled by Mrs Dunwoody. Here the opinions of the Commission and Parliament coincide closely and you would be perfectly entitled to point out once again in May that fine words are not enough. I see your attitude as an encouragement to the Commission and myself in particular to remain active and on our guard.

We have been studying this subject for a long time. We began to act as soon as that was possible. We gave central attention to the principle of equal pay when we set up a special working party of public authority experts and representatives of the social partners: I refer to working party 119 which is constantly holding its finger on the pulse of developments.

As regards infringements, I subscribe to Mr Vandewiele's remarks about infringements which have taken place. We derive very great support from the jurisprudence of the Court of Justice and I would remind you of the well-known Defresne ruling on a dispute between a Belgian lady and *Sabena* where the Court of Justice irrevocably determined that Article 119 of the Treaty is fully applicable so that direct action can be taken by any woman, or by her defendant, if she feels that she is suffering discrimination from her employer. That was a highly important ruling of the supreme legal body of the Community, the European Court of Justice. It took some time before the directive of 10 February 1975 could be applied. At our last part-session we discussed the subject of questionnaires. Unfortunately I then had to inform Parliament that not one Member State had as yet returned the questionnaire. Perhaps I owe an apology in that the United Kingdom's reply had in fact been received, at least it was within the walls of the building when I spoke. Since then the other Member States have all answered the questionnaire and we are busy processing the results. I shall return to this point in a moment.

I would also remind Parliament that in April 1976 the Irish Government asked for authorization to depart from the provisions and agreements reached. We rejected that request at the time. Parliament also expressed the view that we should in no circumstances approve such a request.

If we are now criticized — and I have the impression that we are — for being somewhat lax, I must reject that criticism completely. With the modest resources at our disposal we are doing all we can to apply the directive of 10 February 1975 and to ascertain whether infringements are taking place and whether there are shortcomings in particular Member States.

I shall make no more apologies, remembering the old French adage *qui s'excuse s'accuse* — a result that I certainly wish to avoid. Some of the answers from the Member States run to 300-500 pages. The reports are extremely complex; they will have to be translated and evaluated. I hope that we shall be able to complete our work this summer, but I am quite unable to say at this stage whether we shall be ready before the summer recess or immediately afterwards. I can ask a great deal of my staff but they cannot do the impossible. We are hard at work in determining on the basis of the data supplied by the Member States whether the directive is being properly applied or not. If we find that application is not satisfactory we shall not hesitate to take action for infringement. But this does not mean that we should stand idly by until infringements are noted. Mrs Dunwoody rightly pointed out that we all have our responsibilities. A passive attitude does not become the Parliament, the Commission and the persons directly concerned in this instance.

I am well aware that it is often difficult for women to assert their rights, but they have organizations and those organizations, especially the unions, can play an active role.

I know too of the complaints by women — and my own experience confirms how justified they are — that the union movement generally does not give the necessary priority to the defence of women's interests. That is sometimes a justified criticism of the union movement, but I believe that all those who are directly concerned must do everything in their power to avoid discrimination. Above all the employers must have a proper understanding of their duties and not engage in any form of discrimination. It would of course be best for everything to be arranged like that so that we do not have to intervene.

We are now busy with the time-consuming task of translating the reports and comparing the data on an extremely complex subject. I said that we hope to be ready in the summer. The report will then go before the Commission after which the Council and Parliament as well as the Economic and Social Committee will be informed. On the basis of the report we shall then decide what further action in the shape of procedures for infringement and so on is necessary.

I cannot give such a satisfactory answer to the question of statistical data raised in Mrs Dunwoody's report because we have to set certain priorities in the collection of such data and in some cases we are obliged to work with statistics which are in fact obsolete — that is the case in the area of equal pay. But you cannot base action on outdated figures. At present comprehensive statistics are being prepared for industry and the services sector — in respect of the year 1978-79 if I remember rightly. We are trying on

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the basis of pertinent questions to determine whether progress is being made in the area of equal pay. The normal statistics are not applicable here. In answer to a written question by a Member of this Parliament we recently explained in detail precisely why it is not possible to work from a comparison of statistics on pay for men and women. These figures are often deceptive. The fact that the difference in earnings appears to be diminishing does not necessarily imply progress — the situation may indeed be worsening. And if the difference is widening it is, paradoxically enough, still possible that progress is being made. The technical explanation of this phenomenon would take too long today. However, my conclusion is that normal wage statistics do not give sufficient information on the extent to which the principle of equal pay is being observed. Special, complex and far-reaching surveys are needed to obtain accurate information.

In answer to the questions put by Mrs Cassanmagnago-Ceretti who is unfortunately not with us now, I would point out that equal pay would be far easier to achieve if we were able to ensure full application of the directive on equal access for men and women to employment. Once the existing directive has been applied, which will not, I believe, be possible before 12 August, the Member States will still have to produce their reports. That will take time and it will be very difficult for us to act meanwhile. But the directive exists and there is nothing more that the Commission can do for the present. The Member States, the Commission and Council must see to it that the directive is applied. It is my personal view that the problem of equal pay and equal treatment for men and women cannot be solved overnight but only gradually, under constant pressure from the Parliament and executive.

One final remark. We are looking at this issue at a time of economic difficulty. But the right of women to equal pay and equal treatment is particularly important and must remain independent of the economic situation. We are receiving enormous support in our efforts from the Court of Justice which is doing pioneering work in case-law on equal payment for men and women, and I hope, soon also on equal treatment for the two sexes. We must unite our efforts in seeking to put an end to discrimination against women — after all women are perfectly entitled to their rights.

IN THE CHAIR : MR DESCHAMPS

*Vice-President*

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

**Mr Albers.** — (NL) Mr President, on behalf of the Socialist Group I wish to congratulate Mrs Dunwoody on the way in which she has presented her report on the discussions in the Committee on Social Affairs, Employment and Education. I do not think that she has exaggerated. The committee has in fact given a great deal of time to this matter and the strong responses which it has elicited were already heard during the committee proceedings.

The principle of equal pay for men and women is embodied in the Treaty of Rome and also in the European Social Charter in which five Member States of the European Community undertook in 1965 to respect certain principles; France signed the Charter in 1973 and three Member States still have to ratify it.

It is interesting to note that for example the United Kingdom wanted to make an exception for the principle of equal pay when it ratified the charter in 1965. However, the United Kingdom is now naturally bound by the directives and has adapted its legislation. But if my information is correct the exceptions for the United Kingdom and Ireland in respect of the European Social Charter still apply. No adjustment has been made in this case. Perhaps our British and Irish colleagues could look into this point.

The point emphasized in the report that we need information from the Member States is perfectly correct. The principles have been laid down but a good deal of time will still be needed before equal pay is actually achieved.

Reports from the Member States and statistical data are vital to bring us nearer to our goal. We shall then be able to see where the differences are greatest and where the most still remains to be done.

The principle of equal pay was not introduced out of idealism. The intention was to counter unfair competition and prevent certain sectors of industry in particular Member States from being able to produce more cheaply than others by paying low wages to women. I believe, however, that we have moved on from there to a recognition of the fact that women cannot be treated differently from men at their work. The position of women on the labour market is very vulnerable. The principle of equal pay for equal work has been established, but we are disturbed to find that women have much more difficulty than men in obtaining jobs.

We therefore await with keen interest Mr Vredeling's statement on measures to counter unemployment among young people. Young women suffer particularly in this respect.

## Albers

It is striking that the Commission's programme of activities for 1978 says only a few words about the position of women. It notes that the Social Fund offers possibilities for developing projects for women beginning in 1978. But the appropriations earmarked for this purpose are very low and it is doubtful whether they will prove sufficient. I am fairly sure Mr Vredeling will confirm that the resources are inadequate. The problem must therefore be studied more carefully than up to now. There can also be no question of equal pay when deductions are made from earnings in the shape of social security contributions which are the same for men and women although women do not have the same rights as men. That approach calls into question the whole principle of equal pay once again. There is of course a separate directive on this point but it is still being discussed in the Council and we have not yet managed to do away with this particular imperfection in the system.

Then there is the question of equal job opportunities, on which there is another directive. The questions by Mrs Cassanmagnago-Cerretti show that things are not as they should be.

I find it a pity that her questions refer to 'certain' Member States. I think it would be much better to call a spade a spade and say which countries are meant. Similarly when it comes to employers it would be preferable to name the companies. That would surely bring us further than to speak vaguely of 'some' Member States and 'some' employers.

An important point in Mrs Dunwoody's report is the question of statistical data. I believe that we in fact need something more than just statistical data. The notion of the 'bread-winner' has had the result that in the wage structures in most, if not all, Member States it is still assumed that wages must be earned by the man and that they must be sufficient for a family of husband, wife and two children. As long as that concept is maintained I do not think we shall get far. Until it is changed — which will be by no means easy in the present conditions — we shall be unable to make significant progress in the right direction.

I want now to place the problem in a broader context, that of the redistribution of the limited available employment in the European Community and elsewhere in the world. The issues of equal pay for men and women, equal social rights and equal treatment at the workplace must play an important part in the distribution of what little work is available. Once again women are running the risk of being the losers.

My group therefore strongly supports the motion for a resolution. We cannot be content with directives. The statistical data will show clearly that other measures are necessary. We therefore await the data with keen interest. It is our view that the whole issue must be

placed in a broader context. We hope that the wide-ranging study now under way will bring rapid results for the distribution of what little employment is available. I am also most grateful to Mr Vredeling for his approach to this problem. It may be that the union movement is giving too little attention to this difficult issue. Women are poorly represented in the bureau of the European trade union association although it does contain men who defend the interests of women in the union association just as we do here in Parliament. But I would ask Mr Vredeling to make contact first of all with women in the union movement who play a leading role in their national organizations and are particularly interested in finding a solution to this problem. The trade union institute which is subsidized by the European Community could perhaps provide valuable assistance here. The Socialist Group at all events strongly supports this report and awaits further results with great interest.

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

**Mr Meintz.** — (*F*) Mr President, as has already been pointed out by several speakers this evening, this Assembly and its committees have witnessed many vigorous discussions of the subject we are again debating today, namely equal pay and job opportunities for men and women; as recently as February, all the political groups in the European Parliament expressed their support for the principle of equal pay for equal work. My group welcomes the fact that our debate this evening is based on a motion for a resolution so clearly formulated by Mrs Dunwoody. We congratulate her on it and are pleased too that as long ago as 1975 the chairman of our own group himself tabled a motion which was subsequently amended in many respects by the Committee on Social Affairs, leading eventually to the better structured resolution by Mrs Dunwoody. We are convinced that the topic we are debating today is a key issue in achieving a more just society. Following Mr Vredeling's statement it will of course be difficult to make any new points, especially as we already held a debate in February. At the time, Mr Vredeling was unable to inform us of the state of application of the directive on equal pay for men and women. He told us why a moment ago and in doing so allayed our fears.

Quite apart from the application of the directive, we must not forget the Court's ruling which by recognizing the binding nature of April 119, assured at the very least that juridical bodies would respect the principle of equal pay for men and women for identical work. That ruling created a basic right and the persons concerned must now see to the enforcement of that right.



**Meintz**

However fundamental this principle may be, it can only acquire its full significance if it is accompanied by the principle of equal treatment for men and women in the area of access to employment, information and occupational training; in saying this, I am simply repeating a point already stressed by Mrs Dunwoody, Mr Vandewiele and Mr Albers. We can in practice only speak of equal pay for equal work. Examples have been quoted but what is the real situation? Most women do not have jobs at the same level as men; they occupy subordinate positions which are badly paid and sometimes offer few career prospects. Allow me to recall an example which I already quoted in an earlier debate: you have only to look at the services of the European Community institutions to see that the number of women diminishes the higher you move in the administrative hierarchy. Lacking occupational qualifications they are hard-hit, especially in a period of recession, by the difficulties of the labour market and the figures published by the Community each month clearly show that unemployment is more of a threat to women than to men.

Mr Vredeling pointed out just now that the problem is even more serious in the case of young female workers.

Against this background, the directive on implementation of the principle of equal treatment for men and women, as regards access to employment, training and occupational qualifications, clearly represents an important step towards better involvement of women in the labour market. Here we await with impatience the conclusions of the reports on the application of this directive which the Member States must in principle forward to the Commission by 12 August. I wanted to ask Mr Vredeling whether he has met his promise of asking the services concerned whether a questionnaire has already been drawn up for this purpose and, if so, whether it has been forwarded to the national authorities. I think he has already given a reply on this subject, but Parliament must insist on the need to be informed of these reports on the application of the directive because their content is extremely important, given that it will determine the Commission's attitude towards the Member States. Clearly if any country fails to discharge the obligations arising under the two directives, the Commission will have to envisage application of the procedure stipulated in Article 169; let us hope it will not come to that. It must also be realized that the iniquities suffered by women over the centuries will not disappear overnight; a constant effort and sustained vigilance will be necessary if we are in future to be able to guarantee equal chances and equal choice to all men and women in Europe.

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

**Mr Yeats.** — Mr President, on behalf of my group, I would also like to welcome the debate which is taking place today. As Mr Meintz has pointed out, the motion for a resolution proposed today by Mrs Dunwoody is related to the motion which Mr Durieux, on behalf of the Liberal Group, and I, on behalf of my group, put down on 12 February 1976. I think it is worth while mentioning the background which led me to put my name to this particular resolution, a background which, to some extent, has continued unfortunately in Ireland, so that — as I shall be saying later on — the position in Ireland remains now, as it was then, exceedingly unsatisfactory from the point of view of implementing the doctrine of equal pay.

The background of my resolution — way back in February 1976 — was that there were obvious problems to be faced with the introduction of equal pay, particularly in the light of the economic depression which was at its height at that time. There was a special position developing in Ireland. You had, on the one hand, the strong opposition of private employers, who were saying that the economic crisis was such that it was impossible to introduce equal pay in many industries, and I think, in this regard, that it is worth while mentioning the comment on 19 December 1975 by the Executive Council of the Congress of Irish Trade Unions on this matter:

Congress accepts that the present serious economic situation creates problems for a certain number of firms in the application of equal pay. It rejects completely, however, the idea that these problems can only be resolved at the expense of women workers by the continuation of the long-standing injustice done to them.

And they went on to point out that employers had had ample notice of the directive — which, indeed, they had. In this same connection the Commissioner himself made this same point on a visit last year to Dublin: Mr Vredeling was quoted in *The Irish Independent* on 4 February last year as saying at a press conference in Dublin — and I must say I completely agree with his point — that he was firmly opposed to employers' using it as an excuse to get out of their obligations to women workers, that the jobs of these workers might be endangered if they were granted equal pay, and Mr Vredeling went on: 'The same excuse was not heard when men had their salaries raised.' I think it is a truth which we ought to remember that one must accept — and one must be realistic about this — that it has not been easy to bring in equal pay in the past few years in the face of economic depression. At the same time there is no doubt at all that, certainly in my country, the economic depression has been used as an excuse in many cases for doing nothing.

But we had an argument also as this time — and Mr Vredeling has referred to this — about the problem that the government of the day attempted, first of all,

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to postpone the introduction of equal pay by the bringing in of new legislation. Mr Vredeling has pointed out that he made it clear that this was impossible under the directive and would not be allowed. This attempt, I may say, to postpone the introduction of equal pay was on the ground of what was described by the government at the time as the 'serious budgetary situation'. Now, the budgetary situation at that time was that, to bring in equal pay, the net cost would have been 0.4 % of the total budget, and this minute sum was considered as making it impossible to bring in equal pay. I merely mention this as a reflection of the sort of dedication to equal pay which existed in certain quarters in Ireland. Having failed in this respect, the government of the day brought in a sort of compromise to the effect that all single women should be paid the same as all single men, and all married women paid the same as all married men, on the grounds that this was complying with the equal pay directive. The effects, of course, were in certain cases curious. It meant that, for example, a married couple, both of them working in the public service as teachers, civil servants or local government officials, would both get a higher scale, whereas a single man would be on a lower scale than the married woman, which is a kind of reverse discrimination. This led to a formal complaint being sent to the Commission by the Irish Congress of Trade Unions: they claimed that this decision in the public service was

contrary to the principle of equal pay, that the government's move is a subterfuge and in effect is a decision to maintain pay discrimination against women in the public service.

Members may, perhaps, be surprised to hear that from that day to this no reply has ever been received from the Commission with regard to this formal complaint lodged by the Irish Congress of Trade Unions. However, a reply is no longer necessary, because in fact after the last general election in Ireland, last summer, the problem was finally solved in the public service, because the new government brought in what one might describe as genuine equal pay throughout the public service. So, there, at least this matter is solved.

But the position is unfortunately still a great deal less satisfactory in the private sector. All along there has been what one might describe as stalling by private employers. There are very considerable groups of women who still do not get equal pay. Out of some 300 000 women who work in Ireland, only a small proportion have equal pay, and those who have got equal pay have in general been those who work in sections of industry where there are not many women employed. The female-intensive industries such as textiles are lagging far behind, and equal pay for practical purposes is a non-starter in these areas.

From time to time one hears of 50 workers here, 100 workers there, who are brought into the equal pay net,

but even where progress is made, it is not a case of immediate equal pay: the usual pattern is what is described as 'phasing in' over a period of two or three years. To show the extent to which everyone really more or less agreed to forget about equal pay, the national pay awards — an annual affair which covers almost all Irish workers — in 1976 and 1977 each had one clause — clause 14, in each case — saying that the parties — that is, the trade unions on the one hand, employers on the other — bound themselves by this agreement not to use industrial action in order to press for equal pay. Legal means and so on, are acceptable but it is specifically forbidden to strike or take other industrial action in order to press for equal pay. I am happy to say that the most recent agreement accepted by the workers last month does not contain this clause.

We have the position in Ireland, continuing the same general trend, that pensions, for example, which, of course, are also covered by Article 1 of the directive, discriminate against women. A very recent survey made about a month or so ago — I think it relates to the end of February 1978 — points out that first of all there is a smaller proportion of women workers having pensions than men. Of those pension schemes which do exist for women, some 50 % discriminate against women on the grounds of eligibility, some 8 % discriminate against women on the scale of the benefit, and some 35 % discriminate against women on the terms governing the acquisition of a death benefit.

If we take the overall position in Irish industry, we find that in September-October 1974, the female/male hourly earnings ratio in industry was 59.5 %, and in March 1977, the same ratio was 60.1: Hardly a dramatic change. Now I accept completely Mr Vredeling's point which he made in answer to a question of mine, and also again today, that these figures cannot be used as an accurate reflection of the extent to which equal pay has been brought in. Nonetheless, I do think that they are a reflection, even if a crude one, of the extent to which equal pay is not being brought in in Ireland. The fact that in three years or so the figure has gone up from 59.5 to 60.1 % shows that, at least, one can say that progress on the equal-pay front is not dramatic.

Now what about other Member States? If I might take the case of the United Kingdom, we have the statement made last December by Miss Betty Lockwood, who is Chairman of the UK Equal Opportunities Commission. She made three main points. First of all, in her view the gap between the relative earnings of men and women in the United Kingdom was at best static. She said that, even more disturbing — and I am quoting — there were indications from current

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wage settlements that bigger rises were going to the higher scales, i.e., predominantly the men; and her third basic point was that, in her view, the target date in the United Kingdom for achieving equal pay appeared to be receding. Now I put a written question to the Commission on the basis of this statement of Betty Lockwood's, and I thank them for the lengthy and careful reply that they gave. I think it would be fair to say that in this reply there was no denial of the three basic statements made by Miss Betty Lockwood. But they say — and I think the Commissioner repeated this today — that they will not know really what the facts are until they have carried out these elaborate surveys on the wages distribution structure. The reply to the question which was sent to me said that the next large-scale survey in industry and the services would probably take place in 1978-79. I do not know why 'probably'; I hope that the Commissioner today was in fact a little more forthcoming; I did not hear the word 'probably'; I think he said it *would* be held in 1978-79, but that still seems a long way off if one allows for the time taken to process the returns and so on. Can we have any real information on this topic before, say, 1981? I accept completely that the anxiety of Mr Vredeling to bring in equal pay is *bona fide*, but one wonders why, three years after the directive was enacted, two years after it came into force throughout the Community and two years, indeed, after it declared that everyone was entitled to equal pay instantly, as from 12 February 1976, the Commission have still so little information on this topic.

One last word with regard to the motion for a resolution by Mrs Dunwoody. I agree with the basic trend of it, but I do have three amendments which I would urge Mrs Dunwoody to consider accepting. The first of these, Amendment No 4, is to delete subparagraph 1 of paragraph 3, because, as it reads at present, I think it could be misunderstood. The subparagraph says that the Parliament

is of the opinion that the present directives for changes in relation to equal opportunity at work profoundly underestimate the size of the problems in the Member States, particularly in relation to the application of Article 119.

While I accept completely that there are enormous problems in this field, I am not sure that the Parliament should be saying this kind of thing. We should be pushing for these things to be carried out: we should not be giving a way out. If this went through as it stands, I think it would be an excuse for everyone to say, well, after all there are terrible problems, even the Parliament says so. I think it could be misunderstood. I accept that Mrs Dunwoody did not mean it in this way, but I would rather see it out than in, because I do not think that we should be giving excuses for not carrying out what is in fact the law of the Community.

My second amendment is to add a few words to subparagraph 3 of the same paragraph. I think we should have a specific reference to the directive on equal pay, whereas the reference here is only to Article 119 of the Treaty. Article 119 is, of course, the governing article of the Treaty with regard to equal pay, but I do think that we should mention the directive specifically, which is, after all, the specific way in which the equal-pay law is to be administered.

Finally — and I certainly feel that this would be accepted without any great problem — I would like to add a new paragraph after paragraph 5, calling on the Committee on Social Affairs, Employment and Education to report as soon as possible to Parliament on the progress made to date in implementing throughout the Community the principle of equal pay. I have no doubt the committee intends to do this, but I think we should ask it to do so specifically, because it is clearly a matter on which Parliament, through its committee, should be keeping a very close weather eye.

## IN THE CHAIR : MR MEINTZ

*Vice-President*

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

**Mrs Squarcialupi.** — (*I*) Mr President, as a woman Member of this Parliament I shall resist the temptation to speak at length on this subject. After expressing my full support for the report by Mrs Dunwoody and the introduction given to it in this chamber, I must say that, while it is obviously useful to continue to discuss this subject, it is a great pity that we should be constrained to repeat our opinions time and time again.

Why do we continue to discuss the failure to achieve equality between men and women? Because it is perfectly clear that the existing directives are not being properly applied by the Member States. Why then are they not being applied? The statistical data requested by Mrs Dunwoody in her report should enable us to get to the heart of the problem and understand why parity has not yet been achieved.

In my view, the lack of resolve to apply this directive stems from the cost of labour. It is not difficult to show that the cost of employing women is higher than that of employing men. Through the survey we must highlight the points of difference between men and women on the labour market — quite apart from the well-known factors of lack of education and training and all the burdens placed on women by their children and family responsibilities.

### Squarcialupi

Once we have a clear picture of the cost of labour, the Commission may intervene by trying to influence the causes for the different cost of employing women. I hope then that this information will be obtained through the statistical data requested in the report. I hope too that the economic crisis will not be taken as a pretext for postponing the implementation of these directives; as Mr Yeats has pointed out, we must accept no excuses for delay in achieving parity of treatment between men and women. My group is of the opinion that adaptation of the social situation is particularly necessary in a time of great economic difficulty. The present situation may be particularly opportune for change, now that disparities in the treatment of men and women have become unacceptable from the social, human and economic angles.

**President.** — I call Mr Brown.

**Mr Brown.** — I would just like to intervene briefly, Mr President: first of all to congratulate my colleague Mrs Dunwoody on an excellent interim report, drawing attention once again, as she says, to the problems of equal pay and equal opportunity.

I too would like to thank Mr Vredeling particularly for the way that he has responded on behalf of the Commission to this problem and also to pay a personal tribute to him for taking up the case of my upholstresses, which is still having its saga dragged out in my country, and I know he is working very hard in order to get a solution. But I rise really to talk about that case in particular regard to the points that he made on the fact that he has received from Member States the answers to his questionnaire. With regard to the United Kingdom, any statistic he has received from Her Majesty's Royal Dockyard can be discounted immediately because it will not, in my submission, tell him the story that I have been able to give him about these 25 upholstresses. That really brings into question how sure we can be that the statistics he is receiving are truthful and represent the facts in each Member State. Therefore it does surprise me a little that he has not perhaps sought to send the replies he has received to the appropriate trade unions in each of those countries, because then he would at least get verification by the trade unions that the information that has been sent him by the employers and all the governments does in fact record the facts of the case. You see, if I go back to my upholstresses again, my union has been fighting for three years, and they have suffered vacillation; they have suffered obstruction downright deceit from the Ministry of Defence in trying to argue the case on behalf of these women. I cannot see that the attitude the Ministry of Defence in my own country has adopted will be any different in the replies that they are giving to the questionnaire that the Commission now has. So I do hope it will be possible for the Commission at least to look at the

possibility, certainly in the case of the Ministry of Defence, of sending the alleged statement by the Ministry of Defence to him back to my own union, the Furniture, Timber and Allied Trades Union, in order that they can inform him of the true situation and not permit him to be misled by a whole lot of statistics that in the end cannot be checked.

Which brings me to my last point. It does seem to me the Commission ought to have somewhere in their armoury the right to send in independent investigators to have spot checks within the Member States to satisfy themselves of any of the statistics that have been submitted. I have been trying to check through the Treaties and the obligations of the Commission to see whether they have such a facility. I hope the Commissioner can tell me: does he have the right, where he has reason to believe that statistics apparently do not concur with the facts known to him, to send in an independent investigator to ascertain the whole circumstances of the information?

**President.** — I call Mr Vredeling.

**Mr Vredeling, Vice-President of the Commission.** — (NL) Mr President, I shall try to comment briefly on the questions put to me. I have noted a general agreement among the speakers in this debate with the approach adopted by the Commission; it seems to me that opinions differ more on timing than on principles.

A word now on the observations made by Mrs Dunwoody in her introductory statement. She asked about the results of what she called the pilot training projects. I would remind her that there is a report in English and French containing an assessment of the pilot projects. Quite by chance the originator of that report is sitting here behind me. You can have a copy of it if you like.

Mr Albers commented on the Social Fund and the projects for women which can be financed from it. Yes, the funds available are very modest; an amount of 8 u.a. is available for 1978. We have proposed 12 u.a. for 1979. Those amounts are of course very small. They will be used on projects for unemployed women and in particular for women who return to their previous employment. We can only hope that enough national projects will be proposed to us to make use of the available funds.

I said on a previous occasion that we have kept these appropriations on the low side because of our experience that too few projects are submitted. We are doing all we can. My *chef de cabinet*, Mrs Barendrecht, is actively seeking contacts with women's organizations but Mrs Dunwoody will know that it is ultimately the governments who have to submit their projects to us. We are normally dependent on them. We must therefore encourage the Member States and the women's organizations in them, to set up projects of this kind

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for special occupational training. The governments must then submit the projects to the Commission. The Commission itself can of course give encouragement. The most effective means remains parliamentary action in a national parliament. I know no more effective method. In my view that is what we need. I do not intend this as a criticism but there are limits to the encouragement which we ourselves can give. If we want the Member States to submit projects specially designed for occupational training of women, we need national action first and foremost.

Mr Yeats asked me about the statistics announced in the answer to his question. When the answer to your question was prepared, Mr Yeats, the Council had not yet made sufficient progress for me to say with certainty that a survey would be conducted. Meanwhile the Council has given its agreement and the survey will now be held in 1978/79. That is now decided.

Mrs Squarcialupi made a point with which I quite agree. She asked why women in fact cost more than men to employ for the same duration of work. A frequently quoted explanation is that women often have to look after their families. They are then generally unable to work. But under our social legislation they continue to be paid; this in a sense makes them more expensive. Of course it would be quite wrong to attribute this problem to women themselves. Society and men are responsible. There is no reason whatever why child-raising should be the sole responsibility of women. Responsibility should be shared between men and women. It is therefore quite misleading to suggest that women are more expensive to employ. The costs should not be attributed to women alone but to society as a whole. On this point I am in complete agreement with the union movement which only recently drew attention to the matter again.

Mr Brown drew attention to a particular case which he had brought to my notice previously. In that particular instance I shall do everything in my power to help to put an end to the discrimination reported by him. A department of defence should be the last body to discriminate on this point.

I shall draw the attention of the British Minister of Defence and Minister of Labour to this anomaly which must be corrected.

I was asked whether we can delegate independent experts. That is always difficult when it is a matter of investigating whether directives are being properly applied. In this respect we are terribly dependent on the Member States' own reports. But the newspapers are read very carefully in my Directorate-General. They are one of the best sources of information on shortcomings or abuses. Local newspapers in particular often carry reports on these matters. We look into them and then we can insist on an answer. If no answer is forthcoming we can of course contact the

unions. We can usually write to the persons concerned and ask them whether they are aware of instances involving an element of discrimination. Of course we need staff for this work, and we do not have all that many staff at our disposal. But we must make do as best we can with the means at our disposal.

My answer to the question whether we can send independent experts to the Member States is therefore that we do not have the formal possibility of doing so. We are dependent on what the Member States allow us to do. But I do not think that there is a particular need to work with independent experts. In my view, women's organizations, the union movement, journalists and others are well enough placed to report possible shortcomings and abuses. What is important is to provide good information to women, to the persons directly concerned. That is a task for the Member States, but it is also a task for the Community. People must know what action they can take. They must not be dependent on the vagaries of an employer. They must be able to assert their rights in the courts. The Commission can provide encouragement here. The Commission's information service can bring the facts to the attention of the citizens of the Member States.

I assure Parliament that I shall do all I can to see that the real needs are met.

**President.** — I call Mrs Dunwoody.

**Mrs Dunwoody, rapporteur.** — Mr President, if there is one thing that has marked this debate it has been the fact that all the people who spoke in it, particularly, of course, all my male colleagues, have shown enormous goodwill, and that is what we do very well and with infinite skill. We say how much we want equal pay. In fact, we say it over and over and over again, and there is just one point that I would like to make in conclusion to the Commissioner at the end of this debate. He has stressed the fact that most of the action in this field must be taken through the national parliaments, and I would agree with him. Indeed, I should think there is hardly a Member of this Assembly who has not taken some action to bring about these changes in their own parliament. That is not why we are here, and that is not why we are talking to him. What I want to point out to him, very simply, is that if there is a very tiny amount of money available for the use of pilot schemes to find out how women can be retrained, what their problems are, where they are, then that money must be translated into ideas, and the ideas must be sent to the Member States, and they must be asked to implement similar schemes on the basis of the Commission's own experience. That is what I am asking for, and that is what I was insisting on.

I am very happy to hear that he has a *chef de cabinet* who is active among the women's organizations. I

**Dunwoody**

hope he is young and virile. If he has got to get around them all he should be quite tired by the end of it. I would be delighted, I may say, to study any reports that the Commission may have of the experiments that they have undertaken, but with the greatest respect, it is not to me that you need to be talking. One reason why my colleague, the Senator on my left — physically — was able to say that he had been talking to Baroness Lockwood, one of the chairmen of the Womens' Equal Rights Commission, was very simply that in my country we are aware of the extent of the problems. In my country we have been fighting for many years to try and get this kind of equal pay and equal opportunity. It is not an accident that my own grandmother was in fact a suffragette. It is not new, either in my family or in my political system, that women want fairness and equality.

So I would say this to the Commissioner: we know you are a man of goodwill, we know that your heart is in the right place, now will you demonstrate to this particular Assembly what can be done in terms of leadership from the Commission? You have our whole-hearted support — we cannot do more. We know that you are on our side, but what we want with the greatest respect to you is less goodwill and a little bit more action. Tell them what you have done. Tell them what you intend to encourage the Member States to do, and leave the nagging in the member parliaments to us. We shall do it without any difficulty whatsoever. What we require are the statistics at Community level; we require the support of the Commission to say what can be done, and we require the support of the Commission to initiate action. Not to talk about the actions of the Member States, but to initiate action at the centre. You have limited powers, but you can do this. Do it for us now.

**President.** — I call Mr Vredeling.

**Mr Vredeling, Vice-President of the Commission.** — (NL) Mr President, Mrs Dunwoody's appeal to me has not fallen on deaf ears. I shall do everything in my power to take action in this area; but perhaps she has been a little free in her use of the word leadership. Leadership is possible when you have the necessary instruments. But you cannot lead without the instruments to do so. You must be in a position to use your leadership ability and the surroundings are important. To a great extent you can of course create the necessary surroundings yourself. To that extent Mrs Dunwoody is right. You can create the right climate for action and that is what we are working on at present. We are all bound by the fact — as you will readily understand as a parliamentarian, Mrs Dunwoody — that there are strict rules providing for example for equal access for men and women to

employment. The relevant directive takes effect on 12 August this year. The Member States do not have to report until 1980 on the way in which they apply the directive in the next two years. If you do not find this to be satisfactory, I am only too willing to agree with you. And if I then ask you whether you can put me in a position to change all this overnight the answer must be that you cannot and I cannot change things. We must remain clear in our own minds as to the responsibility which each of us has in his or her particular position and what each of us is in a position to do. This applies both to Members of Parliament and to the executive. I can only say that the Commission will do all it can in response to the appeal addressed to it. We have already done a great deal. We attach great priority to this matter. The department of the Directorate-General responsible for this sector is getting through a vast amount of work. One last remark to Mrs Dunwoody: my *chef de cabinet* is not a 'he' but a 'she'!

(Laughter)

**President.** — I note that no one else wishes to speak. The motion for a resolution will be put to the vote, together with the amendments which have been moved, tomorrow at the time set aside for voting.

The debate is closed.

#### 14. Statement by the Commission on unemployment among young people

**President.** — The next item is the statement by the Commission of the European Communities on its proposals for combating unemployment among young people.

I call Mr Vredeling.

**Mr Vredeling, Vice-President of the Commission.** — (NL) Mr President, last Wednesday — which happened to be the day of action of the European union movement — the Commission adopted certain proposals on measures for you to be informed of them as soon as possible in plenary sitting. The purpose of our proposals is to extend considerably the activities of the Social Fund for the benefit of the young unemployed. Large sums of money are involved (we estimate that 110 million EUC will be needed in 1979) and the Commission also wishes to add new instruments to those already available to the Social Fund to help young people find jobs. We are all aware of the extent to which extra support is needed for young people in particular.

The evil of unemployment affects young people more than any other group in our society. Two of the six million unemployed in the Community are below the

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age of 25 — i.e. one-third of the total — while the same age group accounts for only 17% of the working population.

The number of unemployed below the age of 20 is three times higher than the average and the number of unemployed between 20 and 25 twice the average. This means that the risk of unemployment is very unevenly distributed between the age groups. The social consequences of such a high level of unemployment among young people are difficult to assess completely, but I think we are all agreed that the phenomenon is serious in the extreme. Alienation, pauperization and degeneration loom on the horizon when young people are condemned to remain idle. Under such conditions I am afraid that phenomena of social disintegration and unrest are bound to follow very quickly. All this causes us still greater concern in that we know that in the next ten years the labour market will become even more crowded than it is already. The latest demographic data available to us on the subject are extremely disturbing. In the next ten years the labour market will have to absorb the peak resulting from the high birth-rate in the sixties.

The number of young joining the working population will be on average 4 million each year.

On the other hand, the number of workers retiring in the years up to 1985 will be abnormally low, in the order of some 2.5 million per year. As a consequence of these population trends there is reason to fear that even if economic growth is fully restored, an automatic return to full employment cannot be guaranteed. It looks as if young people will remain to a discouraging extent the victims of a deteriorating employment situation in the next few years unless we take special measures.

The proposals worked out by the Commission at the request of the Council of Ministers of Social Affairs are intended above all to bring about some short-term improvement in the situation. We felt that the Social Fund should no longer be confined to the application of indirect instruments such as the promotion of occupational training or mobility of young workers, however important those measures may be in themselves. It must also lend its active support to measures which can be expected to have a direct effect on the employment of young people. We have therefore proposed that as from 1979 the Social Fund should contribute to premiums for the employment of young people and to subsidies for programmes of general interest which will help young persons to find employment. We hope that the Member States will take advantage of these new forms of Community support to strengthen and extend their activities in this area. These new tasks will have considerable financial consequences for the Social Fund. The total budget of the fund will therefore have to grow by some 20%

per year. I would of course be the last person to underestimate the difficulties of such growth, but I note, in all objectivity, that what may seem a heavy increase in comparison with the present resources of the fund is in fact insignificant measured against the disturbing scale of the problem confronting us.

We therefore think that the effect of the modest resources available to us must be stepped up by adopting the most rational approach possible. It is not therefore our intention to spread the new resources of the fund over all kinds of possible forms of Community action. We believe that preference should definitely be given to directing our efforts towards the areas in the Community where additional aid is the most seriously needed and where such aid can be expected to have an optimum effect.

The Commission must follow an order of priority in which five areas already head the list: Ireland, Northern Ireland, the Mezzogiorno in Italy, Greenland and the French overseas departments. A similar high level of priority must also be given to the Community regions in which the level of unemployment among young people is higher than the Community average. Moreover the Community must give priority to aid for certain actions under the Community industrial policy. We can for instance help to promote the development of alternative employment for young people who are thrown out of work by mechanization and measures of rationalization.

Where necessary we shall also apply further selection criteria to prevent the allocation of the new form of aid from the Social Fund from becoming somewhat automatic. We shall be guided by the following considerations: the more costly the creation of employment under individual programmes the more readily they should qualify for Community aid. Special attention should be given to experimental Community aid. Special attention should be given to experimental projects. The creation of jobs in small and medium-sized undertakings and in the craft trades deserves extra support. Actions in small towns and in the country should be given priority in many cases.

Actions which help to improve the transition from training to employment should be privileged and projects in favour of young people who have been unemployed for some time already must also receive priority. Moreover special priority should be given to unemployed young women. The level of unemployment in this last category has risen by leaps and bounds in recent years, to a far greater extent than the general average of unemployment among young people which has itself assumed a disturbing scale. At its meeting in Copenhagen the European Council decided on the need for special supplementary measures at Community level to combat unemployment, particularly among young people.

## Vredeling

In its new proposal, the Commission has earmarked with the greatest possible care new resources which should be sufficient to ensure that already next year, provided that the governments cooperate, some 150 000 unemployed young people can be found jobs. Of course that is not enough to solve the unemployment problem among young people in the Community. I am fully aware of that. For that purpose we need a lasting policy of structural measures and we are trying to formulate that policy through joint efforts with the governments, employers and workers. But the new forms of support from the Fund proposed by the Commission will make a real contribution here and now to the fight against the great evil of our age.

**President.** — I call Mr van der Gun.

**Mr van der Gun**, *chairman of the Committee on Social Affairs, Employment and Education.* — (NL) Mr President, I want to begin by thanking Mr Vredeling for his statement. I do not think that this is the right time to look in more detail at the material content of this communication. However, we welcome the fact that concrete results have now been reported because, in the view of the Committee on Social Affairs, it has taken longer than we had expected for concrete proposals to be submitted. We know that this is not Mr Vredeling's fault but we in Parliament have to deal with the Commission as a whole. And we are obliged to note that this has taken longer than we felt desirable.

I have the impression that the delay was partly the reason for the cancellation of the Council of Ministers of Social Affairs which was due to have met on 24 April next. The Committee on Social Affairs was very disappointed to learn last week that the meeting would not be held. We find it rather strange that at a time when social problems are causing us concern throughout the Community, a meeting of the Council of Ministers of Social Affairs should be cancelled because it did not have sufficient material to deal with. We should therefore like to hear from Mr Vredeling why it was found necessary, under the circumstances which, as I have just pointed out, made a meeting particularly appropriate and desirable, to surprise us with the announcement that the meeting of the Council of Ministers of Social Affairs had been cancelled.

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

**Mr Adams.** — (D) Mr President, ladies and gentlemen, I am less concerned than my colleague, Mr van der Gun, whether or not a meeting of the Council of Ministers of Social Affairs takes place. Had such a meeting been held I should have found it more

important for a practical results to be achieved in respect of the employment situation. I am also not as optimistic as you, Mr van der Gun, when you say that the statement made by Mr Vredeling already represents concrete results; essentially all that we have is a proposal from the Commission — a proposal to which we as a group will of course always subscribe. But I would remind you that our group already raised the subject of unemployment among young people in Parliament in February 1975 and drew attention to all the problems created by this particular form of unemployment.

I can assure Mr Vredeling that we shall support every step he takes, however small, to help put an end to the problem of unemployment among young people. He mentioned a figure: he said that with the resources proposed by him jobs can be provided for 150 000 young people.

I agree with him that those resources will be useful but I would remind Mr Vredeling that, as we have seen in our debates since 1975, there can be no global approach to the problem of unemployment among young people. To give just a few examples, you know that in Italy there are many unemployed young graduates. In other countries such as Germany, Holland and Belgium, many unemployed young people have no professional training. You know, as you have yourself pointed out, that there are a great many unemployed young women. In fact we discussed the question of equal rights for men and women only a moment ago.

I therefore think that you must be cautious in introducing your new measures. In our view you must on no account sprinkle funds broadly over the Member States; on the contrary you must concentrate on specific measures. Precisely because untrained young people are out of work you must take carefully planned measures to ensure better occupational training. It is after all a fact that well-trained people are less likely to be unemployed.

I therefore believe that you should concentrate on this.

We support you in your measures to grant premiums to firms which engage unemployed young people. But here too I would ask you to make absolutely sure that there is no question of simply collecting the premiums and then dismissing the young employees again after six or nine months. The jobs must be a long-term proposition.

Those are a few points to which I wanted to draw your attention, Mr Vredeling; we share your view that this is a serious problem and one which needs extremely urgent consideration, especially in the case of young people. You know that there are a great many young people who remain unemployed after leaving school and something must be done for them.



## Adams

Our group is therefore perfectly willing to discuss all these points with you in committee and to take all possible and necessary steps to eliminate unemployment among young people.

**President.** — I call Mr Bertrand to speak on behalf of the Christian-Democratic Group (EPP).

**Mr Bertrand.** — *(NL)* Mr President, I want first of all to thank Mr Vredeling most warmly for having made his statement to Parliament today and not first to the press. He has thus introduced a very good practice. I hope that his colleagues in the Commission will be inspired by his example so that we shall learn of the content of proposals from the Commission to the Council here in Parliament before reading about them in the newspaper. I am most grateful to him for his initiative !

I think we should not now discuss the content of this proposal or turn the matter into a subject of political discussion between the groups. I think the issue is too serious for that. There is not one group in this Parliament which would have any hesitation in supporting all possible measures to solve the greatest problem of our modern industrial policy, namely the risk that a whole generation or a large part of one generation may be hopelessly lost for the future because young people feel themselves useless when they have no jobs and are unable to develop themselves or build their own lives. We are therefore willing to support every step taken by the Commission with all the resources at our disposal.

I was, however, astonished by the strange press release published recently. Did it emanate from the Council secretariat? I find it difficult to believe that the Council could make such critical observations and level accusations at the Commission by stating that no Council meeting can take place on 24 April because the drafts which the Commission had promised to send to the Council in the first quarter of this year were not in fact submitted so that there was not a full agenda. That would amount to a direct criticism of the Commission by the Council. I find it difficult to imagine that the two institutions should set to work in that way, but, be that as it may, we have learnt from the press that the proposal for aid from the Social Fund to provide more job opportunities for young people was not submitted in good time so that the Council meeting cannot be held in April. We have read that the proposal on the problem of shift work was not submitted in time and that the convention on arrangements for settling disputes in labour relations is not yet ready even though work had already been done on it under the British presidency. The problem of equal pay for men and women in connexion with social security will be reviewed during the German presidency. All these points have been reported in the

press and amount to nothing less than a direct attack on the Commission. We should like Mr Vredeling to clarify the matter. You told us today, Mr Vredeling, that the Commission had approved last Wednesday the proposal for granting aid in the form of premiums from the Social Fund. This means that the proposal must be referred as soon as possible to the Committee on Social Affairs for its opinion. I hope that the opinion will then be finalized quickly. I should consider it most regrettable if no further meeting of the Council of Social Ministers were to be held during the Danish presidency. Especially as we have on the other hand the secret agreements reached last Saturday in Copenhagen between the Heads of State and Government on future social and economic development, in particular in the context of monetary progress and so on — a subject to which I shall be returning on Wednesday.

The European Council did, however, specially declare that measures must be prepared to solve the problem of employment, including a reduction in unemployment, particularly among young people. In July the Commission must be in a position to make the necessary proposals to the next European Council. That is how I have understood the Copenhagen communiqué. What this all means is that the problems referred to by the European Council and still to be considered by the Commission cannot be dealt with until the second half of this year under the German presidency. It would be desirable for you to clarify the matter, Mr Vredeling, because I do not think it proper for the institutions to criticize each other when certain things are not being done quickly enough, especially now that social problems are causing great concern to all of us who are interested in maintaining standards of living and purchasing power.

Finally I want to ask you, Mr Vredeling, whether in your view a 20 % increase in the resources of the Social Fund is really only possible if the Member States submit the necessary proposals. Are you sure that the Member States will introduce the system of premiums as an innovation for the employment of young people? You can only act if the Member States make applications to you. The Community aid which you are now proposing to the Council can only be granted on the basis of such applications. Can the Member States make their own choice? In my country for example we have a system of training periods under which young people are employed for six months as trainees. They can then serve a second training period of the same duration. But after that they must be employed definitively. That system exists in my country now. The undertaking pays 75 % of the normal wage and the rest is made up by the Government. This system therefore works differently from the premium scheme. Could the Social Fund also intervene in this case on the basis of the proposal

**Bertrand**

you have now submitted? I should like you to give your answer to the Committee on Social Affairs.

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

**Mr Bourdellès.** — (*F*) On behalf of my group I welcome the statement made by Mr Vredeling. We fully approve of intervention from the Social Fund in the shape of direct aid for the employment of young people. I do not think you need reminding that the problem of youth unemployment is a crucial issue which now affects more than two million persons. A solution to the problem must be found as a matter of political and economic urgency. Young people are awaiting concrete developments. The measures outlined just now by Mr Vredeling are a first step in the right direction. It is indeed welcome that the Commission is today proposing aid for the creation of new jobs and for the employment of young people. That is a concrete step which, I am sure, corresponds in broad measure to the expectations of the public.

I should like the Commissioner to clarify two specific points in his statement, namely the definition of the area of application of the new aid and the allocation of the appropriations concerned.

If I have understood correctly, the area of application is limited in two ways: the aid is reserved in the first place for young people in acknowledged underprivileged areas and for those in areas where the rate of unemployment is particularly high.

While this first limitation is perfectly acceptable, the second seems to me less self-evident. What criteria are in fact to be applied in deciding whether a particular region is hard-hit by unemployment among young people? Do you have equivalent statistics which take all the factors — human, economic and geographical — into account? The task will not be easy.

Furthermore, given the budgetary limits, aid will not be available to every young person and every undertaking which employs young people. That brings me back to the same question: what criteria does the Commission intend to apply to choose the undertakings which will benefit from this aid? Might it not be possible to envisage granting premiums on a priority basis to undertakings which are facing serious sectoral difficulties, e.g. the steel industry, the textile sector, shipyards and shoe factories?

My second question relating to the budgetary provision for the envisaged measures will be shorter. The Commission has estimated the budgetary impact of the new aid at about 110m u.a., representing one-seventh of the total budget of the Social Fund. The two new actions must of course be covered by Article 4 of

the budget concerning young people, and Article 5 relating to actions under the Member States' employment policy. Since a balance must be maintained between the appropriations earmarked for intervention under Articles 4 and 5 and since the new action must be sufficiently wide-ranging without at the same time limiting the other actions under Article 4 in favour of agriculture, migrant workers and women, I wish to put the following question: how does the Commission propose to effect the breakdown of budgetary appropriations between these two articles?

In conclusion, I wish to express my own satisfaction and that of my entire group at the presentation of these proposals which must now be put into effect.

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

**Mrs Squarcialupi.** — (*I*) Mr President, I was particularly struck by Mr Vredeling's remark about the impossibility of returning to a normal employment situation in the future. I think that now more than ever we must find new ideas and undertake new action to combat unemployment.

It is important to take a fresh look at certain sectors of production and at the organization of jobs and industry. Since Community Europe is rich in manpower but poor in raw materials, a stronger impetus, backed by genuine economic structures, must be given to the recovery of raw materials. The expenditure devoted to this end would soon be shown to be worthwhile. At the same time, the means to avert the threat to the environment at Community level would be strengthened.

One major burden that has to be borne by all the Member States is the cost of medical treatment. A genuine effort to promote preventive medicine and health education could, for example, be entrusted to young people given specialist training. This would result in a major saving for the Member States and would also help to reduce unemployment among young people.

An effort should also be made, in close collaboration with the trade unions, to consider new methods of job organization, in particular working hours. Preliminary discussions have already been held on this.

At all events, the traditional methods of combating unemployment must be accompanied by efforts to find new solutions.

**President.** — I call Mr Vredeling.

**Mr Vredeling, Vice-President of the Commission.** — (*NL*) Mr President, I should like to begin with a comment on the questions by Mr van der Gun and

## Vredeling

Mr Bertrand about the cancellation of the Council meeting of 24 April. It is true that there is a link between the delay in preparing the proposal on young people and the failure to hold the Council meeting.

Owing to a slight miscalculation on my part for which I accept entire responsibility, the Commission took rather longer to adopt this proposal than I had hoped and expected. This proves that the document was not a hastily produced text and that we looked into the matter very thoroughly so that more time was needed. The decision was therefore taken under the Danish presidency not to go ahead with the meeting of 24 April. I do not want to dramatize. The fact is that our proposal was designed to take effect on 1 January of the 1979 financial year. The Danish presidency decided to hold a meeting at which it would take a final decision on 20 June. I had hoped that a first exchange of views would take place in April after which a number of decisions on the proposal could have been taken at the June meeting. The finishing touches would then have been put to the text in the second half of the year — as happened with the Social Fund last year — in good time for 1 January 1979.

I have found that the Social Affairs Council and the responsible staff in the Committee of Permanent Representatives are taking their time with the preparatory work. I do not intend this as a criticism; I simply note that more time was taken than I had expected. The Council was therefore unable to go ahead with the meeting of 24 April. There is the further factor that a number of other proposals have not been completely finalized in our departments. Now that everything is almost ready, a spanner has been put into the works and the Council cannot meet on the due date. It is always difficult to get the Ministers of Social Affairs together. You may well object that if a meeting cannot be held in April why cannot one be held in May? That is not possible because a meeting is already scheduled for 20 June and a sufficient interval must be allowed. As you know, it is not the Commission but the Council itself which fixes the dates of meetings of the Council of Social Affairs Ministers. Now that there are so many items on the agenda, I hope that the frequency of Social Affairs Council meetings will be stepped up. How often have meetings of the Council of Ministers of Agriculture been cancelled for one reason or another? That in itself is not particularly dramatic, but it is somewhat unfortunate if the gap between two meetings is too long. It is on this occasion a blessing in disguise that Parliament is now able to deliver its opinion before the Council holds its first exchange of views on the subject. I assume that the Council would have considered the proposal at its April meeting, if that meeting had in fact gone ahead, without waiting for Parliament's opinion.

I do not wish to speak of anything more than a blessing in disguise. To some extent I am myself to

blame. I recognize the fact here in Parliament. I made a miscalculation, but happily there will be no material consequences for our proposal.

Mr Adams drew attention to the need to avoid sprinkling aid too widely. We have embodied very clear criteria in our proposal so that it cannot be suggested that aid will be dispersed too widely in the Community. We have concentrated on highly concrete aims using objective criteria without any random wastage. The difficulties of this approach were apparent from the questions put by Mr Bourdellès to which I shall return later.

Of course occupational training is one of the most important aspects but — and this brings me to Mr Bertrand's question — training periods are one thing to which we are giving close attention. Professional training must be followed by practical work in the undertaking so as to strengthen the ties between training and employment.

In Belgium, France and almost all the other Member States, this form of occupational training has been linked in one way or another with subsequent employment. I recently saw at the Thyssen concern in Duisburg how important it is to combine occupational training with the undertaking itself. We should like to promote these links as far as possible. There is a measure of preference in the duration of unemployment of young people. It would, however, take me too long to indicate all the criteria which come into play here.

We shall soon have an opportunity to discuss here in Parliament the guidelines which we shall be drawing up on occupational training, following the presentation of our proposals in the Social Affairs Committee.

Mr Bourdellès put a number of highly specific proposals on the area of application of our proposal. He rightly said that we have given priority to the same regions as the Council of Ministers, namely Ireland, Northern Ireland, the Mezzogiorno, Greenland and the French overseas territories. Here the 55 % subsidy percentage fixed by the Council is applicable. Our second criterion was to choose the countries in which unemployment among young people is higher than the Community average.

The Council of Ministers of Social Affairs asked last October for special aid to be granted where the need is greatest. We have therefore taken a criterion which is higher than the Community average. We want to apply a certain correction factor by taking national regions in which the percentage of unemployment among young people is much higher than the national average. If you simply take the Community criterion there is a real risk that some Member States will not be able to submit projects because unemployment among young people there is lower than the Community average.

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Biannual statistics have been published for this purpose by the Statistical Office of the European Communities here in Luxembourg. The Office collects statistics on the nature of unemployment among young people and the categories of persons affected. This is therefore a Community study on the basis of which we can take action. It is not inconceivable that the frequency of these surveys may have to be stepped up as we move further in the direction which we have now proposed. Reference was rightly made to the steel and shipbuilding industries. As I pointed out in my introductory speech, we have tried to make this proposal viable for the sectoral approach which the Commission wishes to follow and so to help in the restructuring of certain sectors of industry — in particular shipbuilding and the steel industry.

Articles 4 and 5 form a single entity because at least 50 % of the appropriations must be used for the sectors covered by Article 5. This means that all the appropriations made available to combat unemployment among young people under Article 4 — in itself a further action as in the case of occupational training — automatically increase the appropriations in Article 5 because there is a fixed link between Articles 4 and 5. We felt that the solution could be found by conducting the campaign against unemployment among young people under Articles 4 and 5 on the basis of uniform application and uniform criteria. Article 5 gives priority above all to the regions; that is very important. Article 4 is in practice primarily directed at areas not included within the specified regions. All in all, our aim was to take uniform action, thus meeting the request of the Council of Ministers. We felt that the 110m u.a. which we expect to need can reasonably be distributed equally between Articles 4 and 5.

**President.** — The debate on this item is concluded.

### 15. Directive on cocoa and chocolate products

**President.** — The next item is the report (Doc. 15/78) by Mr Lamberts, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the

proposal from the Commission of the European Communities to the Council for a directive amending for the fifth time Directive 73/241/EEC on the approximation of the laws of the Member States relating to cocoa and chocolate products intended for human consumption.

I call Mr Lamberts.

**Mr Lamberts, rapporteur.** — (NL) Mr President, this proposal from the Commission of the European Communities on cocoa and chocolate products appears to be very simple. Many of you may have the impression that it can be adopted without much discussion, especially as it has been welcomed by producers in our Member States.

However it is my view — shared by the entire Committee on the Environment, Public Health and Consumer Protection — that this proposal in fact raises serious problems. We believe that this simple directive must provide the impetus for a review of the entire technology and toxicology of our food products in the near future. In the first place the interests of public health must be balanced with the immediate interests of the consumer and producer.

We need to take a closer look at food and confectionery, cosmetic products and packaging materials. Cardio-vascular diseases and cancer are at present the most serious public health problems in the Western world. It is practically certain that present eating habits are one cause of these diseases or at all events that eating habits increase their prevalence. It is becoming increasingly clear that a wrong diet in young people increases the risk of illness in later life. A recent paper by two Dutch doctors has clearly confirmed this fact.

Before looking more closely at this proposal which deals with certain maladies of our modern Western world, I should like to say a word about the history of the cocoa bean. Cocoa is made from the seeds — i.e. cocoa beans — of the cocoa tree. The tree is called 'theobroma cocoa' which means food of the gods. Indians from Central and Southern America have been growing this tree for 1 500 years since it was given to them by the 'god of the air'. The Aztecs used cocoa beans to make a drink which they called 'chocolate'. For a long time cocoa beans remained so scarce that for centuries a good slave could be purchased for one hundred cocoa beans. In 1606 cocoa beans were introduced for the first time into Europe through Italy from which they spread to Austria. When Anne of Austria married Louis XIII, cocoa beans became known throughout Europe starting with France. And in 1828, just 150 years ago, the Dutchman Van Houten discovered the process which is still used to prepare our cocoa and chocolate products.

Mr President, I shall now return to the present and consider the Commission's proposal. As you will have noted, we have not accepted this proposal but fixed a date, 30 June 1979, which we think gives the Commission sufficient time to look into our criticisms and work out a new proposal.

I do not have enough time to look in detail now at all the points in our motion for a resolution. We find that the Commission is late in submitting its proposals. We make that point in paragraphs 1 to 4. We find also that its proposals are solely for the benefit of producers, as we have made clear in paragraphs 5 to 9. There is no need for me to repeat our arguments here.

The Committee on Public Health considers that protection of the health and interests of the consumer is more important. Not that we do not recognize the

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interests of the producers. We recognize the value of what they are doing. Where would we have been now with our world food problem and pharmaceutical production without the inventiveness of their research workers? But when we refer here to producer interests we are concerned with economic abuses which have a purely scientific background. That is why we want this directive on cocoa and chocolate products to be amended.

Our committee considers it unacceptable to see further deterioration in our consumption habits even if chocolate is pleasant to the palate, even if the consumer does not realize that he is eating a deteriorating product and even if he does not know that the additives are harmful to his health. In section C of our explanatory statement we have shown that young people in particular run the risk of damage to their calcium intake because of the addition of phosphoric acid to our foodstuffs. So as not to seem to be exaggerating, I did not point out in the report that teenagers require more than double the average calcium intake while this same population group is in fact the most threatened by an excess of phosphorus in its food. Recent Dutch research has shown that children from the poorer socio-economic backgrounds often have the worst diet. The objection that other food and confectionery products also contain phosphorus additives in even greater quantities simply means that there is all the less reason to use them in cocoa and chocolate products and that we must review our whole food technology.

A further criticism which I have heard is that the calcium-phosphorus ratio in Irish children is better than on the continent; the same situation may also apply to children from the United Kingdom. I have never been in Ireland and am not acquainted with local publications on the subject. But to obtain more information on the nutritional condition of Dutch children I have myself undertaken comparative studies of school-children in Paris, London and Gateshead near Newcastle. I can state from my own experience that children there are exposed to much the same nutritional risks as children in the Netherlands and Germany. In my view this applies to children from all the Member States.

From the annex to this draft report you will also see that the phosphate load caused by human waste is not only far too high but also increasing at a frightening rate. Our first conclusion is that phosphoric acid must be prohibited as a neutralizing agent in cocoa and chocolate products. But ammonium salts of phosphoric acids such as YN must be prohibited for the same reason, partly because YN can be used for the falsification of products in that cocoa butter can for instance be replaced by colza oil which is much cheaper. The consumer does not notice any difference in taste but he has far more saturated fatty acids in his

food intake so that the cholesterol levels in the blood may well be disturbed and increased.

Even if Irish children are not exposed to all these factors and to the other additives indicated in Annex II, progress must be made towards harmonization in all the Member States and the three new members, including Ireland, must adapt themselves to our standards and prohibit most of the additives listed in Annex II.

I do not wish to consider in detail all the additives in fact involved in our food intake. As you know, there are tens of thousands of such additives and this means that each one of us absorbs several kilograms of substances which are alien to the body every year. Many such substances which are in daily use, and even natural substances such as xylitol, have recently been shown to have very damaging effects. Since they are carcinogenic, mutagenic or teratogenic our anxiety is perfectly justified. In addition an increasing number of people are developing allergic reactions to substances alien to the body and the most spectacular instance of a reaction of this kind was provided by the case of emulsifier EM 18 which used to be used in margarine — this was the Planta case.

Report 599 published by the FAO and World Health Organization in 1976 also totally rejects the use of pentanite which is listed in Annex I and therefore permitted in all the Member States at present! The report further indicates that there is no objection to the use of glycerolic esters, listed in Annex II, in the permissible doses. Similarly, the permissible doses of sorbitol products, also listed in Annex II, are considered acceptable but it seems to me that we cannot be confident at present that all cocoa and chocolate manufacturers already comply with the specified standards. The same report expresses serious doubts about odour and taste agents listed in Annex II, and clearly states that it may not even always be assumed that natural agents of this kind are harmless, let alone chemically prepared substitutes which should definitely be prohibited. Hundreds of millions of kilograms of cocoa and chocolate products are consumed in the European Community — details will be found in the annex to our draft report.

There are certain high risk groups in our society such as teenagers and young children whose calcium metabolism is being disturbed by the absorption of excessive quantities of phosphorus. I have given you a small impression of all kinds of additives used in our food and of the doubts expressed about them by nutritional experts and toxicologists. There are in particular doubts about the additives listed in Annexes I and II of the statutory provisions on cocoa and chocolate products.

In the draft report we have looked in detail at the interests of consumers in the narrower sense. We think we have shown that they conflict with the inter-

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ests of the producers. An important argument was that all the additives shown in Annex II are quite unnecessary from the angle of consumers' interests. They are also dubious in some cases in that they may be used to camouflage a poor quality of chocolate. They even make it possible to sell — intentionally or otherwise — on the chocolate counters of shops, products which do not contain a single trace of a cocoa bean! Our committee is afraid that this proposal from the Commission runs counter to the interests of health protection and of the consumers and that excessive importance has been attached to the interests of the manufacturers. We therefore wish to bind the Commission to a date of 30 June 1979, and we hope that you will support us on this point. We hope too that the Commission will set its advisory experts to work rapidly on the matter of nutrition and toxicology in order to protect us all against unacceptable additives in our food. We shall have to remain extremely vigilant in the near future in order to ensure better protection for our children and infants against the constant deterioration of our food intake in the Western countries.

We shall have to find methods of putting an end to this unsatisfactory trend in our society. The state of health in the European Community is deteriorating again after a wonderful improvement in the years following the second world war. Mr Vredeling has told our committee that he intends to examine the whole matter. I myself have tried to provide him and the members of our committee with an analysis of the causes of the deterioration in general health standards in a wide-ranging memorandum; I have also attempted to point to ways of bringing about an improvement. I hope that together we shall succeed in attaining that aim in the long run.

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

**Mr Baas.** — *(NL)* Mr President, my group wishes in the first place to express its warm thanks to the rapporteur. In the discussions in committee he managed not only to arouse the interest of all the other members but also encouraged an extremely critical appraisal of the proposal now before us.

The years of experience which the rapporteur has in this area were a great support to us and we wish to thank him most warmly for his help.

A scientific approach to this problem leads us to suppose that the whole matter is not as innocent as the Commission suggests. Any additive to our food, each in itself innocuous element, has an extremely important overall effect. When the rapporteur points out that the intake of refined food products in the Western world brings in its train a growing lack of calcium in our food which has become an extremely serious problem, especially in the case of young and

old people, and when we also realize that phosphates and calcium cannot be separated from each other, this is surely an indication to the Commission that it should in future approach such complex-matters with more care. When the proposals suggest that minimum quantities of this or that product, as long as the quantities absorbed remain low, have no adverse effects on health, then I believe the Commission is making our work extremely difficult. Mr Lamberts, our rapporteur, is an expert who, as a doctor, knows what he is talking about. We as non-experts must of course base ourselves at some point on the Commission documents when we are asked for an opinion. I therefore endorse and support Mr Lamberts's view that the addition of various elements to our foodstuffs must be the subject of detailed consideration.

I believe that to protect the consumer, the Commission must keep the public regularly informed of the progress of research in the food sector. I agree with the rapporteur that economic interests must take second place to public health. I think that too much account is often taken of economic interests. This proposal leads us to suppose that the economic interests of the cocoa industry in one Member State have been given greater importance than they deserve from the angle of public health in the Community. My group therefore willingly supports this report. We adopt a critical stance on the documentation supplied by the Commission and we hope that it will make greater allowance of our views in future.

**President.** — I call Mr Vredeling.

**Mr Vredeling, Vice-President of the Commission.** — *(NL)* Mr President, I shall begin by joining Mr Baas in complimenting the rapporteur on making, in a report on an apparently minor matter, a number of observations which are of much greater import than hazelnut bars, if I may say so. I am really only here to deputize for my colleague, Mr Davignon, but I have recently begun to have a measure of responsibility in the area of public health. All in all I find this report particularly satisfactory. I do not think that we can be too careful about all the additives which find their way into our food. Although I do not subscribe either to the view that all natural food is by definition healthy for human beings. Mr Baas and I, who have had the same training, could comment further on this. All the poisons known to us are in fact produced naturally in one way or another in nature.

The parliamentary committee has proposed a number of amendments. Mr Lamberts has already explained them in detail. The additives which are still by way of exception permitted in certain Member States must be prohibited after a given date and other additives listed in the annexes must be given further critical consideration. The Commission is able to accept this constructive amendment. It is indeed desirable for the existing

**Vredeling**

directive which lays down provisions for certain permitted emulsifiers to be reviewed again and the date of the review, 30 June 1979, is perfectly acceptable to us. The situation is different with regard to aromatic substances, in respect of which there is as yet no directive although we are at present working on one. It is not yet known when the Council will be able to consider a proposal from us on this matter, but we shall note the criticism addressed to us. The aromatic substances include many which most definitely warrant a critical appraisal, as requested by Mr Baas. We shall therefore definitely take account of Parliament's proposals.

Reading between the lines of the report and listening to Mr Lamberts, I have also come to recognize that human beings do not react like plants when it comes to their food. Too much of a particular product always has consequences.

Every living organism reacts in this way. But I was certainly unaware that my calcium level was placed at risk by eating chocolate in Ireland. I shall soon be going to Ireland, and I shall remember that point. But on a more serious note it is my view that the way in which the rapporteur has dealt with this technical proposal is an example to us of the approach we should adopt on all such matters. Economic aspects must not take priority. They must always be borne in mind, but not as the primary factor. The health of human beings and especially of young people must be our central consideration. The Commission gladly subscribes to that view.

**President.** — I note that no one else wishes to speak. The motion for a resolution will be put to the vote as it stands, tomorrow at the time set aside for voting. The debate is closed.

16. *Administrative expenditure of Parliament during the financial year 1977*

**President.** — The next item is the interim report (Doc. 14/78) by Mr Cointat, on behalf of the Committee on Budgets, on the draft report on the administrative expenditure of the European Parliament for the period 1 January to 31 December 1977 (financial year 1977).

I note that no one wishes to speak. The motion for a resolution will be put to the vote, as it stands, tomorrow at the time set aside for voting.

17. *Agenda for the next sitting*

**President.** — The next sitting will be held tomorrow, Tuesday 11 April 1978, at 10 a.m. and 3 p.m., with the following agenda:

10 a.m. and afternoon.

- Decision on urgency of four motions for resolutions,
- Brimelow report on dumping,
- Oral question with debate to the Commission on EEC-Comecon relations;
- Oral question with debate to the Commission on EEC-Japan trade relations,
- Oral question with debate to the Commission on trade between China and the Community;
- Joint debate on the Nyborg report and an oral question to the Commission on the state of the custom union;
- Oral question with debate to the Commission on dealings in licences;
- Spinelli report on the decision empowering the Commission to issue loans;

3 p.m.

- Question Time (questions to the Commission),

3.45 p.m.:

- Votes on motions for resolutions on which the debate has closed.

The sitting is closed.

*(The sitting was closed at 8.10 p.m.)*

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IN THE CHAIR : MR ADAMS

*Vice-President*

**President.** — The sitting is open.

*(The sitting was opened at 10. a.m.)*

1. *Approval of the minutes*

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

Are there any comments?

The minutes of the proceedings are approved.

2. *Authorization of reports — referred to committee*

**President.** — Pursuant to Rule 38 (3) of the Rules of Procedure, I have

— referred the question of prospects for the enlargement of the Community, on which the Political Affairs Committee had been authorized to draw up a report, and the Committee on Agriculture and the Committee on Regional Policy, Regional Planning and Transport had already been asked for their opinions, to the Committee on External Economic Relations, at its own request, for its opinion;

— referred the question of the operation of the Euratom Inspectorate, with particular reference to the allocation of duties between the Commission, the Governments of the Member States and the EAEC, in respect of the inspection of fissile materials in the EAEC, on which the Committee on Energy and Research had been authorized to draw up a report, to the Committee on the Environment, Public Health and Consumer Protection, at its own request, for its opinion.

3. *Decisions on urgent procedure*

**President.** — I shall now consult Parliament on the adoption of urgent procedure for the motion for a resolution (Doc. 18/78), tabled by Mr Fellermaier, on behalf of the Socialist Group, on the manufacture, distribution and use of pharmaceutical preparations. I call Mr Prescott.

**Mr Prescott.** — Mr President, there were originally two motions for resolutions before the House, but since the one by the Christian Democrats has been withdrawn, you are left solely with the vote on the one by the Socialist Group. I know this is not the time for the debate, but the issue is a fundamental one on which this House should consider a motion for a resolution. The justification for the Socialist Group wish for this to be voted on this morning is the need for this House to establish whether, as stated in paragraph 1 of the motion, originally agreed to in the committee, drug companies make excessively high profits. We have considerable evidence to that effect, with excess profits over £ 12 million in 1970-75 being determined by the Monopolies Commission in Britain. I therefore hope the House will take this opportunity to vote on this.

**President.** — I call Mr Klepsch.

**Mr Klepsch.** — *(D)* My group wishes to vote against the use of the urgent procedure for a reason bound up — as I see it — with the present position on this matter in Parliament. In order to clarify the situation that arose as a result of the voting in the Committee on Economic and Monetary Affairs, we originally submitted a motion for a resolution which contained the committee's motion for a resolution and then we decided to withdraw it because we assumed that the committee would consider this subject again in order to put forward a joint proposal. The Socialist Group has put forward the counter-position, which it also maintained in the Committee on Economic and Monetary Affairs, in the form of a motion for a resolution. We fully agree that this question needs to be discussed but we feel — and this is why we are against

**Klepsch**

the urgent procedure — that it would be right to refer the Socialist Group's motion for a resolution to that committee in order that the report and the motion for a resolution, which the committee would then draft, might be submitted to the House for decision. On these grounds we had hoped that the Socialist Group would have agreed not to insist on the urgent procedure and to agree to referral in accordance with Rule 25 of the Rules of Procedure. At all events that is the reason why we are against the urgent procedure. My group will be voting against urgent procedure.

**President.** — I put the request for urgent procedure to the vote.

Urgent procedure is rejected. The motion for a resolution will be referred to the Committee on Economic and Monetary Affairs.

I now consult Parliament on the adoption of urgent procedure for the motion for a resolution (Doc. 37/78) tabled by Mr Kofoed, on behalf of the Committee on Agriculture, on the Amoco Cadiz disaster.

Are there any objections?

Urgent procedure is adopted.

I propose that this motion for a resolution be placed on the agenda for Thursday, 13 April, for discussion in conjunction with the oral question on the organization of sea transport.

Are there any objections?

That is agreed.

I now consult Parliament on the adoption of urgent procedure for the motion for a resolution (Doc. 48/78) tabled by Mr Schyns, Mr van der Gun, Mr Santer, Mr Bersani, Mr Vandewiele, Mr Wawrzik, Mr Mont and Mr Ryan, on behalf of the Christian-Democratic Group (EPP), on the campaign by the trade unions of the Member States to overcome unemployment.

I call Mr Schyns.

**Mr Schyns.** — (*F*) Mr President, ladies and gentlemen, last week, at European level, we witnessed a unique event in the history of the Communities: in the employment world, everyone, from top executives to the humblest manual worker said they were all solidly behind the attempt to improve our Europe in order to overcome the present crisis and to ensure that all workers in the Community should have a suitable job.

I feel that the European Parliament should underline and support this action because it really deserves such support. Yesterday the Commissioner gave us some information about the measures that the Commission intends to take in order to help the various countries overcome the problem of unemployment among the young. Nevertheless we feel that it is absolutely necessary, as we state in paragraph 5 of our motion for a resolution, to urge the Commission to come forward

with further proposals and, where applicable, by industrial sector. These proposals should then be considered by the competent committee of this Parliament in order that the action initiated by the trade union organizations may be followed up.

This is why I ask you, on behalf of my group, to support the motion for a resolution that we have tabled.

**President.** — I call Mrs Dunwoody.

**Mrs Dunwoody.** — Mr President, it seems astonishing to me that in this day and age, when the Socialist Group has spent a considerable amount of time raising the problem of unemployment, and when indeed the Commissioner with special responsibility has been discussing with the social affairs committee of this very Parliament the need for urgent action, that the Christian-Democratic Group has suddenly discovered the problem of unemployment. It is not only that we as a Socialist Group believe this is something which has been with us for a considerable time, and have been debating it over the months because we realize the urgency. What astonishes us is that suddenly, out of the blue, one particular group from this Parliament has discovered the difficulties that have existed for workers in the Community ever since the beginning of the recession. Unemployment is a running sore: it is not a new phenomenon. It is with us now; it has been with us for a considerable time. I would like to say to this Parliament: it is not a new question that demands an urgent debate; it is a question that demands urgent action, and that will not be found in the sort of mealy-mouthed resolution of considerable emptiness that you have before you today.

*(Applause from the left)*

**President.** — I put the request for urgent procedure to the vote.

Urgent procedure is adopted.

*(Applause from the centre and from the right)*

I propose that this motion for a resolution be placed on the agenda for Thursday, 13 April as the last item.

Are there any objections?

That is agreed.

I now consult Parliament on the adoption of urgent procedure for the motion for a resolution (Doc. 50/78) tabled by all the political groups, on terrorism.

Are there any objections?

Urgent procedure is adopted.

I call Mr Berkhouwer on a procedural motion.

**Mr Berkhouwer.** — (*NL*) Mr President, there are two questions on this subject put down for Question Time, one from Mrs Ewing and one from myself. Could they not be included in this debate?

**President.** — I propose that this motion for a resolution be placed on the agenda for Wednesday, 12 April 1978 for consideration jointly with the statement on the outcome of the summit meeting.

I call Mr Rippon.

**Mr Rippon.** — It may be a mistake in translation, Mr President, but I understood you to say that the debate on terrorism would be taken at the same time as the debate on the Summit Conference in Copenhagen. I think that they should not be combined; they should be taken separately, and there should first be a general debate, followed by a short debate on the resolution on terrorism.

**President.** — I call Mr Fellermaier.

**Mr Fellermaier.** — (*D*) Mr President, if I remember rightly, the six group chairmen agreed yesterday that terrorism would be debated in the framework of the general debate on Copenhagen but that the groups reserved the right to state their positions by means of explanations of vote before the vote was taken. There is a shade of difference. Mr Rippon — no debate, but explanations of vote from the six groups on the motion for a resolution.

**President.** — I call Mr Klepsch.

**Mr Klepsch.** — (*D*) Mr President, I believe that the two views are not far removed from one another. We did discuss the matter yesterday but it was not settled whether this was to be understood as a debate. If there were to be a debate, however, there would be only one speaker, or one explanation of vote, per group. I feel that, however we see this procedurally, we are generally agreed and should not therefore enter into a discussion on formal questions. I readily admit, Mr Fellermaier, that it was my own proposal. If we cannot reach agreement on a debate then explanations of vote should be given, but however this may be, we agree that only one Member should speak for each group.

**President.** — That is agreed.

#### 4. *Dumping and uncontrolled competition (debate)*

**President.** — The next item is the debate on the report (Doc. 551/77) drawn up by Lord Brimelow, on behalf of the Committee on External Economic Relations, on the practice of dumping and the threat posed to Europe by uncontrolled competition.

I call Lord Brimelow.

**Lord Brimelow, rapporteur.** — Mr President, the occasion for this document and the immediate source of its misleadingly over-simplified title is a motion for a resolution tabled by Mr Inchauspé on behalf of the Group of European Progressive Democrats. Mr Inchauspé's motion for a resolution, Doc. 209/77, was circulated in this Assembly without any consideration in any committee on 5 July last in the middle of

a debate on dumping initiated by Mr Cousté. I happened to be speaking when it was circulated. I drew attention to some of the difficulties inherent in Mr Inchauspé's proposals and recommend that the Assembly should either reject Mr Inchauspé's motion or at least refer it for examination to a committee. Mr Inchauspé suggested that it be referred to the Committee on External Economic Relations as the committee responsible and that the Committee on Economic and Monetary Affairs and the Committee on Social Affairs, Employment and Education be asked to give their opinion. To this, the Assembly agreed.

The Committee on Economic and Monetary Affairs expressed its unanimous opinion in a letter dated 19 October 1977, the text of which is annexed to my report. This letter states that the Committee on Economic and Monetary Affairs never fails to call upon the Community institutions to take the trade-policy measures needed to protect the vital economic interests of the Community and to seek, within the relevant international bodies, the measures which will remedy the anarchic situation in extra-Community trade.

The Committee on Social Affairs, Employment and Education considered Mr Inchauspé's motion on 22 November 1977 and 24 January 1978. It unanimously adopted a broadly conceived and detailed opinion, the text of which is reproduced on pages 30 and 31 of the English text of my report. Some of the recommendations contained in this opinion go beyond the competence of any Community institution and call for consultation and joint action with outside bodies. I hope that the Commission will study with particular care the proposals contained in paragraphs 8 to 12 of this opinion and make their views known both to the Council and to this Assembly. The opinion of the Committee on Social Affairs, Employment and Education concluded with the recommendation that the Committee on External Economic Relations should not adopt the motion for a resolution tabled by Mr Inchauspé.

Mr Inchauspé's motion included one paragraph, No 15, which called for radical changes in the Community's common agricultural policy. The recommendations made in that paragraph were considered by the Committee on Agriculture at its meeting of 2 and 3 March 1978. The text of its opinion, adopted by 14 votes in favour with 5 abstentions, will be found annexed to my report on pages 33 and 34 of the English text. The Committee on Agriculture recognized the existence of the problems mentioned by Mr Inchauspé, but did not consider that the solution was to increase Community protectionism, for example by restoring customs duties which had been reduced under certain international agreements. It thought that more effective use could be made of the reference price system. It also thought that the introduction of other systems, such as minimum prices, might be

### Lord Brimelow

contemplated to safeguard those branches of Community agriculture which are most threatened by imports from countries with low wage costs. It pointed out that the enlargement of the Community would create problems, both for the Community and in the third countries which at present supply agricultural products to the Community, and it urged that solutions be found before the Community is enlarged.

The Committee on External Economic Relations, for which I am now the rapporteur, discussed Mr Inchauspé's motion for a resolution on 17 October 1977. At the end of a predominantly critical debate, the gist of which will be found in my explanatory memorandum, the committee decided that an alternative motion for a resolution should be drafted. This alternative motion and my explanatory statement were discussed by the Committee on External Economic Relations on 24 January 1978 under the chairmanship of Mr Kaspereit. Mr Inchauspé was not present on either of the occasions when my committee discussed his motion for a resolution. The discussion on 24 January was free of controversy and the revised draft motion for a resolution was approved unanimously.

On 13 December 1977, Mr de la Malène, at the end of a discussion in this Assembly on oral questions by Mr Inchauspé on imports flooding the Community markets, Docs. 363/77 and 364/77, tabled a motion for a resolution, Doc. 447/77, on behalf of the Group of European Progressive Democrats. This was referred to my committee. The points made by Mr de la Malène had already been fully covered in my draft report. I have amended the text to refer to Mr de la Malène's motion in the second recital to the preamble, and in the footnote to page 9 of my explanatory statement.

I now turn to the issues of substance. The scope of Mr Inchauspé's motion for a resolution was exceptionally broad. It advocated a new and worldwide approach to the organization of international economic relations. It suggested that the rules of free trade, on which international commercial relations had been based for the past 30 years, should be redefined and reformed so that freedom of trade could be transformed into an organized freedom. While repudiating protectionism, it proposed quite a series of protectionist measures. Presenting his motion to this Assembly on 5 July last, Mr Inchauspé said that his proposals amounted 'to very precise measures which constituted a veritable organization, not new but temporary, of European commerce'.

That word 'temporary' as used by Mr Inchauspé, is dangerous. Given that the present rules for the regulation of international trade can only be changed by agreement, and that the reaching of agreement has become more difficult as the number of sovereign States has increased, the Committee on External Economic Relations is not persuaded that the current rules regulating the conduct of international trade can

readily or easily be redefined or reformed, or that they can be temporarily abandoned, or that it would be a simple matter after their allegedly temporary abandonment to go back to them at a time of our choosing if we were to decide that our current economic difficulties had become less pressing.

The preamble to the motion for a resolution which the Committee on External Economic Relations now submits to this Assembly recognizes the complexity and multiplicity of the economic problems which the Community is confronting. It does not endorse the over-simplified attribution of our multifarious difficulties to dumping, which, as defined in GATT, has only been established in a relatively small number of cases, or to uncontrolled competition, for which as yet no internationally recognized definition exists. The revised motion for a resolution refers to the Community's international obligations as well as to its obligation to safeguard threatened domestic producers. It reaffirms acceptance of all the principles embodied in the Community Treaties, not merely of the three principles mentioned by Mr Inchauspé. It recalls that in Article 110 of the Treaty establishing the European Economic Community, the Member States stated it to be their aim to contribute in the common interest to the harmonious development of world trade, the progressive abolition of restrictions on international trade and the lowering of customs barriers. It draws attention to the unique status of the European Community as the world's largest importer and exporter and to the consequent impact of international trade of any change in the Community's trading policies. It notes the growing number of instances of market disruption within the Community, the deterioration in recent years of the balance of payments of most Member States, the persistence of high rates of unemployment and the need for a revision of Article 19 of the General Agreement on Tariffs and Trade in order to make recourse to it more flexible and more effective.

Mr President, I think that fairness to the Commission requires that some appropriate acknowledgment be made of the steps which the Commission has taken in the past year to limit market disruption in the Community. The revised motion for a resolution does this. It notes that measures to limit market disruption are being taken with increasing frequency. It refers to the agreements which have been concluded for self-restraint in the sale of textiles to the Community, It mentions the surveillance of imports of particularly sensitive products such as footwear, zip-fasteners, fertilizers and various steel products. At the same time, the new motion for a resolution points out that any ill-considered defensive actions by an economic unit as large as the Community could all too easily touch off a worldwide escalation of protectionist measures which, given the Community's dependence on foreign trade, could be disastrous. In short, the preamble

### Lord Brimelow

recognizes the need for prudence in balancing the claims of international trade against the claims of those Community industries which are suffering from market disruption. In accordance with this approach, the first substantive paragraph of the new draft resolution encourages the Commission to continue and reinforce its efforts to protect Community industries against market disruption and against trading practices such as dumping and subsidization. Paragraph 2 emphasizes the importance of being able to react before serious damage has been done. Paragraph 3 points to the need for safeguards against the circumvention of undertakings made by the Community's suppliers. Paragraphs 4 and 5 refer to the defence of the Community's steel industry. Paragraph 6 urges all the Community's trading partners to respect the OECD gentlemen's agreement regarding credits for shipbuilding and the fair distribution of new shipbuilding orders. Paragraph 7 endorses the Community's efforts to organize relations with State-trading countries in such a way that a fair balance of advantages achieved and market disruption is avoided. Paragraph 8 deals with the promotion of Community exports, especially to countries which are in surplus with the Community, including Japan. Paragraph 9 sets out six specific objectives which the Community should seek to achieve in the Tokyo round of multilateral trade negotiations. Within the Community, these objectives are, I believe, uncontroversial; but the third, which calls for the improvement of safeguarding arrangements under Article 19 of GATT, is not likely to be welcomed by some of the Community's present suppliers. It seeks greater precision in the international rules, particularly those establishing the criteria of market disruption. It seeks agreement on greater flexibility in the selective application of safeguards. In particular, it seeks to find a way round the most-favoured-nation principle. On the other hand, it does concede the need for international supervision to avert abuse of such flexibility. The last of the six objectives listed in the ninth substantive paragraph of the new motion for a resolution does not deal with defensive measures within the Community. It is an acknowledgement of the Community's responsibilities towards the developing countries, and particularly towards the least developed. This point was not included in Mr Inchauspé's motion for a resolution.

Mr President, I submit that this revised motion for a resolution is more realistic and better balanced than the original circulated last July by Mr Inchauspé and that it gives more support to the policies which the Commission has developed in the past year with the encouragement and backing of the governments of the Member States. On behalf of the Committee on External Economic Relations, I commend this resolution to the Assembly and hope that it will meet with the approval of the House.

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

**Mr Albers.** — *(NL)* Mr President, like the rapporteur, my group has grave objections to terms like dumping practices and the threat to Europe of uncontrolled competition, and we regret, in fact, that the motion for a resolution by Mr Inchauspé on behalf of the Group of European Progressive Democrats contained these expressions. It creates the impression that there is indeed a threat to Europe through widespread dumping.

We greatly appreciate the fact that in his motion for a resolution Lord Brimelow, the rapporteur, has been concerned to shift the accent and to make it clear that other things are involved and that dumping practices are not our worst threat. The Brimelow report rightly points out that the European Community is the world's largest importer and exporter and it also refers to Article 110 of the Treaty which calls for the progressive abolition of restrictions on international trade and the lowering of customs barriers. We ourselves wonder whether there is really any question of market disruption and whether the deterioration in the balance of trade is so bad that even stricter measures need to be taken. Our group fears, for example, that protective measures by the European Community may easily lead to countermeasures in the form of protectionist action.

After all, if we look at what usually happens in this field we have to seriously ask ourselves whether, with world trade declining as it is, certain limitations that all of us apply from time to time should not be slightly relaxed instead of tightened up, for there is a long list of restrictive measures including not only duties but also customs regulations, technical limitations, health requirements, documents required, safety clauses and certificates of origin.

Ceilings, quotas and price controls are applied and in some cases of course, as in that of the Multi-fibre Arrangement it is to be welcomed that the Community should try to avert the threatened collapse of the textile and multifibre industries. This is a gradual process on which the trade union organizations concerned are being consulted, but it should never come to the point of saving moribund branches of industry from collapse with all kinds of support measures when we all realize very well that, in the long run, they are doomed to disappear.

In introducing the programme of the Commission's activities, Mr Jenkins, President of the Commission put this very clearly. He said: Our industries must not foster any illusions about the aim of Community trade policy and think that it is a comfortable protectionist bed for them. This is clear and very nicely put, one might say, but where does it get us? But, on behalf of the Commission, Mr Jenkins has pointed out the way

**Albers**

He said: We need structural measures. We need to modernise our production facilities and we need to direct our attention to branches of industry with potential for the future. The ones he named were aerospace, data processing, electronics and telecommunications. Our group considers this highly important and earnestly recommends that we should take a searching look at our trade interests. Scientific research has shown that an increase may be expected in the number of jobs in the wholesale and retail trades, in distribution and delivery firms and in the service sector. Since we are discussing the present subject against the background of continuously mounting unemployment figures, we should take special care that, with its great influence in world trade, the European Community does not throw out the baby with the bath water.

We see that the volume of world trade is on the decline. The 14 % increase of a few years ago has fallen to 4 %. The fault lies with protectionism. When we talk about dumping then we should be clear about what dumping really is. If a country makes a product of which the value is 100 and sells it at that price at home but exports it at a price of 60 then that, of course, is dumping. But if a country makes a product of a value of 100 and exports it at that price, whereas we make the same product at a price of 120 then that is not dumping. That is a matter of too low a level of efficiency and productivity in the EEC. So we too must try to produce the product at a price of 100 in order to become competitive again.

There is every reason to be concerned. To that extent we agree with Mr Inchauspé's motion for a resolution. But we should be far more concerned about the fact that trade is on the decline and that, so far, in spite of all the measures that have been taken we have failed to reverse the trend. A matter of particular concern is the fact that even internal trade in the European Community is showing signs of protectionism. Intra-Community trade is threatened by obstacles. The transit of products from third countries, under Article 115 of the Treaty, that used to happen only sporadically, totalled 65 cases last year, and so far more than 30 cases have already been reported in 1978.

These are points that we ought to stop and think about. We must realize that the institution of more obstacles, more protectionism, measures to support firms with no future and to maintain over-capacities imperil trade and industry in the European Community. For this reason our group draws your special attention to the opinion of the Committee on Social Affairs, Employment and Education. On behalf of the Socialist Group, I have tabled an amendment with particular reference to paragraphs 8 to 12 inclusive of that opinion and inviting the committee to have a closer look at these paragraphs. The committee makes the point there is a connection between trade in cheap goods and the fact that workers are being exploited in certain countries in the world. The

committee rightly points out that influence must be exerted on world trade and that there should be binding standards for minimum social conditions with the introduction of social security. In this, the international trade-union movement can play an important role. Next, in paragraph 9, the commission is called upon to consult with the International Labour Organization in order to obtain a minimum of social security for all workers. In this way the cost price of products in this kind of country will increase so that competition may take place at a more normal level. Our group thinks it is important that, as stated in paragraph 12, consumer interests, which always go hand in hand with more liberalized trading conditions, should be considered again and that the connection with development policy should be examined more closely.

Of course it is right that agreements should be brought in, like the Lomé Convention and the Convention with the countries of North Africa, and that trade talks should be held. But it would naturally be completely illogical if obstacles were raised against the importation of articles from those countries because many migrant workers from them are working in the European Community.

Obviously we should not try to export our unemployment but we must also prevent the millions of people that have come to the European Community from being forced to go back home in pitiable circumstances. We must keep our eyes open to this; as we all know of course, it is, again, the declining industries that use so many migrant workers. All of which, therefore, is good reason, in the framework of the present problem and in the form in which it is set, to make a thorough study of these points and we invite the Commission, after making that study, to report its results to the relevant committees of this Parliament so that, in a subsequent debate, we can consider what would be the best measures to take in order effectively to help further cohesion with international trade and with social progress — one of the European Community's major responsibilities.

**President.** — I call Mr Müller-Herman to speak on behalf of the Christian-Democratic Group (EPP).

**Mr Müller-Hermann.** — (D) Mr President, I would first of all like to say a word of thanks to the rapporteur. I find the report extremely wise and well-considered and I might almost say, if I may be allowed, it is an expression of the character of the rapporteur. We in the Christian Democratic Group will also be voting in favour of the report.

There is no doubt that we shall have frequent cause in the coming months, to give our attention to the subject at issue, namely the future shape of our external relations and their influence on our efforts to

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bring our trade balance and balance of payments into equilibrium and our manpower market situation in the Community under control again. The rapporteur has made it clear, in a very forcible manner, that a number of internal contradictions are contained in the wording used in Mr Inchauspé's motion for a resolution. Talk about uncontrolled competition, organized freedom and converting the freedom of international trade into organized freedom is no good to anyone. I feel we have to recognize that we in the European Community — and particularly a Community that is dependent on exports and on international trade and which, as one of the biggest economic groups, has international responsibilities as well — must not embark on anything that could hinder or restrict international trade based on fair and reciprocal principles. It would be in conflict with our responsibilities but it would also go against our own interests and our obligations towards world trade and, not least, towards the Third World. I would also confirm what is put a

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differently in the report namely that a protectionist policy may perhaps achieve short-term or momentary results but certainly will not solve any of the problems currently facing us.

There is one subject in particular that I would like to deal with and that is our concern about the utilization of industrial capacities in the Community and about employment, which are also, I agree, the grounds for the misgivings expressed in Mr Inchauspé's motion for a resolution. Is this concern, for which we in this House bear some responsibility, in conflict — and this for me is the big question — with expanding our trade and with what I regard as an international obligation, particularly for us who belong to such a powerful economic community on the world scale? For me there is no contradiction; on the contrary the two, for me, are implicitly correlated, but we must not fool ourselves and our co-citizens about things that do not correspond to reality. I think it was Mr Jenkins, President of the Commission, who spoke about this. In the next few years we shall be, if we are not already, in the middle of a major restructuring of our economy on a historic scale which will not be a painless process of course and which will call for considerable efforts to maintain and reinforce our international competitiveness despite our high cost levels which reflect the growth of prosperity in the Community, a process that we do not want to check but rather to increase. So we shall have to make very great efforts to achieve even greater heights in development and research so as to be able to offset the pressure and burden of high costs by using the very latest technologies. We shall also, in my view, have to make still greater efforts to improve the mobility and the training and further training of manpower because a modern society requires a highly qualified framework of manpower potential and a highly trained and skilled workforce.

It is certain — and here I am in full agreement with the rapporteur — that we shall not solve our problems or help our Community by trying to turn it into a nature reserve.

I would also like to say a word about the trend towards protectionism that is becoming increasingly apparent in our own case as well. I have just come back from the United States where protectionism is also a danger. In the government and in Congress the usual argument is that this is only a reply to the protectionism already rife in the European Community. Everyone wants to shift the blame. I feel that, on both sides of the Atlantic, we would be ill-advised to go on in this way. Free world trade and our belief in it must not be just lip service, we must put our belief into practice with all the unpleasant consequences this may have for us, unpleasant because we have to accept a process of change and adjustment which is not all that easy and can certainly not be effected overnight.

The only road for the Community in the future, I am convinced and I believe that in this I share the opinion of the rapporteur, must be ultimately via an expansion in international trade to bring in the Third World.

My conclusion, therefore, from the report and also from today's debate is that the Commission, in the framework of the GATT, should strive to develop trade relations on the basis of a wide range of reciprocal conditions and that we should use every possibility we have to combat dumping practices or subsidies which distort the terms of competition wherever they really exist. I feel that, in this connection, we can and must, by and large, support the effects of the Commission in the textile, steel and shipbuilding sectors.

Secondly, we should work for an even balance in trade relations. Our agenda for this morning includes the subject of Japan where, precisely, we do not have this even balance. Here, together with the Japanese, we must definitely try to change the situation.

Thirdly, we must strengthen our ability to compete internationally and to export, and fourthly we must include the Third World, our trade partners and the countries with weaker economies, in all our deliberations. Obviously this must be a matter of give and take but world trade will expand only if countries with the stronger economies, and the Community, are first ready to give and ready to give first, because we shall ultimately benefit only if the prosperity of the so-called developing countries grows, enabling those countries to buy the products that we have to offer.

Fifthly, Mr President, we should, like the rapporteur, not place all the blame for the calamities we have in some industries on the shoulders of the low-cost countries. Assuming real international competition is what we want, based on fair start-line conditions, then every country must contribute to the world economy what it has to offer in the way of special advantages. In some cases these are low wage costs and in our case a high



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living standard and also a high technological standard. We shall be able to strengthen our international competitiveness only if, in spite of our high cost levels, we increase our efforts to put this technological superiority to use in our Community's industries.

One last word, Mr President, I am also against allowing a kind of end-of-the-world feeling developing in certain sectors of the economy that are currently having difficulties, for example the textile, shipbuilding, steel and leather industries. I believe that all our experience, particularly in the textile industry, goes to show that, with a great effort in the technological field, we can remain perfectly competitive internationally and even compete with the low-cost countries. At least I can say that for the Federal Republic where our industry, under the pressure of keen competition, has adjusted to such an extent that its exporting ability, today, is very high. I am quite sure that this can also be done in other Community countries if the same kind of effort is made. We should not take it for granted that certain of our industries have to be shut down and scrapped. There is absolutely no reason for this if we exploit our opportunities and use the possibilities offered by the GATT to stop unfair practices. But low wages are not of themselves an unfair practice.

I therefore feel that what the rapporteur and the committee recommends in the motion for a resolution should be supported. It is an intelligent and well-considered strategy which we approve.

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

**Mr De Clercq.** — (NL) Mr President, Lord Brimelow's report was drawn up in connection with the motion for a resolution on dumping practices submitted by Mr Inchauspé on behalf of the Group of European Progressive Democrats. In fact, the whole report is a critical analysis of this motion for a resolution and this analysis is important.

The motion for a resolution in Lord Brimelow's report that is submitted for our approval and is intended to take the place of Mr Inchauspé's motion for a resolution includes, for one thing, a reference to Article 110 of the EEC Treaty in which the Member States 'aim to contribute, in the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international trade and the lowering of customs barriers'.

The motion for a resolution also expresses concern about the increasing number of instances of market disruption, the deterioration in the trade balances of most of the Member States and the persistence of high rates of unemployment within the Community. The motion for a resolution then goes on by expressing the wish to limit the deleterious

consequences of market disruption within the Community and these considerations are followed by a number of measures that are difficult to reconcile with the principles of free world trade.

On the contrary, dangerous interference in world trade is suggested and so we land up with the real issue. In international trade a strange misuse of language seems to be creeping in. Whenever there are unpleasant facts to be glossed over, new terms are invented such as organized freedom, for example, and the need for multilateral liberalism.

The international markets ought to be organized on a worldwide scale and agreements on market regulation are regarded as indispensable for trade in some products. The term 'agreement on self-limitation' has recently been paraphrased by the evidently more pleasant-sounding words 'stabilization of imports'.

In spite of all these linguistic high principles everyone, of course, knows what really is intended, namely the limitation of free trade in the world. What was regarded, decades ago, as one of the most effective instruments for economic development and increasing standards of living is now regarded increasingly as a danger. The most remarkable thing about it is that it is not happening openly. Whenever a measure is, in fact, aimed at limiting trade, an attempt is made to gloss that fact over as though we were ashamed of it. Protectionism is still fundamentally wrong. So we almost have the grotesque situation of measures which really have an unmistakable protectionist character being recommended as ways of combating protectionism.

What other construction is possible if the European Economic Community negotiates with a number of countries on limiting textile imports and if the same Community holds discussions with other countries on their steel supplies to the EEC?

Meanwhile there are other products that we want — in a friendly but unmistakable way — to keep off our own market. Is that not protectionism? Is that not safeguarding our own interests even though it is all excused by the comment that it is purely a question of sectoral difficulties and that special regulations are necessary only in well-defined sectors.

The Commission of the European Communities is always repeating in official declarations that it is irrevocably committed to upholding the principle of free trade, but it is already dodging the question of how to deal with the developing countries in the long term now that they have achieved the first results of their industrialization and can already compete on the market with certain products. How can the promises to support these countries be kept if results achieved with difficulty from their industrialization are answered with a call for safeguards against cheap imports?

**De Clercq**

Conflicts with our old trade partners are also beginning to built up. The Australians, for example, have given Brussels plainly to understand that the uranium supplies it wants will be forthcoming only if the EEC drops its discriminatory attitude towards Canberra.

It is perfectly clear that international trade is faced with new problems. So far no-one has a satisfactory answer. It is still an open question whether the call for these protective measures, regarded as indispensable from the political standpoint, are not also a cover for an attempt to find a quick and easy way out of national difficulties. No-one can guarantee that the protection of imports, whatever nice names you give it, will not produce unforeseen results. Only rarely do we hear how much jobs in our own countries depend on exports and on the readiness of other countries to go on allowing export goods in without hindrance. This account is not often totted up. Who, then, is going to foot the bill for these protective measures? What do the consumers in our own countries have to say about having to do without these cheap imports, about the business lost because of the reduction in imported goods and the threat of unemployment that this implies? And no-one wants to concede openly that protective measures make little sense if their purpose is to keep an obsolete industry going which can no longer be competitive in the long term.

How perilous it is, however necessary it may seem to be, to want to show activities under false colours needs no argument. In a word, there is no longer any way of holding back a change in the world economy caused by changes in parities, the increasing industrialization of some developing countries and the further advance of Japan and American firms. Here in Europe, too, the clamour for this development to be halted, in view of our high unemployment, is mounting in volume, but the big danger is that the protective walls that are demanded may not just become permanent but be built higher and higher as well. The European agricultural market is an all too clear example of this. If you put obstacles in the way of importing textile goods you must not be surprised if the export of textile machinery fails to develop. We have to go through the painful process of adjustment. If we postpone it further we will only make it more difficult. The safeguarding of employment is only possible if the European economy forges ahead.

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

**Mr Inchauspé.** — (*F*) Mr President, ladies and gentlemen, I have listened to the many criticisms levelled at my motion for a resolution but it nevertheless looks as though the two motions tabled by the Group of European Progressive Democrats on 5 July and 14 December 1977 respectively on dumping practices and the threat to Europe of uncontrolled competition are at last evoking some response. Whilst the

motion for a resolution in the Brimelow report is an approximate reflection of our concerns, the explanatory statement wrongly interprets our thinking. It would seem that some misunderstanding has arisen about the motion for a resolution proposed by our group and I shall therefore take this opportunity to try to clear it up.

Some have held up their hands in horror saying that the sacrosanct principle of free trade was being trifled with. But is not defensive action necessary and even essential in the face of an immediate menace? No-one can blame us for having sounded the alarm at the seriousness of the situation: businesses being closed down, galloping unemployment, the flooding of the common market with mass imports beyond the reach of any competition. On the contrary, it was our duty as responsible members of Parliament to draw the attention of the Community Institutions to this state of affairs and to propose energetic and immediate measures to put an end to it or at least to halt the process of deterioration in trade. The Commission, incidentally, has followed us. It has warded off the most immediate threat by renegotiating the Multifibre Arrangement and by signing bilateral self-limitation agreements with third countries in the highly sensitive textile sector. In the longer term, in the renewal of the GATT agreement, it is proposing that the possibility of using the safeguard clause in Article 19 on a selective basis be introduced as we have long been asking.

These two examples show that there is an urgent problem to be solved — temporarily by protective measures and in the longer term by the organization of a new world economic order. For us — and let us be very clear on this point — it is not a question of disputing the fact that abandoning protectionism and developing trade lead to a better utilization of resources and therefore to an improvement in productivity and in living standards, but of wondering whether the doctrine unconditional free trade will not aggravate both inflation and the crisis. Refusing to play the international game without rules or balance and with inflation and unemployment free to develop is not being protectionist. Limiting in advance the annual growth of the rate of market penetration in the framework of the MFA must surely give greater guarantees to Third World exporters than the application, later on, of safeguard clauses which close the markets for which those exporters had equipped themselves. Is it right that the Community should take part, on the international stage, in a customs disarmament programme which, except for cases of dumping, is unconcerned about how prices are made up and how equilibria and disequilibria develop? Why should we not take into account what we call social dumping, in other words the artificially low wages and export price policies followed by certain countries?

## Inchauspé

Let us not forget that the GATT recognized the principle enshrined in the Havana Charter, namely that wage levels should be linked to productivity levels. Could we not, in such cases, consider not applying the most-favoured-nation clause when a country operates a low wage policy unless it can prove that wage levels are not being held down artificially?

In this connection we support the Commission's initiative in introducing a clause in the Lomé II Convention regarding the observance of certain international standards with regard to working conditions.

Lastly we would like to know what the Commission thinks of a suggestion made by Mr Pierre Uri to the effect that the scarce money clause in the Bretton Woods Agreements be replaced by a plentiful goods clause asserting the right to discriminate against countries accumulating surpluses by concealed protectionism or at all events by the refusal to stimulate a sufficient measure of internal recovery.

To conclude, I would say that the motion for a resolution proposed by the Group of European Progressive Democrats has served some purpose for it has given us an opportunity to realize that the trade anarchy prevailing at present is an obstacle to the development of free trade and could well lead to the GATT discussions being brought to naught, which we want to avoid at all costs. Though the motion for a resolution may not have been perfect it at least has the merit of having clearly set out the situation and shown the dangers to which the Community is exposed if it does not act against them.

We shall therefore be approving the motion for a resolution from the Committee on External Economic Relations in the hope that the few amendments we have tabled — which, except for the last one, are purely technical — will be adopted.

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

**Mrs Kellett-Bowman.** — Mr President, my group warmly welcomes this very workmanlike motion for a resolution introduced by Lord Brimelow this morning. Whilst we agree that high unemployment and deteriorating trade balances cannot be wholly attributed to the disruptive effects of low-cost imports, we feel that these are undoubtedly a significant contributing factor, as stated in the preamble.

We are not afraid in this Community, and certainly not in the United Kingdom, of fair competition in our own and world markets. But we feel very strongly that the Commission should take the most vigorous action to prevent market disruption by dumping and subsidization. My group in particular has for years been urging the augmentation of the Community's statistical services so that, amongst other things, at any given time we can tell exactly the position of trade and imports; we can then take action before irrepar-

able damage has been done to our industries, and not after.

This applies particularly to the textile industry. It is not, if I may say so, with respect to Mr Müller-Hermann, correct to say that if the textile industry changes to high technology, it can compete in world markets, or indeed, on our home markets. In many EEC countries, certainly in the United Kingdom, the textile industry is already employing the most advanced technology and is as up-to-date in this regard as any industry, including the chemical and aero-space industries. But it cannot possibly compete with products which are dumped onto Community markets, regardless of their costs of production, simply to obtain foreign currency. This is why we attach particular importance to Paragraph 3 which urges the Commission to ensure the punctilious execution of the agreement it has negotiated with foreign suppliers of textiles within the framework of the Multifibre Agreement, and to make absolutely certain that safeguards against all forms of circumvention are very strictly observed. Because we are particularly concerned that countries that cannot by any stretch of the imagination be described as under-developed — Taiwan, Hong Kong, Japan, Korea, Brazil — should not scoop an unfair share of the market. The very under-developed countries we are willing to help, but we are certainly not willing to help those which shunt their capital and their goods around, although they themselves are extremely wealthy, and in the process, smash Community industries.

We also feel very strongly about Paragraph 7. We do not see why State-trading countries whose prices of exports bear no relation to the costs of production, should not observe a fair balance with us. We feel that this applies not only to the goods they ship, but also to the methods they use for shipping them. They do not in fact observe anything resembling fair transport arrangements with the goods that they ship. We do not see why both our industries and our transport sector should be put in peril by wholly unfair methods employed by the State-trading countries. We feel too that Japan's attitude to trade is, to say the least, one-sided, Paragraph 8 is of considerable importance in this respect. If we are going to be fair with others, they must be fair with us in return. With those few remarks, Mr President we have pleasure in supporting this motion for a resolution.

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

**Mr Spinelli.** — (I) Mr President, on behalf of the majority of my group I shall briefly give the reasons why we shall be voting in favour of Lord Brimelow's report and Amendment No 1 tabled by Mr Albers.

It is clear that, to the extent that dumping practices are shown to exist, use has to be made of instruments

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enabling them to be controlled. But it has to be said that the existence of a case of dumping is extremely difficult to prove because the word dumping is often used simply when a foreign competitor sells at prices lower than those prevailing on our internal markets so that, in such cases, the anti-dumping standards would not be applicable.

When I was in the Commission I heard talk of the need for anti-dumping measures for years but, in the final outcome, only one general and clear enough case of dumping was found, and that related to the sale of some Japanese ships. Unfortunately it is extremely difficult to apply anti-dumping measures in cases of this kind because the goods concerned pass the whole of their lives outside any customs controls.

However this may be, whenever dumping practices are found to exist counter-measures have to be taken. In the same way, when what is called 'uncontrolled competition' is proven, in other words when there are sudden disruptions of market equilibrium, similar measures need to be taken to those for textiles so that any necessary adjustments may be made gradually and progressively.

For these reasons I find Lord Brimelow's detailed explanatory statement right. I would add that, as pointed out by Lord Brimelow and others, since ours is an open economy the presence of keen competition is inevitable. If we want to help in the development of the poorest and most backward countries we have to allow them into our markets in sectors in which, previously, they had not been involved and we have to remember that, at the start, they will have the advantage of a lower standard of living and therefore of lower wages. If they could have our wage levels they would probably be delighted but if we were to insist that they had our level of earnings then probably we would be sentencing them to unemployment. We should therefore bear in mind the need for change particularly since it is in our interests that the undeveloped countries should develop. We should also guard against declaring ourselves in favour of the development of a country and then, as soon as it begins to produce for itself, shutting the door in its face and preventing it from selling on our markets. We cannot reason in this way, we must bear in mind that our economy requires far-reaching changes.

For me, the real cause for concern lies not so much in the fact that there are cases of competition in new fields and for new products but in the fact that this competition is arising in a time of depression because, in actual fact, no-one would worry about the fate of the zip fastener industry if the closing of a zip fastener works was followed by the opening of another factory. Our real concern lies in the fact that the closing of one works is not followed by the opening of another.

We should be very careful about the hidden protectionism that the Liberal Member was talking about.

We should not accept measures of disguised protectionism, we must find general answers and get the economy going again because then, in a situation of recovery, all these adjustments that are so difficult today would become easy. And implicit in economic recovery, as I had occasion to recall in another speech, there must also, and above all, be the vigorous development of the non-industrialized countries because it is only if they develop that we shall be able to find new markets, enabling our economies to live and breathe.

For these reasons we approve this motion for a resolution, urging the Commission to follow the problem carefully and to use these instruments with intelligence and without falling into a mood of protectionist paranoia. But we must realize that the measures proposed do not constitute any major answer to the real problem at the root of the crisis we are now in. The fundamental answer lies elsewhere.

**President.** — I call Mr Liogier.

**Mr Liogier.** — (*F*) Mr President, ladies and gentlemen, it was with considerable interest that we read Lord Brimelow's report on the problems of the Community's trade policy based on the motion for a resolution tabled last year by Mr Inchauspé on behalf of the Group of European Progressive Democrats.

Even so, we are disappointed, in particular by the explanatory statement in the report which criticizes that resolution, possibly out of a failure to understand it fully, which nevertheless contained a clear-sighted analysis of the new terms of competition currently prevailing in Europe, because the problems we raised were central to the misgivings prompted by the present situation. I refer to the limits to be set to free trade, which is often more theoretical than effective, and the need to give equal protection to the different economies and to repair the harm caused to European industries by the often anarchical growth in imports of manufactured products from low-wage countries where, incidentally, an increasing number of multinational firms are being established in order to escape the relatively high wage costs and related social charges applying in our developed countries.

For these reasons, taking corrective action cannot be regarded as a return to protectionism. On the contrary, the thinking we are now engaged in in order to cope with present problems will help to further the joint formulation, particularly at the level of the European Community, of cooperative solutions helping to ensure a more ordered growth of trade.

It is in the same spirit that solutions are sought with our partners in the European Community to the serious difficulties of certain industries such as textiles and iron and steel. One might well wonder, in fact, whether the Community should not be regarded as the very last bastion of the principle of free trade — and too often one-way free trade, incidentally, in view

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of the very low level of the common customs tariff, the agreements without any reciprocity clauses and lastly the application of generalized preferences to a very large spectrum of countries.

The non-existence of any market organization at world level thus allows extra-Community trade between third countries and the EEC to be dominated by the primitive law of the jungle. In the industrialized countries, dumping, speculation, stockpiling and destocking, without control but not without design, and with direct or indirect public subsidies are causing highly regrettable arguments about competition. In the developing countries, the low level of wages, taxation and social charges is also helping to create artificial trade conditions. As a result, uncontrolled imports are one of the causes of unemployment and disindustrialization in Europe.

The truth of this statement is more than proved by the astonishing but factual report published on 30 November last by the Commission of inquiry of the French Parliament, on which incidentally I served, on uncontrolled imports. We need to defend ourselves against these irregular practices, when duly witnessed and verified, by enforcing our Community rules and the protection enjoyed by the economic area of the European Community with regard to third countries.

We would like to hope that the Commission's action falls within this framework and we therefore support the recent initiatives it has taken, after too much hesitation, incidentally, which we have often criticized, in the textile and steel industries. But we have to go further. Agriculture has regularized the markets for the main products through a system of levies and refunds. Why should we not apply a similar measure to the industries hardest hit by low-cost imports? The Tokyo Round in the framework of the GATT should cease to be a simple discussion on customs tariffs. If not then Europe ought to withdraw, banging the door, from this never-ending negotiation.

It is vital for it to be realized that to save benevolent liberalism it is high time to establish some kind of discipline in reference prices and marketing procedures. Without some moral principles of this kind, internal pressures will be such that governments will be forced to revert to national measures, imperilling the construction of Europe and world trade as well.

In conclusion, the proposals presented by Lord Brimelow do not, in our view, go far enough in the direction of organized free trade. As we have said we cannot agree with the criticisms levelled in the explanatory statement. We could however support this motion for a resolution if Parliament were prepared to make the few changes proposed in our amendments.

**President.** — I call Mr Christensen.

**Mr Christensen.** — (DK) Mr President, Mr Inchauspé, the spokesman for the Group of European

Progressive Democrats, has just said that the motion for a resolution by the committee on External Economic Relations in fact reflects the protectionist line and proposals put forward by the Progressive Democrats. I think that should give the committee and others cause for concern.

If this proposal is adopted, the European Communities will be embarking on a reactionary, aimless and short-sighted protectionist course. I think the spokesman for the European Progressive Democrats was right in his assessment of the situation. The words are being debased; sheer protectionism is being called liberalism. Several spokesmen have hypocritically denied that there is any question of protectionism. But what sort of motion has the committee tabled? Practically every single point recommends restricting free trade with the rest of the world. There are protectionist measures throughout.

We are dealing here with the textile and steel sectors. The committee feels that the Commission's action has been well considered and energetic. Certainly, if by well considered we mean that a planned offence has been well considered, then the Commission's actions have been well considered. And the Commission's energy could have been put to better use. This is an insult to Article 110 of the Treaty of Rome, aimed at free world trade. This is protectionism and the reaction is violent. The motion for a resolution calls for data to be collected. I would like to have some data on unemployment in the poor countries and other countries as a result of the protectionist trade policy that we have embarked on. How many unemployed in Taiwan, South Korea, Thailand, India, Sri Lanka, Pakistan, Colombia, Turkey, Spain, Portugal, Morocco, Tunisia and Egypt, to mention just a few countries, that are affected by the restriction of free world trade now being recommended by the European Communities?

I understand from the papers that restrictions in the textile sector have cost Hong Kong 12 000 jobs. There is no prospect in such a policy. The European textile industry can only hold its own through quality, reliable deliveries, fashion and design. The European Community is still a net exporter of textile products.

We must realize that if and when we implement this protectionist policy, the poorer countries will retaliate. Hong Kong will restructure its textile industry so that it is more like the textile industry in the European Communities, i.e. we will have competition from another direction. And the poor countries — at least all those that have no oil reserves to draw on — will feel bound to take counter-measures that will affect the Community's exports and create unemployment in the Community.

**Christensen**

We talk of a new world economic order and of fighting protectionism but at the same time we implement a protectionist policy. We say one thing and do the opposite. The idea of a distribution of labour between the poor and rich countries with the poorest countries taking care of the labour-intensive products and the rich countries the capital-intensive, is dealt a blow by this protectionism, in the textile and steel sectors. But, to judge from the motion, it will spread to footwear, leather goods, zip fasteners artificial fertilizers and so on, and the Community's agricultural policy is already protectionist.

There is talk of providing aid for restructuring the industry. But we know from our experience in the 1930s that any restriction of free world trade or free competition provides the protected industries with a pretext for doing nothing. Instead of exposing these industries to competition in the form of free trade, we are protecting and aggravating the economic crisis. The policy of trade war between the countries of Europe in the 1930s was disastrous. And what are we doing now? The European Communities is waging a world-wide trade war despite the fact that it is the area with the largest share of world trade. We are starting a trade war with these initiatives; I condemn them! Protection of the steel industry in Denmark will increase costs in steel-consuming industries that employ 175 000 workers whilst there are only 2 500 employed in the steel-producing industry. In both the steel industry and the textile industry protective measures will lead to increased costs, increased inflation, higher wage demands and loss of competitive position.

As though this proposal were not enough, reinforcement of the safeguard clauses under Article XIX of the GATT is being called for.

Altogether, this proposal is quite unacceptable from every point of view. It would be irresponsible and short-sighted of Parliament to support it. I recommend that we vote against it.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — Mr President, I would like to pay the highest compliment that I can to my colleague, Lord Brimelow, for his report, and say that I will cut out his speech from the *Rainbow* and send it to my local newspaper, local trade unions, local employers, and my constituency party secretary, because this is a highly sensitive matter, and Lord Brimelow's exposition of it is the best that some of us have heard.

Mr President, I just want to ask three questions, and then raise a matter of substance. The first question is: can the Commission give us any help on what we should say to those who are worried about employment in certain industries after enlargement? I give for example, the Scottish tomato growing industry, which is done under glass. Now what kind of protec-

tion can such an industry expect from dumping, should it happen, from for instance the Portuguese tomato industry, once enlargement takes place? This is a worry that is being expressed. If it is without foundation, then doubtless the Commission will say so. The second question, and I might call it a 'man in the street' question, is what precisely is going to be done for the surveillance of imports of sensitive products? I think that a lot of people would like to know in very simple terms. I do not ask the Commissioner to reply today, but something should be set out for the benefit of our electorates to say precisely what the mechanism is that the Commission is adopting on this issue of the surveillance of sensitive products coming into the Community. Now there is perhaps no easy answer, I recognize this. But again, it is something that is being frequently asked. Thirdly, how exactly should one answer, in telescoped form, the question of how the Community is setting about protecting Member States against market disruption? Again, I ask this in very crude form. What precisely does the Commission expect us to say, when we are confronted with this, either on the hustings or on the television programmes that we all take part in? So, those are the three questions.

Now, Mr President, I wish to come to a matter of substance, and I will be very brief. I am speaking in a sense on behalf of the Committee on Budgets whose rapporteur I am on this question of the Export Bank. I refer to Article 8 of Lord Brimelow's report. It says 'Request the Commission to intensify its efforts to promote Community exports...'. Now, this brings us exactly to the question of the bank. On 6 March Mr Haferkamp wrote to Mr Kasperit:

I should like to draw your attention to the answer I gave during Question Time on 19 January 1978 to Mr Martelli's oral question...

I then explained to two main reasons for which the Commission had not been able to meet this deadline. It had, in the first place, been obliged to focus its efforts on the renewal of the international 'gentleman's agreement' on export credit conditions. Happily, after a number of very difficult negotiating sessions, these efforts were successfully concluded in Paris at the end of February. The extremely complex and difficult nature of the matter which made it necessary to consult national experts and interested economic groups further contributed to the delay.

During the short debate following my answer, Mr Dalyell asked me to provide Mr Lange, chairman of the Committee on Budgets, with additional information, I enclose a copy of my letter of 16 February 1978 to Mr Lange on this matter.

I will not trouble colleagues with the text of the letter to the chairman of the Committee on Budgets, but, and I do not do this in an aggressive spirit, I think I am entitled to ask this: It is all very well concentrating on the question of the conditions of export

**Dalyell**

credit, but frankly that letter does not really explain why the discussions on the Bank are going on, and on, and on. I think it is fair to ask what the hitch is, and what the difficulty is, because some of us were pretty sceptical in the first place about the need for an Export Bank. Gradually, through the efforts of Liliana Archibald and others we were convinced. Then it became the view of Parliament and the Committee on Budgets that an Export Bank was necessary, and many people who were doubters and sceptics, came to see the reason for it. It was strongly urged by the Commission at that time, and not least by Christopher Soames, who had the portfolio that Mr Haferkamp now has. If the Commission has changed its mind or has gone cold on the need for an Export Bank, I for one would listen very carefully to the reasons why it has changed its mind. There is nothing dishonourable or disreputable about changing one's mind, but I do think we ought to know, one way or another, what the hitch is, what the difficulties are, whether the Commission has gone cold. If it has not gone cold and its enthusiasm remains as strong as ever, then we ought to be told frankly and candidly the reasons for the delay.

**President.** — I call Mr Cousté.

**Mr Cousté.** — (*F*) Mr President, when we raised the question of the way in which the Commission went about tracking down dumping operations in the Community, we did not have in mind the idea of a particular and specific measure, we wanted to bring up a general problem. Though we are today considering Mr Inchauspé's motion for a resolution and that of Lord Brimelow, the fact remains that, between the lines, we are concerned with the essence of these problems which I would like to sum up under three headings: firstly I feel that we have to enforce existing provisions, secondly I feel we must be concerned to bring in a Community industrial policy and lastly I feel that the GATT negotiations must have more than routine significance.

First of all, with regard to the enforcement of existing provisions, it is clear that the Commission has realized the seriousness of the events affecting us today because the truth that, though the customs union that we form has some internal reality, as regards the outer world we do not have the familiarity and experience which large units like the United States or Japan have had in managing their customs arrangements, whether of a quantitative or other nature. In this connection, the serious situation as regards the rates of penetration we have witnessed in the Community markets for footwear, textiles, steel and other products ought never to have developed if we had been far more vigilant and more alive to the era we are living in.

The point is that we have rules which we ought to enforce, Mr President, namely those of Article 115 of the Treaty, and I would like the Commission to tell us how many times they were applied in 1977. I am

convinced that, having resorted to them 24 times in 1975 and roughly the same number of times in 1976, we must have applied them far more often in 1977. There is also the safeguard clause in the GATT rules (Article XIX) of which, I believe, we have made relatively little use. Why not?

Lastly, there are safeguard clauses in a number of bilateral and trade agreements and I would like to know whether the Commission has been vigilant in those cases as well. That is the problem. Forgetting words like protectionism and liberalism, we have to avail ourselves of what is known and recognized in agreements and in international life. The second question, Mr President, relates to the action begun by Commissioner Davignon which consists of not thinking about the Community's industry and trade policy in terms of defence and retreat but in terms of industrial redeployment, growth targets, the resumption of investment, and steering savings towards industry and companies engaged in international trade: in a word, a dynamic vision of our Community which should not only create jobs but of itself prevent disindustrialization, as Mr Liogier was saying, and restore conditions for a high rate of growth.

This is the grand design before us. This is why I have no hesitation in saying that our first duty, as Europeans, is to reconquer our own internal market with dynamic industries and advanced technologies, which we are capable of assisting, at national and Community levels, in terms of proposals aimed at progress in the scientific and technological field. We must not be afraid — even in public budgets and I have no hesitation in saying so in this forum — to be beyond private initiative alone when it is insufficient and when we are forced to create jobs and to combat unemployment. The same applies to the conquest of external markets. We should help our trading companies. Why are the Japanese so efficient? Because they have seen the distinction between the production and marketing functions. It is pointless, when all is said and done, to produce if there is no adequate organization for companies in international trade benefiting not only the big industrial groups — which are organized — but also the small and medium-sized firms who are, I maintain, the very life of our Community and which offer possibilities of creating jobs. This reconquest of the internal market and this determination to stake our claim in exports is the right way to tackle an increasingly difficult world with initiative and determination.

Lastly, Mr President, I would like to make a third and final comment. I am the rapporteur for problems raised by the GATT discussions. I do not want to go into the problem at the moment, but everyone has referred to it, including Lord Brimelow in his farsighted wisdom. We shall be discussing the problem in committee next week and we shall be presenting a report but the main point I wish to make is that there is no use — and we must be thoroughly convinced about this — negotiating reductions in

### Cousté

tariffs, even on a harmonized basis, or even fighting against non-tariff, that to say quantitative or phytosanitary, obstacles if we do not settle — and this is an appeal to the Commission in line with the conclusions of the European Council meeting in Copenhagen — if we do not solve, as I say, the problem of world monetary organization. It is pointless to reduce customs duties by 2, 4, 6 or 8 % if the trade edifice is completely destroyed simply by monetary measures.

This is what I ask the Commission to realize, because — Mr President — the changes we are going through are not a question of events, the change is that we have been living in a new era ever since the prices of energy and oil went up to the extent they did. We are in another age. There is no way back and we now know how disarmed Europe is in the face of its energy and other problems. This is why it is impossible to reconcile the interests of consumers and the desire to provide jobs if we have no overall vision of the general economic situation. This is the logic of the amendments we are proposing to Lord Brimelow's motion for a resolution.

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission.** — (D) Mr President, with your permission, I shall deal first and specifically with certain of the questions that have been put to me and then give a general answer to the others.

With regard to the Export Bank I was asked whether the Commission had changed its opinion and whether it had lost its enthusiasm. Let me say that enthusiasm has never played any part in this question. In another question I was asked whether we had got cold feet, or so the interpreter put it. That is not the case either. In the question itself there was a reference to the letter I have sent to Mr. Kaspereit in which I refer to the international negotiations, that are very important in this connection, on guidelines for the granting of export credits and with regard to the general international treatment of this subject. By the end of March we managed to arrive at an agreement which the Council accepted on 4 April. In this agreement we have some important principles with regard to the conditions for export credits and one of the decisive conditions for us was to be able to have further negotiations on a sensible basis on the Bank question. That will happen.

Now for the general subject we have been dealing with this morning. The level of participation in this debate and the way in which it has been held, and the remarkable basis laid for it by the rapporteur, have shown the importance that this House attached to the problem of the Community's position in world trade. At the same time, the special importance of the Community was also brought out. The Community has a certain responsibility and this has been generally recognized. We *are* the biggest partner in world trade

and we *are* very much — and vitally — dependent on being able to export and our strategies, attitude and tactics are inevitably determined to a large extent by that fact. We live off our exports and here I must immediately state that it is absolutely out of the question — in fact it would be a fatal act of stupidity — to try to transpose the experiments and methods of our agriculture policy to our economy as a whole. There are many things that we have been able to do in our agricultural policy solely — and we should be proud of this ability — because we are so strong and flexible industrially. Our industrial exports have allowed us to do many things which we would not be able to do if we were not so strong industrially. I shall resist any attempt to transfer practices from the Community's agricultural policy to its industrial policy.

The manifold dangers of protectionism have been brought out very clearly. If that was our agreed policy then we would imperil more jobs than we could protect because we could introduce protective measures in one sector but we would then find that this had effects on other sectors of the economy. We would also find that protectionist trends and measures might produce chain reactions all over the world leading us into situations like those we knew in the thirties. But rejecting protectionism does not mean we do not have to be able to protect ourselves.

An anti-protectionist attitude does not rule out self-protection: protection against unfair trade practices for example, and protection against violations of international rules or procedures. These instruments that exist, for example, in the GATT and elsewhere, instruments against dumping and so on, and the protection measures within the rules of these institutions we shall use and have already used. This should not be misinterpreted as a general intention to protect and shut ourselves off from everything. Here we would refer again to what we have said on earlier occasions about dumping. There are legal provisions and rules for such cases. These we have observed and shall continue to observe but we cannot stick the dumping label on everything — and this has already been said here before — that we find inconvenient. We cannot fish the dumping label out of the drawer whenever competition gets awkward. We must also ask ourselves whether it would not be better, in this or that case, to improve our competitive ability.

For example, the words 'social dumping' have been used a great deal in recent times. Here I would like to say that the Commission attaches special importance to the question of working conditions but not in the sense that we regard this and the different working conditions that may and do in fact exist in the world as a free ticket to any kind of protective measure. Here we must take a constructive road and do so with vigour and I feel that this can consist, among other things and in particular, in supporting the International Labour Organization and in insisting on recog-



## Haferkamp

nitition of that organization's standards in our own area and in our relations with other countries which belong to that organization. In this way we shall be doing something to improve social and working standards in the world and at the same time we will avoid striving for these improvements just to protect ourselves against competition. I feel that we should follow this positive path, via the International Labour Organization, with resolution.

We should also try to find opportunities of convincing the partners we have elsewhere in the world through treaties and in trade that they should also take an active part in these international efforts and acknowledge and implement such standards. For me this is an important programme that should be discussed in this context. Naturally this would not solve the problem, just as no individual measure or no measures in one particular direction can get us out of our difficulties. I have just said that, though we are against protectionism, this does not rule out self-protection. We must also have the right to protect ourselves so that we have time to adjust and adapt. In other words, these measures must be temporary and limited in time. They must be put into effect in compliance with international rules and procedures and in the Community they must be carried out in accordance with Community rules and procedures. But we must really use the time gained in this way to bring about the adjustments that are necessary.

Here I would like to draw your attention to a point that has often given me pause for thought. I often wonder whether many measures that member governments ask us — the Community institutions in Brussels — to bring in would be put into effect if those governments themselves had to enforce and defend them against other countries. I ask myself the question but so far I have no answer. But I do feel that we ought to avoid this pitfall. Reference has been made to the effect of certain protective measures on our own internal market. Article 115 of the Treaty has been quoted. Mr Cousté mentioned it and asked how often it had been applied. A figure has been given : 69 or 79 times last year. That is right. But this year, to put it one way, decisions under this heading have been taken, on a statistical average, at the rate of practically one every day. These are the effects of measures in the textile industry, for example. Here we must be very careful and I have special responsibility for the application of this Article. In future I shall consider its application far more critically because we run the risk of upsetting our internal market by the increasing use of Article 115 and in that case, not only shall we be doing a disservice to our exporting ability through these measures but we shall also be harming the very basis of the Community which has been our strength through all the recent periods of recession, namely our internal market. We must all work together to avert this danger. We must do what is necessary as a

consequence of such measures but we must also bear in mind that the internal market must be affected to the least extent possible.

Reference has frequently been made today to sensitive products and it was only in the very last speech that any emphasis was laid on the need to promote the industries of the future.

For me, Mr President, this is symptomatic. We are often talking about sensitive products. They are mentioned in the report : textiles, footwear, zip fasteners and other things. Mr Spinelli has already made the point that we must look at the whole industrial context and not accept that if one production unit is shut down in one place a new one be opened somewhere else, possibly with public support. That is right, but I would prefer our discussion on these matters to be centered more on what our future really is because it does not lie in what we have been manufacturing over the last century. Adjustment will be difficult but we must go through with it. We shall not find our salvation in the permanent preservation of these branches of industry. In my view, this would also show a defensive attitude. This Europe of ours and our economic and social standards will not be achieved in a century of defensive attitudes but in one of effort and economic flexibility — not defensive manoeuvres. This will be required even more of us in the future than hitherto, because we are — as had already been mentioned — in the process of the new division of labour in the world and we shall not be able to dissociate ourselves from it.

The same applies to what has been said about the developing countries. We cannot promote something on the one hand and then afterwards, when it bears fruit, close the doors of the market. We shall have to adjust to it. We also have to ask ourselves : how can we strengthen our own competitive ability? In the future, the decision on this, with regard to Japanese competition for example, will not be a question of correcting deficits or achieving equilibrium in the trade balance or the balance of payments between the markets of the Community and Japan. The decision will be taken on the markets of the Third World. If we are not competitive there, bilateral equalization will be of no use to us whatsoever. In my view, we must act in the way explained by the European Council a few days ago, namely we must take a stand against protectionism, and view world trade, the expansion of world trade and the opening of world markets as a major contribution towards making greater economic growth possible in the world. We must open markets — not shut them.

Mr President, I realize that my closing speech to this debate is rather lengthy but I would like to add a few comments on the problems of the GATT negotiations because they have been referred to this morning several times. They are also referred to in the essential parts of Paragraph 9 of the motion for a resolution.

## Haferkamp

Mr President, I returned only late yesterday evening from a new round of these negotiations in Geneva and can therefore tell you something about the present position. As regards the question of customs duties, we can see some possibility that an acceptable reduction of duties may be achieved with some harmonizing effect. This means that we are firmly insisting that the higher duties should be reduced more swiftly than the lower rates and in particular it means that some of our trade partners would have to make considerable cuts to high duties. This is an important policy line we are following in the negotiations. I would also point out that these cuts in duty would be made, if the time-table we have proposed is put into effect, between 1980 and 1988. So there will be no sudden developments — just small, but important, steps.

I shall be coming to Mr Cousté's comment on monetary questions in a moment.

As regards non-tariff obstacles to trade, I believe we have made considerable progress in the way the GATT safeguard clause is to be interpreted. As has already been explained, the Community's position is that a selective application of the safeguard clause must be possible in the future. I feel that it may be possible to bring this about, for there is, after all, a danger that the present safeguard clause may be used *erga omnes* in difficult situations, that this could *ergo omnes* cause great harm and that, in particularly difficult situations if the procedures are too cumbersome, then one or other partner in the GATT simply may not be able to comply with the rules on account of the possible social tensions and political consequences that such an inflexible procedure may entail. For this reason we feel that it would also be in the interests of the feasibility of the GATT if there were a selective procedure that could be used against any quite specific and sudden increase in the volume of products flowing onto a particular market, on the understanding that this would be in compliance with the rules and procedures and that there could be no abuse. In other words we see a possibility of introducing a selective approach in compliance with the rules and procedures and with built-in protection against abuse. We also see possibilities — in the direction of the general application of the GATT rules to all partners and participants, as set out in the last sentences in the motion for a resolution— of progress in the question of determining dutiable value and also in the question of subsidies and countervailing duties. Under this heading, fundamental progress has been made in achieving more closely aligned positions, particularly as regards our partners in the United States and with our American and Japanese partners. This all needs to be set out in detail but there is a movement under way which may help us to advance in the direction of these objectives.

Yesterday we again emphasized that we were intent on concluding — or substantially concluding — this

round of talks before the summer break. Our point here — the point I just made, Mr President — is not merely that we consider this Tokyo Round, this round of trade talks in the GATT, to be so important in itself. It is very important and important enough. But in our view an international understanding on this question will have its own vital effects over and beyond the GATT itself. It would — and in fact will, I hope — show that we are in a position to act positively in international fora, even when situations are difficult, and to cooperate in the spirit to which I have just referred and to which the European Council referred in its communiqué, namely that we want to stimulate world trade in order to find a way out of our economic difficulties. The fundamental issue is that we must show that international institutions like the GATT need to be strengthened and made effective in view of the world's economic interdependence and I also hope that constructive work and positive results in the GATT may be an example as regards the settlement of monetary questions in the International Monetary Fund. International cooperative action in the international institutions responsible for these questions should follow, or at least be conducted in parallel with, international cooperation in the field of world trade.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — Mr President, I just want to ask one question for clarification. Of course, the Committee on Budgets will accept that the Commission has not had cold feet on the Export Bank, but could we be told something then of the timetable of decision-making in relation to the Export Bank? What are the next concrete steps that the Commission has in mind?

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission.** — (D) I am not in a position to give you a timetable at this time. In the Commission, we are now working out the logical conclusions to be drawn from the guidelines about which I have just spoken. We cannot do everything at one and the same time.

**President.** — I note that no one else wishes to speak. The motion for a resolution will be put to the vote, together with the amendments that have been moved, at the time set aside for voting this afternoon.

The debate is closed.

### 5. Relations between the EEC and Comecon

**President.** — The next item is the following oral question with debate (Doc. 19/78) by Mr Jahn, Mr van Aerssen, Mr Kunz, Mr Klinker, Mr Aigner and Mr Wawrzik, to the Commission :

## President

Subject: Relations between the European Community and the Council for Mutual Economic Assistance (Comecon)

Further to the common position worked out by the foreign ministers of the European Community on 21 June 1977 on the question of relations with Comecon, the Commission is asked:

1. Could it give a general summary of relations during the past ten years in the economic, commercial and technological spheres between, on the one hand, the Community as such, its Member States and, where appropriate, undertakings in those States, and, on the other, Comecon member States, with particular reference to the following points:
  - (a) nature of the relations (e.g. trade agreements, cooperation agreements, etc.)
  - (b) their scope (expressed in comparable units of currency)
  - (c) duration
  - (d) credit terms
  - (e) export credit insurance terms
2. How does it view the development of relations with Comecon and, in particular, does it feel that all the parties concerned have benefited equally from the results achieved?

I call Mr Jahn.

**Mr Jahn.** — (D) Mr President, ladies and gentlemen, on 21 November 1977 a Comecon delegation, led by Mr Macinescu, the Romanian deputy prime minister and vice-president of the Comecon executive committee was received by the President of the Council. He referred the Delegation to Mr Haferkamp, Vice-President of the Commission. Comecon raised no objections at having to deal with the Commission as sole EEC negotiating partner although, previously, they had emphatically refused. We note that this is the farthest the Comecon has ever gone in the direction of a formal recognition of the Community as such and regarding the Commission's rights to negotiate on details of trade policy.

The EEC and the Comecon agreed to open formal negotiations in the first half of 1978 — that is now — with the object of bringing about closer relationships between the two organizations. In this connection it will certainly not be forgotten that, with Comecon, we shall not be entering into negotiations with a union of the same kind as ours. Comecon does not have a supranational but only an intergovernmental structure. The member States of that organization have no common market or common policy. Comecon has no executive bodies comparable with those of the European Community and Comecon has no powers in the field of foreign trade relations.

Comecon can purely make recommendations and these acquire legal force only if they are adopted by the member States. Because of this difference in level of authority, the EEC bodies cannot deal with

Comecon as such on trade policy questions or conclude trade agreements with it.

There is a further difficulty. The EEC, with its free market economy, has no powers over economic planning that would enable it to conclude such treaties with the planned economies of the Comecon member States.

Mr President, the development of EEC's relations with Comecon is of great importance for the economic policy of the Nine and for the equilibrium of our external trade relations. In recent times, several international bodies have interested themselves in East-West trade policy and have come to more or less critical

conclusions about the present situation and future developments. A report by the international symposium on the subject of the 'financing and currency problems of East-West trade', held in Göttingen in the summer of 1977 was extremely interesting. At that symposium, specialists from banks, business firms, ministries and institutes in the West and the East presented 23 papers. Political arguments were left completely to one side and a sober analysis was made of the subject of the indebtedness, or rather over-indebtedness, of the countries of Eastern Europe. Practically all the specialists took the view that it was not so much the extent of that indebtedness but the rate at which it was increasing, that was a matter for concern. During the conference concrete figures were given, for the first time, on the Eastern bloc's total debt. The figure arrived at was 45.3 billion dollars. According to various estimates we can expect — if private enterprise in the West continues to acquiesce in the indebtedness policy of the East at the same rate as hitherto — a mounting debt of USD 80 000 million.

The alternatives, it was concluded, are intensification of exports from the West by better marketing, e.g. through joint undertakings, mixed-ownership banks, after-sales service stations, intensified cooperation and cooperation in the distribution sector, and a more diversified pattern of trade in goods. Since these objectives have been advocated by the West for many years but have materialized only to a very limited extent, some scepticism was expressed with regard to the practical implementation of theoretical conclusions.

The East's increasing demands for compensation, and linked and parallel deals and the growing scale of switch transactions must be regarded as a definite retrograde step in economic relations. A lively controversy developed in the repeated debate on the umbrella theory according to which if one East European country got into payment difficulties then the other socialist countries or the whole socialist camp would accept joint liability. In the view of a representative of the Swiss Credit Institute, the East European countries know that a single case of insolvency would mean the

**Jahn**

immediate end to the grant of credit to all socialist countries. Conversely, the point was also made that the Soviet Union has recently fallen increasingly into arrears with its payments to Japanese firms without this causing much fuss at the international level. The representative of the German Hermes Credit Insurance company was unable to say to what extent debts incurred so far could be attributed purely to special and individual circumstances like, for example, the officially declared flood catastrophe debt conversion in Romania's case. The representative of the Austrian National Bank established the logical link in the arguments for Moscow being refused credit with the International Bank for Economic Development. He said that if no joint responsibility could be taken for granted on the part of the controlled economy countries, in other words Comecon, which — to that extent — expressly and collectively figured as such in the framework of the international banking organizations, then there was all the more reason for credit to be refused in the case of an isolated loan to an individual country.

Reflecting the cross-section of opinion, the representative of the German Commercial Bank assessed the umbrella theory as an extremely doubtful enterprise.

It is very apparent therefore, Mr President, that the participants in this symposium react differently but all critically with regard to the economic prospects of further indebtedness. Many responsible specialists regard the granting of credit to Comecon as a whole at the rate that has so far prevailed as unacceptable. It must not be forgotten that the free economy of the West is dealing with a planned economy which analyses the purpose of the use of resources from completely different standpoints from the West. The Eastern bloc uses its resources on the basis of political objectives. There is no doubt that, in the future, the export credit business and Euromarket loans must be viewed from the political angle by the whole of the West.

We urgently need reciprocal coordination among private enterprises in the West in order not to destroy its own basis in situations of competition. Concerted and coordinated action by the West in its relationships with the East is more necessary now than ever before. The Western firms of all countries that have been very active in trade with the East must have come to realize this in the course of time. Coordination and concertation mean that we have to take stock, and this has not so far been done, of terms of supply and credit which differ, incidentally, greatly. The Community will have to bear this in mind when it conducts its negotiations with Comecon. This is necessary so that, if conditions are drawn up at the level of the EEC, they can be organized from the start in such a way that no harm comes to the economic and social structure of the Community.

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission.** — (D) Mr President, I shall answer the questions as they were put. It is certainly true that some additional remarks could be made, as the question was tabled on 6 September last year — Mr Jahn put this question down very early — and there have been developments in the meantime, to which he refers. However, I shall restrict myself to answering the question.

As you know, the Committee on External Economic Affairs is working on a draft report on relations between the Community and Comecon, containing a great deal of factual information. I shall, therefore, not go into detail, but briefly give an assessment of the present state of relations.

First, you know that, to date, the members of Comecon have not been prepared to negotiate with the Community on the draft trade agreements forwarded to them in 1974. However, by a system of separate measures we have created the legal basis necessary for trade with these countries. There have also been multilateral contacts, for example with those members of Comecon which are also members of GATT, such as Poland, Hungary, Romania and Czechoslovakia.

Secondly: the Community has concluded a textile agreement with Romania and expert discussions are in progress on six other sectoral agreements.

Thirdly: there has been a degree of harmonization of credit insurance within the Community. In June 1977 the Commission submitted a proposal for a directive on the uniform principles to be applied in credit insurance systems and export credit guarantees for medium and long-term export transactions with public and private buyers. This proposal is now under consideration by the Council. I would again refer to the Council decision on guidelines for export credits; these are the guidelines of which I was speaking, and on which international agreement has recently been obtained.

Finally, Mr President, the Community has always based its relations with Comecon and the members of Comecon on actual realities, in respect of the objectives, the scope for action, and the institutional rules on both sides. However, I should like to stress that there is more to be considered here than the purely formal questions of, for example, the competence of the Community under its Treaties and the competence of Comecon under its own legal bases and rules, but that there are clearly delineated differences. I have already mentioned that some members of Comecon are members of GATT, and some are not. This means that there are differences in their commitment to international rules and international institutions. Some members of Comecon possess abundant raw materials, others do not. That gives some indication of

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the differences in structure. I want to make sure that we know we are not talking about simply formal differences.

One last comment: the Community would like to conclude trade agreements with each individual member of Comecon, and would also like to establish a working relationship with Comecon itself. The talks between Community representatives and Comecon will be continued in May.

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

**Mr Schmidt.** — (*D*) Mr President, immediately before we are due to discuss relations between the Community and Comecon, probably next month, we have a debate on this oral question. Mr Jahn's introductory remarks alone demonstrated the difficulties besetting relations between Comecon and the Community. They arose out of the ideological confrontation of the cold war, and, even today in economic terms, trade between the Community and Comecon is insignificant. There is no doubt that politically it is highly important, but in economic terms it has never risen above a certain level. This is also a consequence, as I see it, of the over-dramatization of the indebtedness of the Comecon countries. Of course there is a not inconsiderable amount of debt, but it cannot be denied that at least its rate of increase, has slowed down recently.

I also feel that it is somewhat illogical to complain at the increasing number of offset deals, which are of course an opportunity for these countries to reduce their debt, and at the same time to think that you can expand trade, keep debts low and reject these offset deals. There is in fact a certain danger in offset deals, especially for the many small and medium-sized firms, as they are not usually in a position to do business on an offset basis. Nor do I think, Mr Jahn, that the volume of debt or the growth of indebtedness is the decisive factor. I am far more concerned at the way each country is vying to provide the easiest terms to secure this kind of business, at the expense of its rivals. For this reason Parliament would welcome progress towards the harmonization of export terms. From time to time vain efforts are made to divert us from this. In my view, the European Export Bank is another attempt to harmonize the actual problem. The problem of the terms on which business with Comecon countries is conducted has yet to be solved; it is in fact the decisive problem, as we are getting into a situation where very little real business is being done, but rather where we are producing goods in order to give something away.

If we consider the matter more closely, we must also realize that the individual Comecon countries have widely differing patterns of indebtedness, and I was therefore glad that Mr Haferkamp pointed out that

this distinction had to be made in other cases. Within Comecon some reputations are excellent and some are not so good, and, whether the 'umbrella' theory applies or not, I feel that on the whole, if we consider our relations with other countries — Brazil, for example, whose indebtedness amounts to nearly 50 % of the total debts of all Comecon countries — we should not dramatize the matter, even where there is a danger of this indebtedness increasing further.

The problem which always played a role in the past was how the two blocs — if I may put it this way — get on with each other. For many years Comecon, especially the Soviet Union, was not prepared to deal with the Community under any circumstances. I am very glad that we have got past that stage.

I do, however, see a certain danger if the Community, for its part, were to be too punctilious in telling others what powers it feels they have and what powers they do not have. It should be a matter of principle that each organization determines its own terms of reference. If we have progressed to the stage of establishing a working relationship, the question of where negotiations take place, whether here, in Brussels, in Moscow, in Geneva or anywhere else is immaterial, and I am glad to see that the Commission is clearly taking a very flexible view on the matter.

It is of course impossible to discuss all these detailed questions today; we shall have to return to them individually in the debate on the report by the Committee on External Economic Relations. But general I think that the European Community has a fundamental interest in the continuation and expansion of trade with the Comecon countries. We must find the right basis; increased trade must not be achieved at the cost of cut-throat competition on credit terms, but within an ordered framework. We have an interest in expansion, but we also have an interest in reducing past and present tension, and I feel that the Commission is on the right road in this respect. The question of indebtedness should not be over-dramatized, and we should carry on developing relations, but not harbour exaggerated hopes for this trade in the foreseeable future. I feel that the answer given today was, on the whole, correct. We agree with the line taken by the Commission in these negotiations, and I should like to endorse it today on behalf of my group.

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

**Mr Nyborg.** — (*DK*) Mr President, first of all I would like to thank Mr Jahn and the others for having raised this question which is of vital importance in our opinion. I agree with Mr Schmidt that it is not so much the volume of debt that is frightening but the fact that it exists and is increasing so rapidly. It is the wrong policy that makes it possible for this debt growth rate to exist in Europe.

## Nyborg

We in the West are in the process of making the rope to hang ourselves economically with. And why? Precisely because we are willing to grant credit and loans to East European countries on much better terms than those we offer our own industries. That is what is wrong. We are giving the Eastern countries means to compete with our own factories and our own industries and are therefore increasing unemployment in the Community. That is what is wrong, very wrong.

Then we talk of harmonizing export credit terms. It would be very good if we could do so, but there is no point in trying to solve this problem unilaterally in the Community; the people we are dealing with, the Comecon countries, are very clever and know how to play all sorts of games. They are playing the Community off against Japan, Japan against the USA, the USA against Japan and Europe and so on. If we are ever to find a policy that is to be of any help in solving these problems, it must cover all three areas of interest. Otherwise we will just be transferring our present exports to the Eastern countries to Japan or the USA. We will not be helping ourselves, quite the opposite. These problems are not just something that is happening inside the Community, they are much more far-reaching. We must decide what terms we want to be on and so we must negotiate with the two other economic and trade concentrations, Japan and the USA, and find out how far they will pursue a similar policy, otherwise there is no point in it.

This is not just something that applies to industry; it also applies to shipping. The Western countries' trade and shipping interests are being sat upon because they are being underbid by countries from the East. We have said time after time that there can be no question of dumping where the Eastern countries are concerned; and this is true because our costs are not comparable. But surely we can see that their freight costs are not up to 50 % lower than those charged by European companies, because their costs are so much lower and so we can call it dumping or whatever we like. The result is the same. It is essential for the Community and the Commission to take a grip on things and tell them that if they still want to have some form of economic aid, such as loans and credits they must help to formulate a reasonable policy that can be accepted by Western industrialists and shipowners.

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

**Mr Normanton.** — Mr President, I should like to join with other colleagues in the House in thanking and indeed congratulating Mr Jahn for having raised this question and for having done so by the medium of a question with debate.

This question, when we analyse it superficially, may seem to some people innocent, innocuous and

perfectly normal; but I see in it the fact that we are here dealing with a matter of profound, fundamental political importance of the highest order. It is I believe, in that sense and in that spirit that this House should analyse and the Commission should deal with the whole issue which this question raised.

I want to draw attention, in the few minutes available to me, to aspects of Comecon which we in this House and in the Community ignore at our peril. A moment ago, Mr Schmidt on behalf of the Socialist Group made a reference to the need not to dramatize the situation. Let it be quite clearly understood that, as far as I am concerned, what I propose to say is not a dramatization but a clear enunciation of a reality, and we blind ourselves to that reality at our peril. The Community is in effect financing our own political and strategic executioners, and if we do not face that fact we as politicians are acting irresponsibly and we deserve to be indicted, as history will indict us if we do this. The Comecon countries are under the domination of the USSR, whose one and sole objective is consistent and is there for all of us to see: to dominate Western Europe. Dramatization, says Mr Schmidt perhaps: let history confirm whether it is dramatization or a statement of what may well be before Europe if we ignore the facts. If that is what the Community wants, then proceed by all means to continue negotiations and discussions as if they were between friendly parties. They are not. If we reject this fact, then the concept of the Community will be endangered; they, the Commission, and we must be on our guard.

European loans, whether they are rising or falling, are at a level which achieves two major objectives. The first is, I believe, the most important in the sense that it is our financial resources which in effect are financing the implementation within the Soviet Union of the largest armament programme the world has ever seen; we are financing that operation at home and we are also in effect financing or helping to finance the most dangerous military adventure abroad. Secondly, when Western technology is sought and indeed, made available, when monetary resources are made available from the Community, we are aiding and stimulating that rearmament programme at a high technological level.

If the Commission is to establish a dialogue with Comecon, then let it be on clear and precisely understood terms and conditions. The principal condition which should dominate that dialogue is the acceptance in principle and the implementation in practice of the fundamental concepts of human rights. Within the Comecon countries as a whole and more particularly within the USSR to practice, for example, one's own religion, to have a real degree of freedom to speak one's mind rather than be faced with the certainty of deportation to a labour camp — Solzhenitsyn has painted the picture far more painfully, far

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more powerfully, than I or anyone else could do from this position and ultimately, if one's view are not acceptable within those countries, to vote with one's feet and leave those countries. I put that as the lowest common denominator of human rights.

I believe we have a right in this Parliament to ask the Commission to bear these basic requirements and conditions constantly in mind as the starting-point from which any dialogue with the Comecon countries should proceed. I repeat the warning. I earnestly hope that the Commission will be on its guard, will use the political and economic leverage which the Community assuredly has and report to the European Parliament at all stages of any negotiations which they may enter into with Comecon within the framework of that which the Commission already declared.

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

**Mr Spinelli.** — *(I)* Mr President, I think we would be making a grave mistake if we considered the economies of the Soviet Union and the other countries of Eastern Europe as an aggressive group attempting to disrupt our economies, agravate the crisis and take over our affairs. We would be barking up the wrong tree!

The fact is that today the economies of the Soviet Union and of the countries of Eastern Europe, like our own, are experiencing enormous difficulties, difficulties which take different forms because their economic system is different, which do not for example appear in the form of unemployment, but in the form of low productivity, in the form of hidden inflation. These are economies which are, like ours, attempting to overcome a very difficult situation and which have two possible alternatives: to return to the previous situation of isolation, with very few economic relations with the rest of the world, or to develop substantially their relations with the rest of the world: to increase purchases and sales and their interdependence with the rest of the world. It is very probable that if they adopt this second path, mutual understanding between our countries and theirs will be increased, and there is no doubt that this understanding will diminish if they turn to isolationism. Everything does not hang on our trade relations. However, our approach in trade relations will be an extremely important factor in determining which way our other affairs will develop. It is in our interests, and in the interests of the countries around us, which are those which have the greatest desire for closer economic relations within our countries, to encourage a more open view of the economy in the Comecon countries.

The honourable Member who spoke before me is certainly right in insisting that in granting credits we must ensure that certain conditions are observed.

However, we must not over-dramatize this problem: we must bear in mind that there is wide scope for cooperation still to be exploited; the type of trade between us demonstrates that these countries are still, in large measure, suppliers of raw materials and that, with one or two exceptions — East Germany and Czechoslovakia — they are in many respects countries which are not fully developed in comparison with ours and the scope for economic cooperation is therefore great.

However, it is obvious that we must make it clear to all of these countries, and in particular to the Soviet Union, that the Community is a reality with which they must come to terms: it is pointless continuing to pretend to ignore it, it is pointless continuing to have no representatives here, when China, Yugoslavia and other communist countries have already established representatives! The Commission and the Council must use all their diplomatic prowess to convince them that the Community is a political body, that it wishes to intensify trade and economic relations with the countries of Eastern Europe — because this is in their interests as well as ours — and that it wishes to do so, while ensuring respect for the fundamental characteristics and policies of the Community itself.

Of course, our policy must have standard rules: rules on credit, on economic cooperation, etc., we must make it clear from the outset that this economic cooperation is a matter for the Community and not individual States — we cannot blame others for something we have failed to do — however, generally speaking, I should say that the question of our relations with these countries should be approached with a certain degree of confidence, and not with the attitude of the lamb going to slaughter. There will be no slaughter, nor frankly — are we lambs.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — I just want to ask a very down-to-earth practical question. If it is true that the Commission does not have the personnel resources to go ahead with the plans for the creation of an export bank, which it itself wanted and which Mr Tugendhat said was an important priority for which plans would be produced by the end of 1977, how, then, does it, have the personnel resources to conduct the necessarily complicated operations entailed by this kind of agreement with Comecon? I therefore ask the very blunt question: Does the Commission have sufficient personnel resources to conduct this kind of policy, or is it short?

**President.** — I Call Mr Jahn.

**Mr Jahn.** — *(D)* I have a question for Mr Haferkamp. My colleagues and I put a number of questions and you stated initially that you would deal with these questions when the report by the Committee on

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External Economic Relations was submitted and debated; the subject being firstly cooperation agreements, not only by governments, but also private ones. We should appreciate information on the subject. We have already debated the question, with your predecessor Sir Christopher Soames, of the extent to which private cooperation agreements, where one cooperation agreement undercuts others, leading to competition between individual countries, are illegal, that is to say how far they conflict with the principles of our rules of competition?

The second point was the relative size of these agreements, expressed in comparable currencies, their duration and credit terms.

Our need for this information has been repeated several times here, and you have given answers on export credit terms. We should still like to know whether you will consider these questions with the Committee on External Economic Relations.

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission.** — (D) Mr President, in answer to the last question, I feel that the most sensible procedure would be to make these documents available individually for consideration by the committee. There is a great deal of statistical information, facts and legal arguments. We shall make all this available to the committee.

Mr Dalyell's question as to whether we have the personnel resources to go ahead with the work can be answered in the affirmative. He again linked the question to the Export Bank. I have just explained, in our discussion of the second item on the agenda, that we cannot do everything at the same time. It is not simply a question of staff and capacity, but I must repeat that I have always regarded it as important, for a decision and for the revised document, or a revision of the documents concerning the Bank, to create a general basis for the system of insurance and operations. I was responsible for another aspect when I was dealing with economic and financial questions. I did not then see much point in creating an instrument if there was inadequate common ground between Member States on a uniform policy in these matters. We therefore set great store on our proposal for a directive on common and uniform principles for credit insurance systems and export credit guarantees. I am referring here to the directive of June last year, which is at present being considered by the Council. We are pressing for results here. The result achieved will have considerable influence on the scope of the Export Bank if it is set up. The guidelines which we obtained through international negotiation, which were adopted by the Council on 4 April, have been a major preoccupation of ours over the last few months. Fortunately we have now obtained international agreements on credit and insurance terms, in which the

Community is treated as a whole, and which also bind the Member States. I should like once again to stress the link between political bases and codes of conduct and the bank as a practical instrument. We have not forgotten our promise to make preparations and get things operational. But you will admit that if for example, we had made no progress on guidelines, and if, rather than success in the international arrangements we had encountered a complete divergence of opinion, the potential scope of the bank would probably be exceedingly small. I consider that the basis for the bank's operations is now much improved, and a significant factor in our further work.

One last comment: I have been asked for a timetable. We are very much dependant on the result of the deliberations in the Council on our proposal of last June. If we get it soon, we can rapidly submit our revised proposals on the Export Bank.

**President.** — The debate is closed.

The proceedings will now be suspended until 3.00 p. m.

The House will rise.

*(The sitting was suspended at 1.05 p. m. and resumed at 3.10 p. m.)*

## IN THE CHAIR: MR COLOMBO

*President*

**President.** — The sitting is resumed.

6. *Welcome to the President of the Spanish Cortes*

**President.** — Honourable colleagues, I have the pleasure to welcome the honourable Antonio Hernandez Gil, President of the Spanish Cortes and President of the Council of the Kingdom, who is present in the official tribune on the occasion of the official visit which he is in the course of making to our Parliament.

I am sure I express the unanimous opinion of this Parliament when I speak of the great of honour and, I should like to add, the deep emotion which we all feel, Mr President, in welcoming you among us.

In recent years, the European Parliament has concerned itself on several occasions with relations between Spain and the European Communities. We always believed, even at the most difficult times, in the strength and vigour of the democratic sense of the Spanish people, and we affirmed our certainty that Spain would show its profound attachment to the parliamentary institution, resulting from free elections.

For this reason, Mr President, we are very happy to greet, through you, the representatives of the Spanish people — that essential component in the history of



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our continent — which was finally able to express itself democratically in the elections of June 1977. We hope the presence of such an authoritative figure as yourself will give the opportunity for strengthening still further the links between Spain and the Community, and for reaching the goal so much desired by ourselves, of your country's entry into the Community.

*(Applause)*

## 7. Question Time

**President.** — The next item is the questions to the Commission, the Council and the foreign ministers meeting in political cooperation (Doc. 33/78), pursuant to Rule 47A of the Rules of Procedure.

We shall begin with the questions to the Commission. The representative of the Commission is requested to answer these questions, and any supplementary questions.

Question No 1, by Mr Schyns :

Is the Commission aware that the information given to American consumers is much more detailed than the information that, under Council Directive 76/768/EEC, has to be provided on cosmetic products? Why does the European consumer have to be less well-informed about the composition of the same product sold by the same firm?

**Mr Vouel, Member of the Commission.** — *(F)* The directive on the approximation of the law of the Member States relating to cosmetic products entered into force in the Member States only a few months ago, in fact in January 1978.

Article 10 of this directive provides that it shall be amended in respect of the list of provisionally authorized substances, the methods of analysis necessary for checking the composition of cosmetic products, the criteria of microbiological and chemical purity and the methods for checking compliance with those criteria.

The Commission will consider at the same time whether there is any need to add to the other provisions relating to the application of the directive, with particular reference to labelling.

I would draw the Honourable Member's attention to Article 6 of the directive which states that the packaging of a cosmetic product must specify the particular precautions to be observed in use. This information is essential for the consumer.

The Commission feels that the provisions of this directive as a whole, and in particular those relating to the prohibition of certain substances, the temporary authorization of other substances, the clause concerning adaption to technical progress, the safeguard clause and the information that it is compulsory

to supply on the label, provide adequate protection for the European consumer, in the present state of our knowledge — and can certainly still be amended in the light of future developments.

**Mr Schyns.** — *(F)* I thank the Commissioner for his answer, but I am not completely satisfied.

In the United States the Food and Drug Administration made it compulsory, from 31 May last year, to list the ingredients of all cosmetic products marketed. The information required for products sold in the United States is not compulsory in the European Community.

In Europe, there is nothing of this kind, not even for chloroform which is an ingredient of toothpaste. This substance, which may well be carcinogenic, is to be banned in Germany. To take the opposite view from this directive...

**President.** — Mr Schyns, I must ask you to confine yourself to asking a question.

**Mr Schyns.** — *(F)* Mr President, this introduction was a necessary part of my question: could the Commission not set up a Scientific Committee for Cosmetics, on the same lines as the Scientific Committee for Food?

Such a committee, composed of toxicologists, could be responsible for advising the Commission and 'tidying up' the directive, eliminating all the harmful substances used in the industry.

**Mr Vouel.** — *(F)* May I draw Mr Schyns' attention to the fact that there is already a Scientific Committee for Cosmetics which is regularly consulted by the Commission. I do not think that there is any need to set up another.

It is true that the information provided on cosmetic products in the United States is more comprehensive and sometimes lists all the ingredients of a particular product. However, I should also point out to Mr Schyns that this list is often in chemical or pharmaceutical terms which mean absolutely nothing to the consumer, who usually does not understand a word.

The Commission therefore considers that the regulations it has adopted on the listing of ingredients which might be harmful are sufficient. But it would have no objection to improving on the regulations it has laid down if this proved necessary.

**Mrs Dunwoody.** — Is the Commissioner aware that we have been horrified to learn in Great Britain that this existing directive has so widened the scientific controls that it is now possible to use a hair dye which is widely believed to be a carcinogen and which had been restricted in Britain by voluntary agreement before this directive? Ought he not to look at his scientific committee and the advice it is giving him?

**Mr Vouel.** — (*F*) I am not aware of this particular case but if what Mrs Dunwoody says is true the Commission is prepared to amend the list of harmful products to take this into account.

**President.** — Since its author is absent, Question No 2, by Mr Pisoni, will receive a written answer.<sup>1</sup>

Question No 3, by Mrs Dunwoody :

Can the Commission please inform Parliament exactly how much money has been paid to the Parliamentary Association for Euro-Arab Cooperation in 1977 and in 1978 ?

**Mr Jenkins, President of the Commission.** — The Commission gave a subsidy of Bfrs 270 000 to the Association from the 1977 Budget. No grant has been allocated for 1978.

**Mrs Dunwoody.** — We are delighted to hear that no money is to be given to this highly unique organization this year, but it is a little bizarre that there is a sum of money already allocated. Was it not agreed with this Parliament that no further money should be given to what was in effect a racist platform ?

(*Cries*)

**Mr Jenkins.** — I do not think it is universally accepted in the Parliament or elsewhere that the label the honourable lady has used is a correct one. I think it was a difficult decision to make for 1977. It was not in breach of any undertaking given to Parliament, and, indeed, in reaching its decision, the Commission took notice of the fact that Parliament itself made available for the conference in June, a meeting room and interpretation facilities. The Commission would wish to be substantially guided by majority opinion in Parliament on issues of this sort, and I think that if Parliament takes the view that it would not wish to proceed with the sponsorship of such body in the first instance, Parliament should not give the facilities which it gives at the present time.

(*Applause from certain quarters on the left*)

**Mr Sieglerschmidt.** — (*D*) Does the President of the Commission agree that, in the matter of support for such associations, all comparable associations should be treated equally in all cases, and that this is the most Parliament can give to them by way of guideline ?

**Mr Jenkins.** — In a sense preference has to be given, because there can be no question of the Commission supporting a limitless number of organizations. But there should be no discrimination, and the Commission would certainly not act in a way that was discriminatory. The Commission, as I said, is willing in these difficult matters to be guided by what appears to be the view of the Parliament to a very substantial extent indeed.

I should correct the honourable lady on one point. I said that no grant has been allocated for 1978 ; that does not mean the grant will or will not be allocated. As far as I know, no application has been made.

**President.** — Question No 4, by Mrs Kellett-Bowman :

Is it the intention of the Commission to request para-Community organizations such as SEPLIS (the Société Européenne des Professions Libérales, Intellectuelles et Sociales) to carry out investigations for it ?

**Mr Davignon, Member of the Commission.** — (*F*) The Commission is still working towards the establishment of the single market provided for in the Treaty, which involves not only the free movement of goods but also the free movement of services. We are currently engaged — not without difficulty, because the Council is not particularly enthusiastic about the idea — in working out a policy for freedom of movement in the professions.

In order to avoid recruiting extra staff the Commission is calling on the assistance of a number of outside experts, as it has done for some years. For the first time it is proposing to consult SEPLIS, the only para-Community organization combining a number of European committees representing the professions (architects, experts, veterinary surgeons, etc.).

**Mrs Kellett-Bowman.** — Now that the Commission has in fact turned to outside bodies for assistance and given a subvention of Bfrs 100 000 to SEPLIS, would it not be appropriate for established liaison groups in Europe representing individual professions, such as the medical associations to be similarly encouraged in their work of assisting the Commission by providing information and opinions ? There are very well-organized liaison groups in many of these individual professions. Would the Commission not consider also consulting these ?

**Mr Davignon.** — (*F*) The question related partly to the Commission's regular practice of consulting not only European professional organizations but also national liaison committees, which are well accustomed to working for the Commission. When we want to obtain specific information, it seems to us preferable to consult organizations representing all the professions in the Member States. Nevertheless, we are anxious to maintain our relations with the national committees, and they have of course been consulted and informed.

**Mr Cousté.** — (*F*) I welcome the fact that the Commission has consulted SEPLIS, since it is the only European-wide organization, but I should like to ask whether the investigations in question are those that the Commission is planning in connection with the accounting and veterinary professions.

**Mr Davignon.** — (*F*) It is true that we are currently trying to resolve the problems that we are having with

<sup>1</sup> See Annex

**Davignon**

certain professions, including the veterinary and accounting professions, because of difficulties with government experts. We are hoping that in this way we shall be more effective in overcoming the problems and achieving our objective, namely freedom of movement in the professions.

**President.** — Question No 5, by Mr Osborn, for whom Mr Shaw is deputizing :

In view of the fact that airports and airlines are charging for security checks of luggage, will the Commission examine (together with ICAO, ECAC and IATA) the whole question of customs clearance from one EEC member country to another? As regards continuous flights such as London-Hamburg-Berlin, or London-Lille-Strasbourg-Milan, will the Commission examine the practice of not treating passengers as being in 'transit' where customs clearance is concerned, not enabling passengers to keep their seats, and involving passengers in two or more luggage security checks for one flight?

**Mr Davignon, Member of the Commission.** — (F) In fact, Mr President, this matter was raised at the Council of Transport Ministers in November. But it soon became apparent in the course of this meeting that the basic problem, that of security, was not really a subject to be dealt by the Community institutions.

This question will therefore be dealt with under the intergovernmental procedure by the Trevi No 3 intergovernmental group, under the aegis of the Ministers for the Interior.

I feel, therefore, that this particular question of security should be put to the ministers meeting in intergovernmental cooperation.

As the honourable gentleman is aware, it is always difficult to strike a balance; security precautions are regrettably forced upon us by the activities of terrorists and anarchists, but we should not for this reason resort to unnecessary measures.

**Mr Shaw.** — Whilst accepting fully we must do nothing to endanger the effectiveness of security arrangements, am I to understand that the matter is now completely outside the authority of the Commission, or is the Commission going to keep an eye on this matter to see that some result is achieved? Because it affects a lot of travellers and, incidentally — self-interest is always the best motivation in the end — it affects a lot of parliamentarians as well.

**Mr Davignon.** — (F) I should like to reassure the honourable Member and tell him that of course we are not shirking our share of the responsibility as regards the free movement of persons and goods. We are keeping in touch with the intergovernmental group to ensure that action is being taken, which is in any case the Commission's political responsibility as far as security within the Community is concerned, and also to ensure that the method adopted does not complicate travel unnecessarily. Personally I have never understood why one is allowed to stay in the aircraft on certain stops and not on others.

If the passenger remains in the aircraft, clearly no security precautions are required. If he prefers to get out, he subjects himself to the inconvenience that the honourable gentleman has mentioned, which unfortunately, because of the circumstances, is inevitable. However, I can assure the honourable Member that we are keeping an eye on developments.

**Mr Yeats.** — In giving this matter consideration, will the Commissioner consider not merely the occasions on which this type of hold-up is required, but also the methods adopted, which in certain airports are positively medieval? Will the Commissioner consider encouraging airports to adopt modern methods, such as those used in the United States, rather than the slow, cumbersome and indeed, rather useless methods used in many cases?

**Mr Davignon.** — (F) It is specifically with the harmonization of measures — and, I hope, with the achievement of maximum efficiency and not simply the introduction of a few minor improvements — that the intergovernmental group I mentioned earlier is concerned. This group is responsible for the task of harmonization with a view to ensuring maximum efficiency and introducing the most up-to-date technological methods.

**President.** — Question No 6, by Lord Reay :

What evidence is there to support the Commission's view that the imposition of levies by the Community on a variety of Greek agricultural products is not against the spirit of the Association Agreement with Greece?

**Mr Haferkamp, Vice-President of the Commission.** — (D) The agreement recognizes that the function of levies is to compensate for differences in price resulting from variations in agricultural policy and the agricultural situation on both sides. The agreement permits this practice to continue. The Commission regards these and other measures to prevent distortions of the market in Greece or in the Community as compatible with the spirit of the agreement.

**Lord Reay.** — I am sorry the Commissioner is not able to report that any progress is being made, either in the context of the association with Greece or of the accession negotiations, in resolving what has now become a rather longstanding and enervating dispute between Greece and the Community.

In view of the fact that the strongest opposition party in Greece is now against the accession of Greece to the Community and recently its strength in national elections and in view of the possibility that there may well be a national referendum on this question in Greece, does not the Commission see the wisdom of the Community making a generous gesture towards Greece at this time, and does it not agree that this is a possible field in which it could do so, regardless of which party to the dispute is legally in the right?

**Mr Haferkamp.** — (D) The Commission welcomes any opportunity to be generous towards countries which have applied for membership. Of course, we can only do so within the limits of what is possible, especially what is legally possible.

**Mr Dalyell.** — In his original answer, the Commissioner talked about allowing continuation of the practice. It was certainly the understanding of some of us who were on the Committee of the EEC-Greece Association that 18 months to two years ago, Mr Pezmazogolou and Mr Mylonas thought that this should be allowed for a very long time. Has the Commissioner any time limit in mind?

**Mr Haferkamp.** — (D) I am not aware of any time limit in this matter. I can only hope that the negotiations for accession go forward as speedily as possible, and I hope that the matter is automatically settled without any time limits.

**Mr De Clercq.** — (NL) Mr President, my question has a bearing on the supplementary question by Lord Reay. Does the Commission not consider, in the existing circumstances, that every effort should be made to bring this situation to an end, in view of the extremely bad impression which is being made on public opinion in Greece?

**Mr Haferkamp.** — (D) I am aware that there is an effect on public opinion in Greece. Measures which we have to take also effect public opinion in Europe as well as the occupational groups and interests under discussion here, which you too represent and for which the Commission also has a responsibility. I strongly hold the view that we should do everything possible and, during the period of negotiations before accession, should demonstrate to those who have opted for membership that we welcome them as future members of this Community, that, within the limits of the possible — and I hope with your support — we should be generous, even in areas where, in other connections, you and the Commission defend the interests of specific groups and sectors within the Community.

**Mr Corrie.** — Does the Commission see Greek agricultural products as the biggest obstacle to Greece's entry into the Community? Which agricultural products will cause the greatest problems to the CAP, and will the agricultural problem mean a very long transitional period for Greece?

**Mr Haferkamp.** — (D) I should prefer to talk not of obstacles but of problems which we have to solve for the common good of the present and the future Community. Of course there are more of these problems and they acquire greater significance when they occur in conjunction with existing situations and difficulties in the Community itself. But in the same spirit in which I said that I did not wish to talk of obstacles, we all want to find solutions, and will find them.

**President.** — Question No 7, by Mr Normanton :

On the assumption that the Commission is aware of the extent to which Community companies are being subjected to blackmail and boycott on the grounds of their dealing with Israel or because of their Jewish connections, what steps does the Commission propose be taken to combat this threat to the principles contained in the Treaty of Rome?

**Mr Vouel, Member of the Commission.** — (F) The Commission has already stated in Parliament that it is opposed to any discrimination or boycott against European firms on the grounds of their Jewish connections or trade relations with Israel. The Commission is aware of the existence of such practices those mentioned by the honourable Member. It regards them as contrary to the spirit and principles of the cooperation that the Community wishes to establish with the Arab countries. In this connection, it wishes to point out that in all the agreements signed with Arab countries it has asked for the inclusion of a clause expressly providing that there should be no discrimination between the Member States, their nationals or their companies as a result of regulations applied by these countries. Furthermore, when the conditions of application are fulfilled, Articles 85 and 86 of the Treaty of Rome, relating to competition, also apply to agreement which compel the signatories to discriminate in their choice of industrial and/or trade relations. However, these articles are applicable only if the agreements are likely to have an appreciable effect on trade between the Community Member States.

As my colleague, Mr Cheysson, has already stated in this Parliament, the Commission is ready to intervene whenever it is informed of or consulted on concrete examples of discrimination or interference with the rules of free competition and will make full use of all the sanctions provided for in the agreements or in the Treaty of Rome. The honourable gentleman will appreciate, however, that in order to intervene, the Commission must have sufficient information to enable it to determine whether the cases reported to it, constitute discrimination in the sense of the agreements or interference with the rules of competition as defined in the Treaty.

**Mr Normanton.** — I am certainly grateful, and I am sure the House will be grateful, for the very full and informative way in which the Commission reaffirmed the Community stand on this important issue, but may I draw to the Commission's attention the fact that certainly I, and, I know, many more honourable Members, have growing lists of cases where directly, or frequently indirectly, Community companies are continuing to be prejudiced for the reasons indicated? Will the Commission therefore consider establishing a register or some other record, to which Members are prepared to contribute, of cases which action should be taken, and will the Commission continuously bear in mind the commitment it has just now made to use the economic and commercial leverage of the Community in our far-flung negotiations to bring to an end this odious and totally unacceptable practice?

**Mr Vouel.** — (F) The Commission can of course draw up a list of the cases that have been reported to it. But as the honourable gentleman knows, in none of the cases reported so far has there been sufficient evidence to justify taking concrete action which could have enabled us to find a solution to this problem.

As to whether the Commission is prepared to use the Community's economic leverage to arrive at a practical solution, I must answer that the Community can only use economic leverage under the terms of the Treaties. It is determined to oppose any discrimination which violates the agreements concluded with the Maghreb and Mashreq countries but to do so it must have a case in which there is sufficient evidence to enable it to take action. This is also the case with the application of Articles 85 and 86, as I have already explained to Parliament.

**Mrs Dunwoody.** — Is the Commissioner aware that I find it exceedingly difficult to believe that he has not had one case notified to him, even many months ago, with sufficient evidence to take action? In view of the answer given to me by the President, when earlier questioned, we should require some evidence of action on the Commission's part where there is a clear indication that discriminatory measures are being taken against one of the States associated with the Community.

**Mr Vouel.** — (F) I can assure the honourable lady that whenever a case has been reported to the Commission, we have taken action. The cases have been investigated, but unfortunately there has never been one with sufficient evidence to justify further action.

I would remind the honourable lady also that in the past two concrete examples were reported officially to the Commission, one by the honourable lady herself. I believe that the Commission informed her that in the case she had reported it was impossible to determine whether trade between Member States had been adversely affected and hence whether Articles 85 and 86 of the Treaty of Rome should be invoked.

I would add that the Commission department concerned is currently looking into another case and that after preliminary consideration it has been decided that further information should be obtained from the parties concerned, to enable the Commission to assess whether there is any need for further action.

**Mr Sieglerschmidt.** — (D) Would the representative of the Commission please tell me again the connection between measures under Articles 85 and 86 of the Treaty and measures pursuant to the agreements with the Maghreb and Mashreq countries? Is it not rather the case, as I see it, that the two are independent, so that in the appropriate circumstances the

Commission would be completely within its rights in accusing the country in question of breach of agreement, and would not the Commission be prepared to give Parliaments' responsible committees another, really thorough, exposition of practice in this matter, especially the criteria it uses to decide whether the circumstances of any particular case do or do not justify action?

**Mr Vouel.** — (D) These are in fact two separate areas. On the one hand there is the necessity of ensuring that the agreements with the Maghreb and Mashreq countries, especially the provisions on discrimination, are observed on the other; the provisions of Articles 85 and 86. To show how difficult it is to act in either of these two areas, I need only demonstrate how difficult it is for the Commission to take action on the basis of Articles 85 and 86. You know that Articles 85 and 86 can only be applied where there are substantial restrictions of competition and deflections of the trade of the Community.

But this boycott by the Arab States takes effect at various levels. There is the primary boycott, that is to say that Arab countries will not buy from Israeli firms; this lies completely outside the purview of the Commission.

Then there is the second level, where Arab countries refuse to buy from companies blacklisted on the grounds of their trade with Israel. Here, too, it is very difficult for the Commission to act, as these circumstances are not covered by provisions in the Treaty.

There is only one area where the Commission could act, and that is at the level of the tertiary boycott. It would be possible for the Commission to intervene here, if it is given the necessary evidence. But the Treaty then requires evidence of substantial distortions of competition; evidence of this is required in this particular case, and it has not been submitted.

A discussion of relations between the Community and the Arab countries under the agreements would take us too far; but I would point out that the Commission's actions here would be restricted by individual provisions in the agreements themselves just as much as they are in application of Articles 85 and 86.

**Mr Mitchell.** — In view of the continual aggression by Israel against its immediate neighbours — witness the recent invasion of Lebanon — would the Commission consider suspending the Association Agreement with Israel?

(*Laughter*)

**Mr Vouel.** — (F) I think that this question lies outside the scope of our debate. I should not like to comment on the matter.

(*Laughter, cries and applause from the left*)

**President.** — Question No 8, by Mr Nyborg :

What progress has the Commission made in its investigations into the conditions of competition in the aviation sector and is the IATA agreement incompatible in this context with the EEC Treaty?

**Mr Vouel, Member of the Commission.** — (F) The Commission feels that implementing regulations for the rules of competition in the aviation sector are essential if it is to make a realistic assessment of the situation on a more clearly-defined basis.

As I have already indicated, the Commission is currently drawing up a draft Council regulation on the application of Articles 85 and 86 of the Treaty to the aviation sector. The Commission should be submitting this draft regulation to the Council before the end of the year.

The Commission will then be in a better position to take any steps necessary to deal with agreements in this field which go beyond what is acceptable in the light of the rules of competition laid down in the Treaties and in particular to consider the various aspects of the IATA agreements.

**Mr Nyborg.** — (DK) I thank the Commission for its reply although it did not completely answer the question. But I would like to know when the conference mentioned last time we discussed the problem — a conference between State-owned and private airlines that the Commission is to organize — will take place.

**Mr Vouel.** — (F) I repeat, before the Commission can take further action in this field, it must have regulations. The Commission is now drawing up these regulations and as soon as they are completed I am sure that the Commission will be able to define its position on questions such as the one the honourable Member has raised.

**Lord Bruce of Donington.** — Is the Commission aware that the state of affairs leading to the putting of this question has been in existence for over a decade and that for over a decade there have been the most flagrant violations of the rules of competition as enshrined in the Treaty? Is the Commissioner aware that his answer to the question, which related specifically to investigations, abundantly reveals that no effective investigations as such have actually occurred within the Commission, that all the Commission is doing is sitting down and waiting for events to develop and that this is not a posture which Parliament can put up with for very much longer?

**Mr Vouel.** — (F) If the honourable Member feels that the action taken over the last ten years has been inadequate, I can certainly not be held solely responsible.

I repeat that, following the decision of the Court of Justice in the case of the Commission versus the

French Republic in 1974, which clarified the legal position as regards the application of the rules of competition laid down in the Treaty to the aviation sector, the Commission has just decided to draw up regulations which would, if necessary, put a stop to distortions of competition where these exist. It takes time to draw up regulations of this kind and I do not mean to offend anyone when I say that the Commission is working on the matter but it does not help to keep bringing the question up every week!

**President.** — Question No 9, by Mr Brosnan :

How does the Commission reconcile certain of its sectoral policies with the Community's Regional Policy particularly where a sectoral policy has detrimental effects on a less-developed region of the Community?

**Mr Davignon, Member of the Commission.** — (F) Clearly regional policy and sectoral policies must be aimed at the same objective, specifically to ensure that industries whether or not in the less-developed regions — are efficient enough to face up to international competition in all the problems they encounter; this point was discussed by your Parliament in this morning's debate. An industry which has structural and general difficulties will undoubtedly also have difficulties in the less-developed regions. But in a region that is already underdeveloped, the task of reorganization and redevelopment, which is in the long term the only practical solution calls for special effort. That is why, when structural difficulties are combined with difficulties in the less-developed regions, the Commission feels that this factor should be taken into account in the redevelopment programme and that is why in particular the Commission's proposals for the Regional Fund contain an *ad hoc* section. Similarly, when specific structural measures are being considered, the special characteristics of the regions in difficulty are taken into account.

**Mr Yeats.** — I thank the Commissioner for his reply although I cannot accept that the special *ad hoc* section of the Regional Fund would be in any way adequate to deal with the problems I have raised. But does the Commission accept, as its reply suggests, that if it were to pursue its sectoral policies in a sort of rigid isolation this would inevitably cause a still further widening of the disparities between the rich and the poorer areas of the Community?

**Mr Davignon.** — (F) First, it is not structural policy that creates the difficulty; it is the problems of an industry in difficulties which we have to try to combat. It is not industrial policies that create these problems, but the absence of industrial policies could prolong them.

Secondly, I agree that in implementing our various policies it is essential, if we are to achieve our ultimate objective, namely to establish a better balance between

**Davignon**

the regions of the Community, to take account of the specific characteristics of certain regions.

**Mr Scott-Hopkins.** — Does not the Commissioner agree that the existing methods of using the Social Fund, the Regional Fund, the Guidance Section Fund, for deprived rural areas are really unsatisfactory, as has already been said by Mr Yeats, and that it would be much better to have a coherent policy of a rural fund to deal with these backward rural areas so that you could get the whole thing into one? Would that not be a much more efficacious way of dealing with these areas?

**Mr Davignon.** — (*F*) The honourable Member is aware of the difficulties we have had in setting up the existing funds and endowing them with the resources they need, and I am very much afraid that if we now proposed setting up new Funds the results would not be as satisfactory as they are at present. Nevertheless, it is obvious that we must step up our efforts, with a view to coordinating our various policies and directing them towards a single objective in order to make them more effective. But in the present circumstances, without underestimating the difficulty of the task, this system still gives the best results from the practical point of view.

**Lord Bruce of Donington.** — Is the Commissioner aware that, although nobody will in any way query the sincerity of his intention to take into account the problems of the regions when the various sectoral policies are pursued in both the steel industry and the textile industry, nevertheless, after he has taken all these factors into account, with what results we don't know, the poorer regions will continue to get poorer and the richer in comparison will continue to get richer? Is he not aware that far greater action than is at the moment contemplated under the auspices of the Regional, Social and other Funds is necessary in order to help redress this balance? Is he aware that in conditions of large-scale unemployment in Europe at the present time, particularly in the less-developed regions, this is one of the most burning political issues confronting Europe?

**Mr Davignon.** — (*F*) Obviously the Commission is aware that it is a major task to bring industry up to date by means of radical reorganization and at the same time to help the less-developed regions make up the discrepancy between themselves and the richer regions — two aims that are very difficult to achieve. Each of these policies is in itself a challenge, but we fully realize that we cannot favour one policy more than another and that is why in our current sectoral policies, notably in the steel industry, we propose to ensure that a larger share of the redevelopment expenditure is allocated to the regions in difficulties than to

other regions. We are constantly aware of the political aspects of employment. As for the methods we shall employ, these will have to be assessed as and when the redevelopment programmes are implemented, and this will call for an effort not only from the Commission but also from the Member States, whose policies must be aimed at providing funds for redevelopment and not simply non-recoverable investment, which does not encourage adaptation or the creation of new jobs.

**Mr Mascagni.** — (*I*) In view of the fact that the Commission, when setting up the various instruments available to the Community, affirmed the need for close coordination between them, I would ask the Commission to give its view, even if only in general terms, on the effectiveness of this coordination and whether it believes that the internal arrangements exist within the Commission to favour such coordination and lastly whether it intends to take new measures to strengthen it and make it effective.

**Mr Davignon.** — (*F*) Coordination can always be improved upon and even its objectives can be modified, since it is a long-term process. As far as administrative organization and the work of the Commission itself are concerned, we have the right conditions for effective coordination. We do not therefore envisage taking any further action in this field.

**Mr Noè.** — (*I*) When the Council of Ministers adopts the new guidelines for Community regional policy will the Commission's departments be given the resources to assess the negative effects on the development of individual regions mentioned in the question?

**Mr Davignon.** — (*F*) Yes. Obviously we shall make every effort to ensure that the assessment is not purely theoretical, but is based on full consultations so that a decision can be taken. Only by assessing the situation can we determine the best way of dealing with the problems.

**Mr Corrie.** — Can the Commission assure this House that large industries such as steel will be discouraged from concentrating on the mainland of Europe and encouraged to go out to the peripheral regions such as Scotland, and base their industries there to encourage other firms to move out and use the raw materials they produce?

**Mr Davignon.** — (*F*) In the present circumstances our aim is to reorganize the existing steel industry, I am not aware of any plans to set up a new steel industry in Europe.

**President.** — The first part of Question Time is now closed.

8. *Welcome to a delegation from the New Zealand Chamber of Representatives*

**President.** — I have the honour to welcome a delegation from the New Zealand Chamber of Representatives, headed by Mr Kenneth Comber.

At this time last year a similar visit was made to Strasbourg by a delegation headed by the late Sir Roy Jack, speaker of the New Zealand Chamber of Representatives.

I hope that the link that was established then between the European Parliament and the New Zealand Chamber of Representatives can be strengthened during this visit, and I offer our guests a very warm welcome.

(*Applause*)

9. *Votes*

**President.** — The next item is votes on motions for resolutions on which the debate has closed.

We shall begin with the motion for a resolution contained in the interim report (Doc. 6/78) by Mrs Dunwoody: *Equal treatment for men and women at work in the Member States of the Community*.

I put the preamble and paragraphs 1 and 2 to the vote.

These items are adopted.

On paragraph 3 (a), I have Amendment No 4, tabled by Mr Yeats, on behalf of the Group of European Progressive Democrats, calling for this subparagraph to be deleted.

What is the opinion of the rapporteur?

**Mrs Dunwoody, rapporteur.** — I would ask the House to reject this amendment for the very simple reason that I do not believe that it gives the wide interpretation that Mr Yeats suggests, and I do think it makes it clear that Article 119 is very restricted to equal pay for equal work and does not take account of fiscal means or other measures. I would therefore ask the House to vote against the deletion of this paragraph.

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

I put paragraph 3 (a) to the vote.

Paragraph 3 (a) is adopted.

I call Mrs Dunwoody.

**Mrs Dunwoody, rapporteur.** — I apologize for interrupting at this point, Mr President, but if Mr Yeats were prepared to consider that Amendment No 5 should be added to paragraph 3 (b) and not to paragraph 3 (c), I should be prepared to accept it.

**President.** — Mr Yeats, do you agree to Amendment No 5 being applied to paragraph 3 (b) instead of paragraph 3 (c)?

**Mr Yeats.** — Yes, Mr President.

**President.** — On paragraph 3 (b), I have Amendment No 5, tabled by Mr Yeats, on behalf of the Group of European Progressive Democrats, calling for the following to be added to this subparagraph:

... and to apply fully the mandatory provisions of the Directive on equal pay.

I put Amendment No 5 to the vote.

Amendment No 5 is adopted.

I put paragraph 3 (b), thus amended, to the vote.

Paragraph 3 (b) is adopted.

Amendment No 2, on paragraph 3 (c), by Mrs Kellett-Bowman, on behalf of the European Conservative Group, has been withdrawn.

I put paragraph 3 (c) to the vote.

Paragraph 3 (c) is adopted.

I put paragraphs 4 and 5 to the vote.

Paragraphs 4 and 5 are adopted.

After paragraph 5, I have Amendment No 6, tabled by Mr Yeats, on behalf of the Group of European Progressive Democrats, calling for the insertion of the following new paragraph:

'5a. Calls on the Committee on Social Affairs, Employment and Education to report as soon as possible to Parliament on the progress made to date in the implementing throughout the Community of the principle of equal pay.'

What is the opinion of the rapporteur?

**Mrs Dunwoody, rapporteur.** — I would ask the Assembly to reject this amendment, for a very simple reason. The Committee on Social Affairs, Employment and Education is very well aware of the need for action, but we did agree, both in plenary sitting and in committee, that what was needed was a little time for the Commission to produce the replies to the questionnaires that they had sent out to the Member States before, as a committee, we could judge the efficacy of their measures. I would therefore like to reject this amendment simply on the grounds that it says 'as soon as possible': I believe we do not need it as soon as possible, we need it as soon as possible when we have the proper information, which is very different; so I ask you to reject the amendment.

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

I put paragraph 6 to the vote.

Paragraph 6 is adopted.



**President**

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

The resolution is adopted.

I now put to the vote the motion for a resolution contained in the Lamberts report (Doc. 15/78): *Approximation of the laws of the Member States relating to cocoa and chocolate products intended for human consumption.*

The resolution is adopted.

I now put to the vote the motion for a resolution contained in the Cointat interim report (Doc. 14/78): *Draft report on the administrative expenditure of the European Parliament for the period 1 January to 31 December 1977 (financial year 1977).*

The resolution is adopted.

We shall now consider the motion for a resolution contained in the report by Lord Brimelow (Doc. 551/77): *The practice of dumping and the threat posed to Europe by uncontrolled competition.*

I put the first nine recitals of the preamble to the vote. These items are adopted.

On the tenth recital, I have Amendment No 2, tabled by Mr Inchauspé, on behalf of the Group of European Progressive Democrats, calling for this recital to read as follows :

'recognizing that not all the manifestations of these adverse developments can be attributed *only* to the disruptive effects of low-cost imports, but observing that such imports have been a *very* significant contributing factor';

What is the opinion of the rapporteur ?

**Lord Brimelow, rapporteur.** — Mr President, I regard the original text approved by the Committee on External Economic Relations as preferable, and I request this Assembly to reject this amendment.

**President.** — I put Amendment No 2 to the vote. Amendment No 2 is rejected.

I put the tenth recital to the vote.

The tenth recital is adopted.

I put the eleventh to fifteenth recitals to the vote.

These items are adopted.

On the sixteenth recital, first indent, I have Amendment No 3, tabled by Mr Inchauspé, on behalf of the Group of European Progressive Democrats :

Replace: 'and has unilaterally imposed import restrictions on particularly sensitive imports'

by: 'and has taken the initiative of restricting imports of particularly sensitive products'.

What is the opinion of the rapporteur ?

**Lord Brimelow, rapporteur.** — Mr President, I recommend the acceptance of this amendment.

**President.** — I put Amendment No 3 to the vote. Amendment No 3 is adopted.

I put to the vote the first indent, thus amended, of the sixteenth recital.

This item is adopted.

I put the second indent of the sixteenth recital to the vote.

This item is adopted.

On the sixteenth recital, third indent, I have Amendment No 7, tabled by Mr Inchauspé, on behalf of the Group of European Progressive Democrats, calling for this indent to read as follows :

— in the frustration of dumping and subsidization, (*subject to due proof of actual injury*),'

What is the opinion of the rapporteur ?

**Lord Brimelow, rapporteur.** — Mr President, I regard the original text approved by the Committee on External Economic Relations as preferable. I hope this Assembly will vote against this amendment.

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

I put the third indent of the sixteenth recital to the vote.

This item is adopted.

I put the fourth indent of the sixteenth recital to the vote.

This item is adopted.

I put to the vote the seventeenth to nineteenth recitals of the preamble and paragraphs 1 to 4.

These items are adopted.

On paragraph 5, I have Amendment No 5, tabled by Mr Inchauspé, on behalf of the Group of European Progressive Democrats, calling for this paragraph to read as follows :

'5. supports the efforts of the Commission to establish a satisfactory *set of rules* (covering both prices and quantities) on trade in steel between the Community, the USA and Japan.'

What is the opinion of the rapporteur ?

**Lord Brimelow, rapporteur.** — Mr President, I regard the original text as preferable. I hope the Assembly will not approve this amendment.

I put Amendment No 5 to the vote.

Amendment No 5 is rejected.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

I put to the vote paragraphs 6 to 8.

Paragraphs 6 to 8 are adopted.

I put to the vote the first and second indents of paragraph 9.

These items are adopted.

**Brimelow**

On paragraph 9, third indent, I have Amendment No 6, tabled by Mr Inchauspé, on behalf of the Group of European Progressive Democrats, calling for this item to read as follows :

— in the field of safeguarding action under Article XIX: greater precision in the international rules, particularly those establishing criteria of market disruption; *conclusion of an agreement allowing flexible and selective application of safeguard measures* (i.e. by circumventing the most-favoured-nation principle), *such application* to be subject to international supervision.'

What is the opinion of the rapporteur ?

**Lord Brimelow, rapporteur.** — Mr President, I regard the original text as preferable. I hope that this Assembly will not accept the amendment.

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

I put paragraph 9, third indent, to the vote.

This item is adopted.

I put to the vote the fourth and fifth indents of paragraph 9.

These items are adopted.

On the sixth and last indent of paragraph 9, I have Amendment No 4, tabled by Mr Inchauspé, on behalf of the Group of European Progressive Democrats, calling for the words '*the fullest possible*' to be deleted.

What is the opinion of the rapporteur ?

**Lord Brimelow, rapporteur.** — Mr President, I am against this amendment.

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

I put the sixth and last indent of paragraph 9 to the vote.

This item is adopted.

After paragraph 9, I have Amendment No 1, tabled by Mr Albers, on behalf of the Socialist Group, calling for the following new paragraph to be inserted :

'9a. Requests the Commission to make a detailed study of paragraphs 8 to 12 of the opinion of the Committee on Social Affairs, Employment and Education and to report on the matter to the parliamentary committees concerned.'

What is the opinion of the rapporteur ?

**Lord Brimelow, rapporteur.** — Mr President, this amendment is fully compatible with what I said in introducing my report this morning. I hope that it will be accepted.

**President.** — I put Amendment No 1 to the vote. Amendment No 1 is adopted.

I put paragraph 10 to the vote.

Paragraph 10 is adopted.

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

The resolution is adopted.

10. *EEC-Japan trade relations*

**President.** — The next item is the oral question with debate (Doc. 24/78) by Mr Müller-Hermann, Mr Vandewiele, Mr Martinelli, Mr Schwörer, Mr Bersani, Mr Luster, Mr Jahn, Mr Santer, Mr Fioret and Mr van Aerssen, on behalf of the Christian-Democratic Group (EPP) to the Commission of the European Communities :

Subject : Trade relations with Japan

1. What progress has so far been made in the negotiations between the Commission and the Japanese Government ?
2. What are the prospects of Japan opening its markets more widely to Community goods so as to achieve a more even trade balance ?
3. Will the Japanese Government make efforts to apply voluntary restraint measures in certain sectors over a given period with a view to achieving more balanced trade relations in future ?

I call Mr Müller-Hermann.

**Mr Müller-Hermann.** — (D) Mr President, the oral question that has been tabled by my political colleagues and myself is not intended to have an anti-Japanese slant, but we do feel that we should have a debate in this House on the state of the talks between the Japanese Government and the Commission. We hope that this will provide the Commission with some help in its talks.

At this difficult time for the world's economy it would be a very good thing if the major industrial nations in particular took a joint stand, above all on basic questions, and it is therefore all the more regrettable that there should be a number of fundamental differences of opinion between the European States and the Japanese Government. This is ultimately due to the fact that the economic relations and payment transactions between the Community and Japan have resulted in an unusually high deficit for the Community in the balance on current account. The 1977 deficit is estimated at 13 000 million dollars. In the case of Lord Brimelow's report we pointed out — and this was confirmed by the House in the resolution it has just adopted — that it is essential to achieve balanced economic relations, which undoubtedly do not at present exist between Japan and the European Community.

We know that the Commission has, in recent months, had intensive negotiations with the Japanese Government, but we also know that these talks and negotiations have not as yet produced an acceptable result,

**Müller-Hermann**

and we cannot therefore but fear that the one-way street will remain in these economic relations. This may be something of an exaggeration, but it is a one-way street with the advantage very much on the side of the Japanese.

The question we must ask the Commission is, what results have so far been achieved in the negotiations? How are things to go on? How can balance be restored in trade relations, and what efforts should the Europeans, the European economy make to achieve this end? There is undoubtedly something to be said for the argument that the European economy has not got to grips, as we think it should have done, with the peculiarities of the Japanese market, partly due perhaps to the difficulties of language. But I believe that this is not the basic cause of the present situation and that the important point will be how far the Japanese Government is prepared to make an appropriate contribution to striking a balance in economic and trade relations by reducing tariffs and even introducing certain self-restrictive measures in some sectors.

I will limit myself to these remarks because I believe that it is now up to the Commission to give us some details on how things stand and on what its intentions are. I would stress once again how important this question is for the Community's economy and that we in Parliament want to lend some support to the Commission for the undoubtedly difficult negotiations which it has yet to conduct.

*(Applause)*

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission.** — *(D)* I should like to thank you for the opportunity of taking part in this debate. As Mr Müller-Hermann has already said, the point is that the European Community, Japan and the United States in particular bear a joint responsibility for the world economic situation and the difficulties facing world trade. I should like to refer to a statement in which the representatives of these economic and political entities have expressed their views on the present situation and entered into commitments. I am referring to last May's Economic Summit in Downing Street, when Prime Minister Fukuda on behalf of Japan, the European representatives on behalf of the Community and President Carter on behalf of the United States undertook to promote free world trade, to endeavour to stimulate the world economy and to make joint efforts to accelerate the negotiations in GATT, commonly known as the Tokyo Round.

I feel that we should make it clear at this point that this joint responsibility continues to exist despite all the difficulties and that we must assume that these undertakings will be fulfilled. That is one point.

Another point is the question of how this can be converted into practical terms. We all know how diffi-

cult it is to achieve the economic growth objectives that have been proclaimed. We know how difficult it is to influence balance of trade and balance of payments trends, and that such things cannot be changed overnight, particularly in a situation that does not offer the convenient possibilities of world-wide growth. We discussed this this morning in another context, but it also forms the background to the discussions we are having with our Japanese counterparts. Reference has been made here, too, to the deficit in the balance on current account. I would ask whether it would not be advisable to give some thought to the causes of this deficit. Some of the success achieved by the Japanese economy is due to effort. I will discuss in a moment a number of requests we have to make. But what we are facing here is the outcome of a consistent strategy and consistent striving by an economy which has practically no resources of its own, which is dependent on imports of almost all raw materials, almost all of its energy and a great deal of its food requirements, and this at a population density that far exceeds the average in European countries.

For 20 or 30 years the slogan has been: performance, effort oriented towards exports and brakes on imports, even where goods for processing are concerned. This long-term, successful strategy has put the Japanese balance of trade in a special situation, which we — and not only we — find disturbing, which is unusual and which does not comply with the course followed by any of the other industrial nations. The Japanese import less than 20 % of their finished goods while we, like other industrial countries, import 40 %. I believe that Japan should adapt itself to this general pattern.

This result has also been achieved by practices that we cannot accept, these being administrative and non-administrative obstacles to imports of the most varied kinds, obstacles that are visible to a greater or lesser degree and whose removal we can and must demand. Much as one may sympathize with a strategy and the success achieved with that strategy, the background of which I have just attempted to outline, a situation in which international rules are ignored cannot be accepted, and we must call with considerable vigour for the removal of tariff and non-tariff barriers in Japan so that we are given a fair opportunity to penetrate the Japanese market.

As you have just said, Mr Müller-Hermann, we have also made some effort to gain a footing on this market. I would point out, however, that we should not say that the Japanese language is a non-tariff barrier to trade. After all, the Japanese have shown that they can get along quite well with our languages and our customs on our markets. We and our industries undoubtedly need to make greater efforts so as to take advantage of the opportunities that we can and

### Haferkamp

must provide politically. I also feel that help should be given to the European economy, particularly those undertakings that are unable to help themselves. I would remind you of the Commission's proposal, unfortunately turned down last year, that 2 million u.a. should be included in the budget to assist small and medium-sized undertakings with such marketing activities. The Commission will be putting forward a proposal of this kind again. If the Council of Ministers rejects this proposal, we expect Parliament to take corrective measures. When we consider what we have been saying, I do not believe that we should content ourselves with 2 million u.a.

We must show that we are taking things seriously, not only draw up resolutions, but also be prepared to draw conclusions from them and to give the European economy the necessary backing to cope with the difficult work involved in a market of this kind and in efforts of this kind.

All in all, I believe that considering our overall responsibility to the world economy and Japan's duty to us, Japan should be urged to sit down and try to adapt to the international rules more than has been the case in the past. But we cannot expect Japan to do everything alone; we must also make an effort ourselves.

In this connection and to this end, we have had a series of discussions. The last of these, which I myself attended in Tokyo and which ended on 24 March, finished with a joint communiqué that met with mixed reactions from the public. I did not attend these negotiations with Japan on behalf of the European or the world press. My responsibility lay elsewhere.

Some thought should have been given to the question of what the alternative would be if these negotiations had produced nothing and perhaps ended in an atmosphere which would have unsettled the cooperation — and future joint responsibility — in achieving what it is our joint responsibility to achieve.

And what was the outcome? For the first time the Japanese Government agreed in this communiqué to quantitative details on a reduction of the surplus in the balance on current account. It states that it expected Japan's surplus to fall by one-third in the 1978 financial year. In view of what I have said on the possibilities of achieving growth and general, overall economic objectives, that should not be underestimated. In this connection the Japanese Government has agreed to try and meet this target by means of massive stimulation of domestic demand and improved access for foreign products to the Japanese market. The goal is, then, to reduce the current account surplus next year by one-third, in particular by stimulating domestic demand and providing greater access for other products, that is foreign products.

Secondly, it has been accepted that this must also produce a rapid change, which will result in an improvement of the Community's position *vis-à-vis* Japan as early as this autumn.

Also of importance is the recognition of the need to increase the proportion of processed products in total imports. As I have just said, they now account for less than 20%. Not only has the trend been accepted, but our joint declaration also points out on this subject that the trend was upset by the increase in oil prices and that Japanese imports of finished goods fell substantially as a result. Both parties agreed that Japan should revert to a normal situation over an appropriate period.

I consider the words 'to a normal situation', which means comparable with other industrial nations, to be a very important statement, more important to me than quoting a percentage figure, because it also implies willingness to get back into line in this respect.

The communiqué refers to willingness to take part in active negotiations in GATT, particularly on the selective application of the safeguard clause that was mentioned here this morning. I could not, of course, expect to receive an assurance in Tokyo on the final outcome of international negotiations, but I consider it important that the Japanese have abandoned their outright 'no' to the possibility of selective application of safeguard clause. We are now in the middle of the negotiations, as I said this morning in another context.

In addition, if the GATT negotiations are successful and we make provision for tariff reductions in the 80s, we can then expect Japan to be prepared to give consideration to unilateral tariff reductions. We cannot, of course, call for an absolute assurance while international negotiations are still being held. Japan will substantially increase its development aid, and our communiqué indicates that Japan's contribution in this field will be tripled in the next few years.

I think it is important that we have undertaken to examine the development of the situation regularly and jointly and also to carry out *ad hoc* checks and hold *ad hoc* meetings to see what progress we have made with our reciprocal declarations of willingness to take action. The next meeting at senior official level to see how the things referred to in the communiqué are progressing will take place in Tokyo in June of this year.

I will not go into the many details that are important but concern individual products or individual procedures. For example, we and our industries have difficulties with the recognition of tests on pharmaceutical products, technical apparatus, machines and so on. In some cases, we have stipulated recognition by the Japanese of certain European tests on the basis of reciprocity. This applies to some of the tests in the phar-

**Haferkamp**

maceutical sector. It also applies to test on ships' engines and diesel engines, and it applies — we have initiated talks between experts — to the continuation of the further recognition of these tests.

I mention this simply as one example. It is nothing decisive but it does show the direction in which we are heading and that we are removing certain kinds of obstacles.

Similar action has been taken with regard to a number of agricultural products. Here again, I will not go into detail. In any case, the products concerned are often of considerable importance for one group of producers or for one of our Member States and do not have any particular effect on the picture as a whole.

But all these things, even if each appears insignificant, are an important indication of Japanese willingness to change the trend and open up the market. We cannot expect a Community deficit of over 5 000 million dollars last year in trade with Japan to be completely wiped out overnight, but what we can expect is that there should be a change in the trend in favour of a reduction in this deficit, and we expect to see tangible signs of this happening. Our agreement to examine these matters regularly will enable us to check whether action is being taken over and above the declarations contained in the communiqués. We will do this, and we will keep you informed.

*(Applause)*

**IN THE CHAIR : MR LÜCKER**

*Vice-President*

**President.** — I call Lord Castle to speak on behalf of the Socialist Group.

**Lord Castle.** — I congratulate the Commissioner on putting what I think in retrospect he will regard as a pretty good face on a pretty poor bargain. I regard it as the duty of the Parliament this afternoon to put a bit more spine into the Commission in their negotiations with the Japanese. Of course, the Commission and all of us know what Japanese competition has done to European trade. We cannot sit down and merely talk and accept promises on which there is some doubt as to whether they can be fulfilled in the time allocated. This has been described by the Council, in its statement after its meeting last week, as 'a first step'. It does it with a certain amount of reluctance, I must say, and in the thousand-word statement made by the Commissioner and his opposite number, when they had been in negotiation, they too talked about the first step.

I wonder if Mr Haferkamp will be surprised to know that *The Times*, reporting the meeting of Community industry ministers, said — not on its own authority, but based on the statement coming from the Council of Ministers — that 'EEC members for trade and

foreign affairs expressed their disappointment and scepticism here today with the outcome of last month's talks in Tokyo'. That is a rather different picture from the — I will not say rosy, but slightly pink — view of matters as they stand given by Mr Haferkamp here this afternoon. And so to all this talk about 'first steps' towards curing the disease which is besetting world trade because of this disbalance on the part of Japan: was it a first step? Our own British minister, who took a pretty prominent part in those negotiations of the Council of industry ministers last week, described it not as a first step but as step backwards. I am quite certain that Mr Haferkamp does not mean a first step backwards and I want to encourage him, next month when he meets the negotiators for Japan — if he does it, well and good: if Sir Roy Denman does it, well and good — but I know that Mr Haferkamp will attempt to go along at the end of the meeting and pick up the injured if there are injured in the debate. But do take this encouragement.

Some of us on these benches are particularly interested in one thing which did come out, or can come out of these negotiations. There was a promise by Japan as he has told us, so to rearrange their internal economy as to increase consumer buying power. We all want that to happen. It is not only the question of putting money in the pocket of Mr and Mrs Japan. It is a question of expenditure authorized by the Government and local councils in Japan — I do not know what kind of local councils they have — on public expenditure to the benefit of all, and it is that which creates a new market for the manufactured goods on which Western Europe depends for its living. But in addition to that, which I welcome because it means a lot to the Japanese people as well as to us, I welcome the idea that Japan is going to go in for aid to the underdeveloped countries in a bigger way. There again, it will be a stimulus to the consumption of manufactured goods, of which I hope we in Europe shall be able to take great advantage. But you know, when you hear this good profession on the part of Japan — that it is going to double its aid in the next five years, as I think is correct — that is all very well, but please realize, as I am sure the Commissioner does, that you are only doubling 0.12 % of the GNP of that prosperous nation. I think we can expect more. All of us must encourage Mr Haferkamp to put pressure on them to supply more, and I am sure, with the encouragement of this Parliament, he will do so.

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

**Mr Baas.** — *(NL)* Mr President, we should like to thank Mr Haferkamp for his statement. It offers a number of ideas which will enable us to debate the question tabled by the Christian-Democratic Group in greater detail. I shall not go afresh into Japan's trading surplus. We have discussed that often enough in Parliament.

**Baas**

Today we must assess the outcome of the negotiations between the delegation from the European Community and the Japanese Government. Mr Haferkamp has a right to know Parliament's assessment of the outcome of the negotiations. In the final communiqué, of course, we came across the customary phrases: combat protectionism, continue the dialogue with Japan, discuss common trade problems. In itself, all that sounds very positive, but in his speech Mr Haferkamp mentioned actual figures being given. He also said that the surplus was expected to be reduced somewhat in 1978. But we are, of course, concerned with developments in the longer term. I am not so sure that all the measures now being taken and the Japanese Government's alleged willingness to make concessions will result in a more even trade balance within a given period. And that is essentially the point of the question.

Mr Haferkamp has been very prudent on this matter. Trends are important for us and so is the deadline by which results must be obtained in our relations with Japan, and with the United States. I should like to ask Mr Haferkamp if, when he compares the outcome of the Community's negotiations with Japan and the outcome of the United States' negotiations with Japan, he still thinks we have achieved a positive result. For I have the impression that the United States' Government had possibly more opportunities of getting short-term results in its relations with Japan and that we are trying to get results in areas where we have little chance of success.

I agree with Mr Haferkamp that this is also a matter for the Council. Two years ago, when the Council deleted the appropriation of 2 million u.a., which Parliament at that time considered very conservative, it clearly did not realize that relations with Japan would largely influence our future. We are not concerned here with launching a product, possibly not even with the price of the European product, but with changing Japanese life styles and purchasing habits. That is what is involved. Of course, in the first instance this is a job for industry itself, but on the other hand we might have expected that the governments in particular would do something besides criticize the limited gains from the negotiations. They might have asked: what opportunities do we now have for greater success on the Japanese market?

Could Mr Haferkamp say whether our hopes are realistic or utopian? In which sectors of economic activity are there definite possibilities for our exports?

And can Mr Haferkamp say whether the Japanese economy was discussed? After all, large-scale problems have arisen in many industrial sectors in Japan, too. So that we can be objective in our demands, I think it is important for us to know how our trading partner stands.

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

**Mr Kaspereit.** — (*F*) Mr President, can we feel satisfied with the joint statement signed by the Commission and Japan on 24 April last year? Does it really put an end to the problems created by the deterioration in the balance of trade between the Community and Japan? Is this the end of the Euro-Japanese ballet which we have now been watching for two years and in meeting after meeting without result?

Of course we all share the same aim, which is to get a better balance of trade by trying to develop it and not by cutting it down by recourse to protectionism. Obviously, there can be no question of breaking off at a time when we want to see a revival of the world economy, which calls for a closer knit industrial world, a more realistic concept of what the balance should be and a genuine desire for monetary stabilization. Nor do we want to make Japan the scapegoat for our shortcomings and blame it for all the world's troubles, to quote the words of M. François Mischoffe former French ambassador to Japan.

However, we have to recognize that for two years we have had nothing but declarations of intent; the expected results have yet to arrive. Even the words used by Mr Ushiba, the Japanese minister responsible for international economic relations, are scarcely encouraging. For example, he expects imports of manufactured products as a proportion of Japan's total imports to return to a more normal level within a reasonable period of a few years. He says 'that he does not want to say that Japan has made no concessions, but that it has in fact made very few'. Finally, when the Japanese say that they will be able to honour their commitments only on condition that there is a return to stability on the world monetary market, we are, as you may agree, entitled to ask what effect their concessions are likely to have.

I have no desire to paint too black a picture of the situation but we are seriously concerned. How could we fail to be after studying the trade measures set out in the joint statement? There is hardly anything in them but commitments undertaken in 1976: access for European food products to the Japanese market and recognition of the tests applied in Europe to pharmaceutical products and motor vehicles: in short, hardly any advance. Nor can we claim that the common approach to world economic problems by the Community and Japan will apply in terms of GATT. The Japanese offer is full of exceptions or exclusions: leather products, footwear, silk, textiles, wood articles, some specialized pharmaceutical products, aircraft, nuclear reactors: I need not go on. Again, Japan intends to apply the customs reductions to the legal duty bound under GATT and not to the duty actually in force. The result of this is that the customs reduction will be only 18 %, not 40 %.

**Baas**

I assure the Commissioner that we are not unaware of the difficulty of the Commission's task in dealing with Japan and that the first thing to be done was to create an atmosphere of understanding.

But, just as we have congratulated the Commission, so today we have to tell them equally frankly that we are not satisfied with what has been agreed. We seem to be marking time and witnessing what is merely a solemn consecration of undertakings which were entered into two years ago and have virtually been dead letters. This is why we ask the Commission to exercise the greatest care so as to ensure that this first small step taken by the Community and Japan to understand each other produces solid and satisfactory results. The deterioration in our trade with that country has reached a point at which we can no longer afford to react forcefully. Mr Commissioner, let us follow the example of the United States for a change and at least let Japan know that it must adopt a different attitude and radically reorganize its arrangements in the interest of a stable world economy and, of course, that of the United States in particular.

Japan can no longer pursue a strategy of growth based solely on the development of its exports but should think seriously about meeting its growing domestic demand. It must more fully accept imports, especially manufactured products, as part and parcel of its economy. Unfortunately, the Community has not spoken in these terms and has been satisfied with the same vague and endless promises. Again, we should like the Commission to tell us how the increase in Chinese purchases of capital goods and technology — you know much more about it than I do — which is provided for in the Sino-European agreement can be reconciled with Japan's dominance of the Chinese market. Was this question referred to during the talks with Mr Ushiba? If not, what does the Commission propose to do to settle this thorny question?

Those are my comments and questions. As we all know, the difficulties which the world is experiencing are far from being solved and the situation requires us to follow a policy of voluntarism and courage. We trust that the Commission will at all times exhibit these qualities.

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

**Mr Pistillo.** — (1) Mr President, we also welcome the question put down by Mr Müller-Hermann and others concerning the trade relations between the EEC and Japan.

We take the view that what has been done to date represents the first step in the direction in which we must continue. In recent months there has been too much talk of trade war with Japan and other countries. Everyone realizes that it is not in the interests of

the EEC as a whole or of the individual countries which belong to it to declare a trade war on this or that country. This, obviously, calls for a lot of patience and determination in the conduct of certain negotiations. There must be no question of any protectionist measures, which would certainly lead to retaliation, and, in consequence, a worsening of relations with a country with which we have everything to gain by reaching a comprehensive and satisfactory agreement. This is why we see what has been achieved so far as a step which others must turn to good use.

The economic and commercial state of affairs in the world is one which calls for an increasing degree of interdependence and interrelationships. The possibility of self-sufficiency, which is sometimes suggested by those who are not wide enough awake to the real state of affairs in the world, not only does not make sense (in connection, for example, with the vast and complicated field of energy) but would be the worst answer because only a comprehensive and wide-ranging relationship with all countries in the world can create the conditions for our economic expansion and enable us to solve our present critical problems.

Before concluding my brief comments perhaps you will allow me, Mr President, to say that when we refer to Japan we seem to exhibit something like feelings of inferiority or of jealousy, or perhaps both. We talk about getting into the Japanese market. Are we equipped to do it? It is not a small matter that, while the Japanese are to be found almost everywhere in the world, have a command of the languages of other countries and go into action there with modern techniques, the same cannot be said of the way we operate in our own countries.

In saying this, Mr President, I am not just adding a footnote: quite the contrary. We have got to equip ourselves not for silly and out-of-date trade wars but for peaceful competition based on the right methods and with an awareness of the world as a whole. And, significantly enough, the Japanese themselves keep pointing out that we can gain greater familiarity with the Japanese market, in all its aspects; and this is one of the ways in which we can restore the equilibrium to the EEC-Japan relationship which has occupied our attention during this debate.

Those, Mr President, are the short comments I wished to make on behalf of the Communist Group.

**President.** — I call Mr Hamilton.

**Mr Hamilton.** — President, I have listened to this debate with some interest and not a little concern. I have taken an interest in this subject for some while, and I think, despite all the talk and all the promises, the fact is that the trade deficit between Japan and the EEC is growing and will continue to grow, I think the point is very rapidly being reached when we must begin to doubt the sincerity of the Japanese in

### Hamilton

wanting to reduce this deficit. Does anyone seriously believe that the Japanese are going speedily to reduce their tariffs or ease their non-tariff barriers to the extent that we would want them to do? Does anybody really believe that they are going voluntarily to curb their exports to Europe? I think not.

There are perhaps three ways of reducing the Japanese trade surplus with the EEC: one, by cutting Japanese exports to us; two, by increasing our imports to them and three — and I think this is probably as important, if not more important than the other two — persuading the Japanese to increase their overseas aid. I want to devote one or two remarks to that before I sit down.

I understand that the communiqué commits Japan to doubling its official foreign aid over the next five years. That is fine as far as it goes, but it does not go far enough. If one looks at the figures, even that doubling of aid still represents only 0.14% of the Japanese gross national product, which is, I think, much less than almost any European country is contributing to this end. However, it is welcome as a step in the right direction. It will — I hope — mean that new markets will be created in the Third World for European exports, and to that extent will relieve pressure on the Japanese to open their markets to our European exports.

But the relative failure of these last talks, — and there must be no fudging of the issue, they have been a relative failure — will mean a toughening of the EEC attitude in the GATT negotiations and also, I fear, certainly in my own country, an inevitable growth of the demand for protection. I think that would be very serious; it is bad enough in all conscience now.

I have figures showing the extent of the competition we are facing, in for instance, the car industry, not only in the UK but in the rest of the European car market. These figures are taken from the Central Policy Review staff, reporting on the future of the British car industry in 1975. We believe in competition in the EEC, and what we are facing from Japan is competition which we cannot meet. These are figures produced authoritatively in the UK for vehicles produced per employee per year in most of the car-manufacturing countries in Europe compared with Japan. I quote only two examples: vehicles produced per employee per year in the UK in 1955: 4.2, and in 1973: 5.1. In France, the figure for 1955 was 3.6, and for 1973, it was 6.8. The equivalent figures for Japan are 1.2 in 1955, and 12.2 in 1973. I quote those figures to show what we are up against technologically and in all other ways so far as Japanese competition is concerned. Unless we can solve this problem, we are going to get increasing demands from our less efficient industries throughout Europe for protective measures which would do neither us nor anybody else any good in the long term. I hope we will continue to

use our best endeavours to get further concessions from the Japanese, but I hope too that those continued negotiations will increase the pressure to get the Japanese to further increase their aid to Third World countries.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — Mr President, like Mr Hamilton, I will be both brief and sceptical. On the issue that he raised of aid to the Third World, could we ask: did the Commissioner say that it was a tripling of the Japanese contribution to development aid, and over what time-scale will this take place? Are we not right in thinking that it starts from a very small base? So that, whereas in fact tripling may sound impressive, one's suspicion is that in actual figures it is a good deal less impressive. Perhaps the Commission have approximately the quantitative figures involved in the Japanese undertaking to triple their overseas aid.

Like Mr Hamilton, I wish to raise the question of motor vehicles and I should declare an interest, both on behalf of Mrs Dunwoody, who cannot be here, and myself. We both have lorry factories in our constituencies. Mrs Dunwoody has raised publicly, and I have raised privately, the question of an inquiry into a system whereby it seems that Japanese vehicles in a knock-down state are sent to the Irish Republic, assembled there, and then sent to other parts of the Community, thus evading the agreements between Europe and Japan about the sale of lorries on our market. This is in fact a way of bringing extra Japanese vehicles onto the European market by the back door. Does the Community know about this, and, if so, is there anything that can be done about it?

The third question refers to what Mr Haferkamp himself called administrative practices which are hardly transparent at all. Anybody who has talked to those who have tried to penetrate the Japanese market, and indeed any of us who have been fortunate enough — the welcome has been very warm — to go on delegations in the last 10 years to Japan, knows very well that there are these minor last minute alterations in design requirements which make it very difficult for our European exporters to penetrate the Japanese market where they do not want us to penetrate. Has this subject been raised with Mr Ushiba and others with whom the Commission have been having discussions?

The Commissioner said that in fact it was a question of Japan buying 20% of finished products against Europe's 40% of finished products. How can an increase in fact be implemented, how can we be sure that these undertakings given by the Japanese in any way can be implemented? I share Mr Hamilton's scepticism about this. This is not the first or the second or third time that this issue has been raised. In fact, it is just one in a number of endless debates on this subject.



**Dalyell**

Finally, I would ask the Commission to be realistic about the 2 million units of account for language teaching. Rather than giving it to individual firms, is there not an argument for giving it to selected universities? I am thinking of Sheffield for example, where they have a tradition of Japanese teaching. But what is the point of giving it to certain firms when we know very well there can be a turnover in mobility? What do we do, having spent a good deal of money on teaching someone the rudiments of Japanese, if half way through the course they decide to change their job and the education in Japanese is not finished? I would like to ask the Commission a little more about their thinking on Japanese teaching in the Community. Some of us feel that it may have to be done at that rather younger age, when imitative linguistic ability is rather stronger. I leave it at that.

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission.** — (D) I will begin with the last remarks addressed to me. I am very grateful for these clear comments. However, it is not simply a question of language. We are concerned with activities generally that will increase our exports to Japan. And what led me to refer to the rejection of our proposal for 2 million u.a. was not so much the purpose for which this sum was to have been used. If anyone has better ideas than we have, we shall be grateful to hear of them. What I found so sad was that it was rejected at all. I would expect, after all the strong words that have been uttered here, that are uttered by the Council of Ministers and by the European Council, an appropriate request by the Commission — and I am not now speaking of proposals, but in this connection of a request — for export assistance not to be rejected. The question is how it can best be used, and I feel that we should all make an effort and use our imagination.

Universities — of course; private activities — of course; economic activities — of course. I do not believe that we have a monopoly on the generation of the best ideas. But we should agree on one thing: we should encourage and support activities that promote exports and demonstrate our worth to the outside world.

A number of specific questions have been asked about development aid. Japan has undertaken to double its present development aid within 5 years. During the talks in Japan — and this is referred to in the communiqué — we managed to obtain an assurance from the Japanese Government that it would make the necessary effort to achieve the average of the members of the Development Aid Committee. As things now stand, that would mean tripling its contribution. I would point out that not all the Community States have yet reached the figure of 0.7 % of gross national product that was promised long ago. If Japan keeps to its assurances, it would be doing more than we today,

compared with gross national product, in percentage terms.

Before I briefly take up a number of specific questions, I should like to make a few general comments. Anyone who assesses something like our activities naturally has every right to say he is happy with them or not. I am grateful for criticism, but I would ask account to be taken of the following.

Firstly, when assessing this communiqué, we should also realize that we conducted the talks at a time when the Japanese Government was engaged in the last 10 days of the parliamentary debate on the country's budget. As you all know, that is no easy matter, either for a parliament or for a government. This was at a time when the dollar was fluctuating considerably against the yen, when the difficulties facing the Japanese economy were not becoming smaller, but more evident. I would ask you, what would our governments have said in such a situation if somebody from outside had tried to tell them that they must achieve this or that growth figure? They must achieve this or that balance of payments target. For years I have attended debates in this House and discussions with our finance and economic ministers, and I therefore know what it means to state and to achieve such things. We would probably have put up in one or other case considerable resistance to any attempt by outsiders to dictate such figures to us. There has been criticism of our saying in the communiqué that it is the Japanese Government's intention, of which we take note, to reduce the balance of payments deficit by one-third next year. It has been criticized that reference is made to one-third rather than to a definite figure, and it is precisely this which I opposed. Personally, I would not have agreed to an outsider dictating a figure of this kind, because I would not have dared as an outsider to propose something of this kind at a time when I was responsible for such matters in the Commission. I was not prepared to ask of others what I myself would not have been prepared to do, things which I was not convinced were realistic. What would the alternative have been? Brake off, impose import restrictions, put an embargo on imports of Japanese goods, start a trade war in an atmosphere in which we are preparing for the Western economic summit in order to take constructive action, do something like this in such an atmosphere and moreover at a time when we are in the middle of decisive negotiations in GATT? Mr President, ladies and gentlemen, I was not and I am not prepared to do this. I will not assume any responsibility for this. I would have considered that absolutely wrong. We may not now have achieved what we wanted. I have never said that I am satisfied. But we have taken a step in the right direction, and what we want now is action. We have set up a procedure that will enable us to keep an eye on the action taken. We will do this, and as I have already said, we will keep you informed.

### Haferkamp

I would, however, also ask you to consider the following. We complain about our deficit with Japan of 5 000 million dollars last year. As I have just said, we can criticize the Americans for all the various methods they have used to close Japanese markets to us. We are resisting this, and we are taking action against it both within the international framework of GATT and at national level. We will be watching the situation very closely to see whether the Japanese keep to the assurances they have given us in this respect, item for item, irrespective of whether we are talking about tests or companies or anything else. Ladies and gentlemen, we should not, however, overlook the fact that the Community's surplus with Switzerland last year was just as high as Japan's surplus with the Community as a whole, that our surplus *vis-à-vis* Austria was only slightly less than our deficit *vis-à-vis* Japan — this large Community and that small country — that we had a surplus over Yugoslavia last year of over 2 500 million dollars. I would ask you to remember that the arguments advanced during this debate on the relationship between ourselves and Japan also apply where we have surpluses, because we are also confronted with that aspect of the matter — or rather I am primarily, rather than yourselves. I would ask that these things be remembered, too. The point is that we should not only consider the balance and the relationship between one economy and another. We cannot divide up the world economy in this way. This does not detract in any way from what I said some time ago, namely that we must call for an open market in the other country. But we must take a less restricted view of things and realize that even if this balance is achieved between Japan and the European Community, our competitiveness on third markets will be put to the test, and here I would agree with those who have expressed doubts as to whether we will hold our ground.

It is not enough for us to prove ourselves on a single market. We must hold our own on third markets in the face of the Japanese challenge, as regards ideas discipline and effort. If we do not do this, all our debates and communiqués will be fruitless, and we will be deceiving ourselves. We will not be doing our economies or our workers a favour. I should like to emphasize this here, and we must call for the market to be opened. But we must not leave it at that. I have been asked about a comparison between our communiqué and the American — Strauss-Ushiba — communiqué. So far I have always resisted any attempt to make a comparison of this kind. There is no contest of communiqués, but if you hold one against the other, you will see that ours quotes figures and periods in some important aspects, whereas the American communiqué does not. I will not say any more on this, because I would like to leave it at that. I am not involved in a contest of communiqués.

But we must not overlook the fact that the American presence in Japan and the surrounding area is in

many ways different from the European presence. I will not say any more on this. As politicians you will be able to work out what I mean by this. In other words, we must also think of relations in different contexts.

I have been asked whether the position of the Japanese economy was discussed. No, we did not talk in any detail about this during the negotiations on the communiqué. But I have heard in a different connection that the Japanese economy is facing major difficulties, that there are at present over 1.5 million unemployed, and that whole sectors are at the moment in difficulty. The Japanese are in a process of change. We must realize this, and I am grateful that this point has been raised here. I repeat: it did not play a part in the negotiations. But what did play a part in the negotiations — and I am speaking not only of industry — was our request for increased access to the Japanese market for certain agricultural products, specifically milk and dairy products, cheese and the like. We were told that firstly, the Japanese agricultural structure is based on holdings of about 1 hectare, mostly under rice. They have a surplus of rice. They are in the process of changing this agricultural structure and have learnt a great deal from the European agricultural industry and agricultural policy. They want to increase the size of their holdings and to cultivate other products. Among these are dairy products. They are in the process of developing this industry. Secondly, they are negotiating with New Zealand on fishing rights in New Zealand's 200-mile zone. These fishing rights are of considerable importance to Japan. But they will not obtain them from New Zealand if New Zealand is able to supply to Japan the dairy products that we in Europe cannot absorb.

I put it to you: these are arguments with which we have to contend. This is not simply a question of the communiqué, but also of the economic circumstances. We must also take a look at our own will to produce and our own policy. I am quite prepared to defend all this. I mentioned this here simply because this is a part of Japanese economic reality and a part of the reality, the position and the credibility, of this Community in the world. I am prepared to defend everything, but not if I might be accused of pursuing a two-faced policy with two-faced arguments. That I will not do, and I am sure that you, ladies and gentlemen, will not expect me to. I can promise you one thing: we will ensure that everything we have agreed with the Japanese will be achieved. I am completely at your service, in this House and in the committees, to account for what has been achieved so far.

*(Applause)*

**President.** — I believe I speak for the House when I say that this discussion was very useful and relevant.

**President**

We have seen that the Commission has undertaken a very important and very difficult venture with courage and imagination. It can have been no surprise to anyone that the detailed assessment of the result of the negotiations came up for discussion in this House.

I am sure you would wish me to express, on behalf of the House, our good wishes to the Commission and in particular to you, Mr Haferkamp since you have such a large personal share in the result of the negotiations.

I had the impression that you were not surprised that some of the remarks here today were critical. That goes with your job, but I believe it is for me to thank and to congratulate you. In your introduction you rightly posed, and repeated, the question: what would the alternative have been? This question went straight to the heart of the problem. You said you were convinced that we have got a new beginning with a strategy and a perspective, and I am sure that the GATT negotiations and the Western economic summit in a few weeks will give the first signs of how the results of the negotiations should be assessed. In so saying, I should like once more to congratulate you on these negotiations and their results.

*(Applause)*

I call Mr Dalyell.

**Mr Dalyell.** — Mr President, I make no complaint about it, I do not expect an answer today, but could the Commission give an undertaking that they will at least consider the questions that were raised by Mrs Dunwoody and myself on the issue of the alleged evasion of voluntary agreements with Japan in relation to lorries? Could I have the undertaking that they will look at this as it affects the Irish Republic?

**President.** — Mr Dalyell, allow me to remind you that Mr Haferkamp said in concluding that he was at the disposal of the plenary session and of the committees for any further information. May I request you, in view of our crowded agenda, not to open the discussion again? Perhaps you can clarify this matter with Mr Haferkamp in the appropriate committees.

The debate is closed.

### 11. *Membership of committees*

**President.** — I have received from the Group of European Progressive Democrats a request for Mr Power to be appointed as a member of the Committee on Energy and Research.

Are there any objections?

This appointment is ratified.

### 12. *Trade and cooperation between China and the Community*

**President.** — The next item is the oral question with debate (Doc. 27/78) by Lord Bessborough, Mr Noè, Mr Jensen, Mr Normanton, Mr Jakobsen, Mr Fioret and Mr Bersani, to the Commission:

Subject: Framework agreement on trade and cooperation between the People's Republic of China and the European Community.

In view of the great potential importance of the framework agreement on trade and cooperation between the People's Republic of China and the European Community, what progress has been made in setting up the Joint Commission? How many working groups are likely to be formed? What will be their composition and how often will they meet?

I call Lord Bessborough.

**Lord Bessborough.** — Mr President, we remain in the Far East, and turn now from Japan to China. The signature of the first framework agreement between China and the Community is a step, but only a step, in the development of the relationship which the Chinese and European peoples expect of one another. It is therefore essential that we in Community institutions should give effect to this expectation by ensuring that the agreement in effect encourages trade between the Community and China and seals the increasingly close relations between these two great regions in the world — two regions which, I fear I must say, must seek to contain the expansionary aims of a region inbetween, a region which is clearly seeking to extend its power and influence by increasing its military strength, not only in Eastern Europe and on its borders with China, but also by different forms of penetration in Africa and other parts of the world.

Although we are considering essentially a commercial agreement, it is no use hiding our heads in the sands and ignoring these geopolitical facts. It is indeed not surprising that the People's Republic looks upon this agreement as a means of strengthening both contracting parties, not only economically and industrially but also militarily. But the question which my colleagues and I put to the Commission today concentrates on the first steps towards implementing the agreement, that is to say, Article 9 (3), which reads as follows:

The joint committee, which is being set up, shall meet once a year in Brussels and Peking alternately. Special meetings may be convened by mutual agreement, at the request of either contracting party. The office of chairman of the joint committee shall be held by each of the two contracting parties in turn. Where both parties consider it necessary, the joint committee may set up working parties to assist it in its work.

### Lord Bessborough

There are a number of Members of this Parliament who visited China recently, including my honourable friend Mr Corrie, who will be speaking later for my group. I hope that we shall benefit from their views, not only in this debate but also later in detailed consideration of the agreement in committee.

The fact that agreement has been achieved is due in no small measure to the pioneering work of my right honourable friend Sir Christopher Soames, formerly Vice-President of the Commission, who I am glad to say will soon be joining us in the House of Lords. The successful implementation of the agreement will be a challenge to the political skill and imagination of his successor, Vice-President Haferkamp, whom I know we would all like to help and encourage in his task: we certainly wish him well in it.

It is important, I think, that a political impulse should be given to Europe's relationship with China, an impulse that engenders confidence, encourages initiatives, results in increased understanding and aims for mutual esteem, and I would in parenthesis like to pay tribute to those business leaders and academics in the Community who have toiled for decades to build up relationships with the Chinese peoples, relationships which in practical terms accounted for some 2 billion dollars worth of trade in 1975.

It would be useful to know from the Commissioner by what material criteria the Commission will judge the effectiveness of this agreement. As I observed on a visit to China last summer, the Chinese people are in a new stage of development, designed to bring their great country — as Chairman Hua has said — into the league of the most advanced nations by the year 2000. After this visit, I concluded that the Chinese government would continue to pursue foreign trade policies which lead to a strengthening of the Community and progress in the development of relations between the Chinese and the Europeans. As recently as 10 March this year, Chairman Hua said: 'We support the West European countries in their efforts to unite against hegemonism and we hope to see a united and powerful Europe.'

Secondly, I concluded after that visit that the restoration of Mr Teng Hsia-ping to his previous appointment would lead to the selective adoption of modern managerial skills and the pragmatic acquisition of technology and capital equipment.

Thirdly, it seemed to me that the Chinese Government intended to modernise their defence equipment and supply their armed forces with the most advanced equipment available.

Fourthly, there seemed to me, as a result of this visit, to be identifiable opportunities for Community firms in the following sectors: raw materials exploration, extraction and refining; chemical fertilizers and petrochemical plant; insecticides, modern technology for heavy automotive equipment (the expansion of the

railways in China is of the first importance). Other opportunities must lie in the provision of aircraft and defence equipment, deep-sea drilling and coal-mining plant, computers and electronic components — quite an impressive list.

Fifthly, it seemed to me that the Chinese, in order to balance their trade, might well agree to make available on fair terms raw materials needed by the West.

Sixthly, it seemed to me clear that the Chinese Government attaches great importance to the Community's Lomé Convention — a method of trade and aid which China supports. There may well be here, unexplored areas for cooperation between us.

I know that my colleague Mr Noè, of the Christian-Democratic Group, will be spelling out in greater detail the aims of the People's Republic and the kind of working parties which I think both our groups consider should be set up to meet them. Whatever he will have to say, I am certain I shall be in agreement with it.

Now I think we should take a quick look at the Sino-Japanese long-term trade agreement which was recently signed. Japan, as we have just heard, is a free society with healthy private enterprise. Japan has succeeded in achieving an agreement with China which, I must say, seems to me to be more than just a framework. It incorporates a committee structure for its implementation: committees of the type which some of us here have in mind for our own agreement with China. The Sino-Japanese agreement is an agreement for eight years which coincides with the remainder of China's 10-year plan. Indeed a finance and settlement sub-committee will be chaired by the President of the Bank of Tokyo. The Keidanren, the Japanese industry confederation, expects the Japanese agreement to add 2 billion dollars to the current annual trade-flow of 3 billion dollars between China and Japan.

Under the agreement, the amount of petroleum and coal which Japan imports from China will by and large determine the value of China's imports of Japanese turn-key plants, technology and other goods. Furthermore, the Japanese Government is providing a so-called credit which is described as 'developmental finance' for the sale of oil-drilling and coal-mining equipment. The Community should, in my view, do likewise for raw materials. Japanese exporters will be provided also with export credits in addition to the Export-Import Bank of Japan credits.

Mr President, at a time of great recession in the world, the Community has a unique opportunity to secure a market for its industries. This is an opportunity to show the citizens of the Community that Council, Commission and Parliament can take the bold decision to establish special organizations for trade with a special country such as China, a great country which happens to want a commercial, political and cultural

**Lord Bessborough**

interchange with the peoples of Europe and, indeed with other nations friendly to the West such as Thailand, as we have just seen. Is the Commission, is Vice-President Haferkamp, prepared to help Community firms engaged in commercial competition with their Japanese competitors? Would the Commissioner say what consultations he has had with industry in order to realize the potential for China and the Community in trading with one another? I would be grateful if he could answer that question.

As Chairman Mao said and as I myself have seen, the era in which the Chinese people were regarded as uncivilized is now ended. They are certainly due to emerge in the world as an advanced nation. Therefore I would like to know from the Commission what structures they favour to facilitate a methodical development of trade between us, between two peoples which are endowed with ancient cultures and have much to contribute to one another. That is the question I put to the Commission.

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission.** — (D) Mr President, the oral question with which we are dealing here concerns just one small part of the far wider issue which Lord Bessborough, in such excellent fashion, has just presented to us. I shall be happy to give an improvised answer to his statement, although I must add that I initially assumed that we would be dealing with the question as printed rather than the general background, which Parliament will in any case be dealing with at one of its next part-sessions when it debates the agreement as a whole and the problems raised by it. I was thus not expecting this general debate now, but rather following the presentation of a report.

Let me begin, therefore, by answering the oral question as it stands. So far — after all, the agreement has only just been signed — the Joint Committee has not met and there is no way of telling how many working groups it will have. This is something that is basically the responsibility of the Committee itself. Nor is it possible at present to give details with regard to membership or frequency of meetings.

However, I am very gratified that the overall significance of the agreement has been underlined, and this is something I can wholeheartedly endorse. I should like to take this opportunity to say a special word of thanks to my predecessor in this position in the Commission, my friend Sir Christopher Soames, who a few years ago, was the first representative of a Community institution to visit Peking.

It was at the time of that visit that the talks which have now led to this positive result first got under way. As you will know, we have held a series of meetings with our Chinese partners over the past few years, and particularly this year, both in Peking and in Brus-

sels, and these have now finally reached a successful conclusion in Brussels. This seems an opportune moment to express my thanks to all those who took part in these negotiations. The talks, characterized by a keen determination to succeed, common to both ourselves and our Chinese partners, that enabled us to reach agreement even on difficult technical questions and thus laid the foundations for what promises to be very profitable cooperation.

When the agreement was signed, emphasis was placed on its major political significance. The agreement is clearly a sign of trust between the European Community and the Peoples Republic of China and forms the basis for close and — I think both parties are agreed on this — long-lasting cooperation. We underlined the spirit of cooperation which has characterized the Community from its inception and explained that we try to organize our external relations in the same spirit and that our activities are not aimed against anybody. We were particularly satisfied to note the major significance that China attaches to the process of European integration.

From the economic point of view this agreement will certainly provide our industries with tremendous opportunities on the Chinese market. We believe that the Chinese plans for economic development offer great possibilities to European industry. It will of course be up to industry itself to show in what areas it can participate in Chinese development, and how it can do so in competition with others. China is one of the third country markets to which I referred in any remarks during the last debate. We have opportunities, but no hard and fast guarantees: that has to be clearly understood.

Turning to a direct question from Lord Bessborough we have not yet held any detailed talks with industry regarding the implications of the agreement. It was, after all, only very recently concluded. We did of course maintain contacts with industry during the talks and negotiations, but you will understand that formal contacts have had to wait until conclusion of the agreement. What I said earlier today in another connection about the need to promote exports applies in the same way here — though perhaps more than merely material encouragement may be needed.

In conclusion, I should like to point out that this agreement constitutes a broad framework for constructive cooperation in both directions. I should like to refer to the provisions of Articles 9 and 6 of the agreement, which strike me as having particular importance from the economic point of view. Article 9 concerns the Joint Committee and its working groups. This, if you like, is a body designed to maintain permanent contact between China and European representatives from the economy, politics, technology and science. Whenever difficult problems between the two sides occur they can be dealt with by this permanent body.

### **Haferkamp**

I consider this opportunity for contact particularly important, especially from the point of view of what this great country, with its age-old cultural and philosophical traditions still has to offer today. I believe also that Article 6, which deals with the specific possibility of encouraging visits from both sides, has more than the technical and economic significance of contacts between individuals or groups, and the organization of trade fairs and exhibitions, and should in fact be seen more in the spirit of a meeting between the representatives of Europe and China.

**President.** — I call Lord Kennet to speak on behalf of the Socialist Group.

**Lord Kennet.** — Mr President, I suffer under the dual disability of speaking for the first time in this Chamber and speaking at the very moment when the results of the UK budget, which has just been presented to my national parliament, have become available to my colleagues, so bear with me if I am preoccupied.

The Socialist Group regards the trade agreement with China with unalloyed welcome and pleasure. The two sides are beginning to inch together, and that is as it should be; this is not a case of precipitate progress. I believe I am right in saying that China accounts for only about 1 % of the external economic operations, including trade, of the Community. Immediately the comparison comes to our mind: what is the percentage with Comecon? That is also low, though of course it is many times more than with China. I introduce this comparison in order to distance myself slightly from my colleague from the House of Lords, Lord Bessborough, when he said that he hoped that, besides all the obvious advantages, this trade agreement would result in a mutual military strengthening of the Community and China. I think I would be safe in saying before the Socialist Group that a trade treaty is a trade treaty, and that if we want a military arrangement with China, then let us have a military arrangement with China, but such a thing is not, at the moment, suggested. We welcome profoundly this first small step forward in the field of trade.

There is of course no corresponding treaty between the Community and the Soviet Union, or between the Community and Comecon as a whole, but only bilateral treaties. But that is not our choice, that is the choice of the Soviet Union and the Comecon countries, who do not regard the Community as a valid interlocutor or a competent partner for the conclusion of a trade agreement. We continue to hope that they will one day do so; at the moment, they do not. In a way this points up the satisfaction we must feel at the fact that China, the largest country in the world, by many times the largest Marxist-Leninist State in the world, larger than all the other Marxist-Leninist States

put together, does regard the Community as a valid interlocutor and the correct party with whom to conclude a commercial agreement.

I want to make one point to Mr Haferkamp. He had said that he cannot tell us yet what the working groups of the joint committee will be, and of course I understand that. May I express the hope that one of them will go beyond trade and commercial consideration altogether, and go, in whatever depth is possible, into the future of scientific and technological exchanges with China?

I had the advantage of visiting China about three years ago at a very interesting moment in the development of Chinese technology. The universities had been open again for four years after the Cultural Revolution. The Cultural Revolution had settled the great question: who selects undergraduate students? The question was answered: their workmates in the fields and factories where they have been between school and the university. So a generation of students had come through the universities and had just taken their first degrees after the interruption of the Cultural Revolution at the time when I happened to be there. There was at that time an extremely warm debate in China, expressed sometimes in terms of creative tension between the rector of the university, standing for the academic tradition, and the chairman of the Revolutionary Committee of the university, standing for the forces of the Cultural Revolution, on the question: who selects graduate students? It had to be their colleagues and equals at work — but what was 'work'? Was it the work they had done in the fields before ever coming to the universities, or was it the work they had done as undergraduate university students? Should they therefore be selected by their academic equals or by those they had left behind in their past in the fields and factories? That debate was settled in favour of the academic tradition of Chinese culture, and it is the universities who select the graduate students. From this fact we may be sure that there will be rapid technological advance in that country with the generation of students who are just now emerging into the national economy. Couple this with their announced intention to devote an increasing percentage of their nuclear effort to civil nuclear purposes, having obtained a certain degree of military nuclear capability, and we can see where we stand. So, I repeat my question to Commissioner Haferkamp: will the Commission do what it can to ensure that the joint committee under this Treaty goes beyond the commercial level into the far future of technology and possible technological exchanges?

I appreciate the difficulty that Commissioner Haferkamp told us of when he thought this was only a written question. It was not immediately clear to us in the Socialist Group why the matter was being raised on the floor of the Assembly today, but it has become clear during the debate. The Committee on External

## Lord Kennet

Economic Relations is to consider this matter and has decided to ask the Bureau to allow it to make a report, after which we can expect a full-dress debate on the implications of this Treaty. For the moment however, let me say on behalf of the Socialist Group that we are glad the matter has been raised in an interim manner, that we are especially pleased at the conclusion of a framework agreement at the present geo-political and historical moment with China, and that we expect great things from the interaction between our two largely complementary economies, the growth potential of the Chinese economy being quite obviously almost beyond human comprehension.

*(Applause)*

**President.** — Allow me to congratulate you on your maiden speech in this Assembly, Lord Kennet. You may rest assured that it was a valued contribution to this debate.

I call Mr Noè to speak on behalf of the Christian-Democratic Group (EPP).

**Mr Noè.** — *(I)* Mr President, Commissioner, honourable Members, the Christian-Democratic group joins Lord Bessborough in welcoming the signature of this agreement. Parliament will be following very closely the practical developments arising from the agreement which in any case there will shortly be an opportunity to discuss here in depth. I should like to congratulate Lord Bessborough who, after his recent extensive travels in China, has first-hand knowledge of the facts of the situation there, and also Sir Christopher Soames who sowed a seed which now appears to be bearing its first fruit.

The conclusion of an agreement with a great country like China, with something like 900 million inhabitants, has economic implications arising from closer trade links, and political implications as well, especially because, in the present geo-political context, its repercussions are world-wide.

In the short time at my disposal I shall confine myself to a few comments on the action which the Commission should take in order to cover the enormous fields of activity to which the agreement applies.

The first point I want to make is that the arrangement for the Joint Committee to meet once a year, except when specially called for, is not good enough. The agreement is due to last five years, so five meetings over this whole period of time seems to me to be, in principle, quite inadequate to get the agreement off the ground and to deal with the problems which will arise from time to time.

The expansion programme which the Chairman of the Chinese People's Republic recently announced is spread over seven years. So, if we are right in saying that the agreement reached with the Community comes just at the right time, we must act promptly

and effectively. The Joint Committee must meet quickly and frequently, form its own sub-committees, and make them responsible for the specific issues which arise with the agreement.

If we want to get an idea of what each sub-committee should be doing, we should start with the programme of work which the Chairman of the Chinese People's Republic announced to the country. It provides for agriculture as a whole to be 85 % mechanized by 1985 and a total output as far as the production of cereals is concerned of 400 million tonnes a year. Provision has also been made for the application of advanced techniques not only in agriculture but in the subsidiary field of afforestation and pisciculture. Finally, there is provision for the creation of a light industry, for the production of consumer goods, and also for an extension of heavy industry, especially in the metallurgical field, electricity generating stations and in other sectors.

In order to establish contact between the subject-matter of the agreement with the Community, on one hand, and those sectors of development, on the other, it might, perhaps, be of advantage to set up five subcommittees.

In view of the programme I have outlined, the most important of these would make it possible to establish valuable contacts with the Community's agricultural producers, especially manufacturers of agricultural machinery, so as to make it possible to meet Chinese requirements for the achievement of the 85 % mechanization of agriculture to which I referred earlier.

There should also be a subcommittee for coal and steel, which should not be particularly difficult in view of the interest which has always been taken at Community level in that industry.

Again, the petro-chemical, components and computer industries, to which Lord Bessborough referred, could be concentrated in another sub-division.

As Chairman Hua Kuo-feng has announced, China is, in the case of some industries, prepared to provide access to the sources of raw materials. In this connection a sub-committee could deal with Chinese imports into the Community, in close cooperation of course, with the authorities responsible for North-South policy because the two things must certainly not go ahead separately.

Finally, there should be a sub-committee to secure the necessary funds for the financing of these activities so as to avoid any trouble arising over lack of funds.

In the light of these considerations, the Christian-Democratic group congratulates Vice-President Haferkamp and expresses the hope that the Commission's work in this field is successfully carried out and completed.

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

**Mr Berkhouwer.** — (NL) Mr President, I am delighted to see Lord Kennet, a veteran supporter of European integration, among us. I hope he will be able to use his influence on some of his fellow-countrymen and convert them to the cause of European unification.

I intend, on behalf of the Liberal and Democratic Group, to talk about the agreement in political terms. Of the three major powers, the Soviet Union, the United States and the EEC — which is struggling to establish itself but which is none the less the largest trading block with some 250 million inhabitants — we are the first to conclude an agreement with the largest nation in the world, a nation with almost one thousand million inhabitants. That is true if we take no account of Japan, because, as other speakers have indicated, Japan concluded at least as important an agreement one month before we did — an agreement which is to run for eight years. If I am not mistaken, that agreement provides for Japan to build a number of huge steelworks on the Chinese mainland, possibly in exchange for Chinese oil. Of course, Japan is geographically much closer to China than we are.

If we wish to study this agreement more closely from the political angle, we must do so realistically. Let me point out in passing that this is the second agreement we have concluded with a State-trading country, the first being with Yugoslavia. In this way, two totally different societies associate with each other. I understand that Lord Kennet has visited China. I, too, have been there a few times. I was there in the same year as Sir Christopher Soames, and so I was able to make my modest contribution.

I said that we must be realistic in our approach. To do so we must give greater consideration to the Chinese view of the agreement than to our own. Above all, the Chinese want to make the great leap forward over the next twenty years so that by the end of this century they will have reached our level of achievement. So we must also take into account the Chinese view of the world. The Chinese see the world as being divided into three: Imperialist Russia and America, the industrialized nations, the EEC and Japan, and then the Third World to which they consider they belong. China does not wish to associate itself with the two superpowers. That is why the Community is so attractive for China: it knows that we, too, have no desire to become a military superpower.

The next point we must note is that the Chinese have become realistic now that the Cultural Revolution has been buried. China is now involved with the rest of the world — as is ASEAN, moreover. Whatever problems Europe may face from time to time, it is attractive to the rest of the world, to other regions, to

ASEAN, Latin America, China and even other parts of Europe. Some people are 'plus européens que les Européens'. That may also be true of the Chinese.

However, the Chinese are not interested in us because they like the colour of our eyes but because they hope to see a certain power potential developing in Europe. And you can easily see why. The Soviet Union must not only be checked on its eastern border, but also in the West. In that respect, the self-interest of the People's Republic of China is involved, although in itself that is not serious. Self-interest is not intrinsically dishonourable. But I thought we should note that is there. China is thus in the process of opening a window to the rest of the world, to Japan, America, Australia and Europe, but we must admit with the same sense of realism that at this moment in time, the Community's economic relations with China are not impressive. Last year the volume of trade even fell slightly from USD 1 400 000 to USD 1 000 000. But let us hope that our industry and commerce will find opportunities in that enormous area where 900 million people live. European industry must not expect to find the streets of China paved with gold, a seventh heaven for the economy. I do not mean this unkindly: I have great admiration for the Chinese people, a particularly peaceful nation. But I do have the impression that at present China is more or less in the same situation as was Japan a century ago. It orders one sample of anything — one shipyard, one factory, one set of machine tools — and then copies it so as to become self-sufficient. They want to make everything themselves. In itself it is perfectly legitimate to say: We want to make everything ourselves — we will purchase one sample from you and then develop it ourselves.

We must bear that in mind. At all events I hope that this agreement will contribute towards Europe's fulfilment of its world role. Ortega y Gasset once said 'Europa es un equilibrio...'

That is the keynote of my speech. I hope that this agreement will help us to play our part in the world as a stabilizing factor.

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

**Mr Kaspereit.** — (F) Mr President, I shall certainly be more brief than those who have already spoken because all I want to do is to convey to you my astonishment that this subject was placed on the agenda. A trade agreement or, shall I say, pre-trade agreement or trade pre-agreement, because none of this has happened yet and there are bound to be further snags, is natural enough, but this one was signed a very short time ago on the initiative, so to speak, of the Vice-President of the Commission, Mr Haferkamp, who is here. I believe this matter should be the subject of more thorough examination and of fuller debate and,



**Kaspereit**

as chairman of the Committee on External Economic Relations, I have decided to support the request for a debate to be arranged. I really do not think it is wise to deal with the question on the setting-up of committees, joint or not. So I again express my regret at what has occurred and trust that, as I have requested, you will ask the Bureau to arrange a wider-ranging and more comprehensive debate.

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

**Mr Corrie.** — Thank you very much, Mr President, I do speak on behalf of the Conservative Group. May I say I am slightly disappointed by the last speaker, who seems to be very pessimistic about the whole thing? Can I also say that I had the privilege and pleasure of visiting the People's Republic of China last August for three weeks? I am sorry I cannot talk about that now because I have not got time. It was, I think, one of the most moving experiences of my life. The vastness of the country and its wealth of raw materials is staggering. In the next few years China is going to emerge as one of the biggest trading nations in the world. With a population of 800 million and an increasing standard of living, potential is enormous for new trade. I believe that they genuinely want to trade with the Community. At first sight it may seem a strange alliance, but there are great benefits for both parties, as well as common enemies to face.

I heartily endorse what Mr Noè said with regard to future contacts via a joint commission, and to the time-scale for those meetings. It was a very detailed speech. However, the European Conservative Group views the framework agreement with China as a challenge to industry and to the Community's institutions, to prove to the people of Europe and our Chinese friends that we can put meaning into the relationship between the European Community and China. Trade between Member States and China has surpassed two billion dollars annually. Without a framework agreement there is now a two-way flow of trade second only to that between China and Japan, and I believe that we will have wasted our time in negotiating and debating this agreement, if the volume of trade remains at current levels in the years ahead. The implementation of the agreement is therefore a test of the usefulness of the Community's institutions to aid firms in developing their business with Chinese enterprises. The Commissioner knows, and he should acknowledge this in his action, that China and the Community can benefit one another politically and economically. If, therefore, this agreement with China is to be implemented to our satisfaction, and that of the Chinese people, the appropriate means to bring political influence to bear on firms' negotiations with Chinese representatives requires an interface that is best defined by the firms and the Chinese trade representatives, together with officials of both sides. In other words, if this agreement is to mean anything, it

must lead to a macro-increase in two-way trade, to a target of, say, 5 000 million dollars within three to four years. After all, it is the Chinese people who are in the first instance opening up their market to Community firms. The Chinese people are seeking equipment and technology, which the Community's firms can supply. The Chinese Government seeks an overall balance in its trade with the world, and ideally would like to achieve a balance with the Community. Such a balance may only be achievable in a five-to-ten year period, given the Community's desire to have access to new sources of raw materials, particularly energy-carriers and the rare metals.

But amidst these expectations, the Community has a powerful competitor, Japan. Only last week, the British newspaper, *The Financial Times*, sponsored an Asian business briefing conference reported that Japan appeared to have an edge over the Community in its newly concluded trade agreement with its provision for specific quantities and types of goods. It was also reported that the extension of most-favoured-nation rates to China would place China on the same footing as other State-trading countries — nothing special for the Chinese in this agreement. At its lowest, it seems that the capital equipment industries of the Community will be dependent on the Commission's willingness to expand import quotas of Chinese products. How will the Commission decide the need to expand import quotas when the joint commission meets only annually — a point raised by Mr Noè? Mr President, a joint commission meeting annually is hardly a sensitive mechanism with which to develop a new market for Community firms which now have their backs to the wall, such as the steel industry, aerospace and chemicals. The European Conservative Group, therefore, calls for determination by the Commission in setting up urgently, in consultation with the trade associations and chambers of commerce, the required working groups to implement the agreement. Indeed, such consultations should have taken place during the negotiation of the agreement, just as, before, the Japanese industry federation cooperated with the Japanese Government. Of course, Japanese firms are ambitious to penetrate the Chinese market. I wonder how many Community firms approached the Commission during negotiations in order to brief officials about their interests and hopes in the Chinese market. Are Community firms sufficiently hungry for the new markets to make the effort? This Parliament and the Commission must mobilize Community firms to seize the opportunity which is offered to them. For instance, there is much oil exploration taking place in China just now, which I had a chance to see when I was there. Some of that exploration is being done at sea. At the moment there are many yards in my country sitting empty, and a very high unemployment in those areas. Can the Commission say if the Chinese are interested at all in oil-rigs for drilling at sea?

**Corrie**

The Commission therefore, should pave the way to favour a steady input of ideas, which can only come from industrial and commercial interests, from interests in the Community and in China. The Commission may have to make structural changes to enable this to happen. I hope that Parliament would support such changes. The object of each working party, which might be a specialist consultative body, must be the production of negotiating programmes and proposals on a European basis. There will be an on-going need to study each sector of the Chinese market with care and mutual trust. Certain groups of Community firms might together explore in detail a particular sector of the Chinese market — a sector the development of which is signalled in the current 10-year plan, or possibly in a succeeding plan. Commission, Council and Parliament will need to be still more imaginative in applying Article 113 and Article 130, with a view to establishing financial facilities appropriate to China's needs. China is the Community's friend and customer. Are we prepared to put something into the friendship and into the potential customer-supplier relationship? Are we prepared to accept materials? Has the Commission consulted industry to discover the products for which quotas might be expanded without harming Community firms? Mr President, the European Community must prove its commercial competence in implementing the framework agreement with China. In leading the debate on this oral question I believe that my noble friend, Lord Bessborough, is testing political will and skill in building an historic relationship. If Europe does not clasp the Chinese hand of friendship now, in years to come other nations may prove themselves more worthy of Chinese attentions. The Chinese recognized the Community first. What now is the Commission's next move — a positive reaction, I hope.

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

**Mr Mascagni.** — (1) Mr President, the framework agreement concluded between the Chinese People's Republic and the European Community is something more than a good agreement between politically different contracting parties, substantial as it is. It is an agreement which will benefit untold millions of human beings, with their problems of living, social development and active competition who are at the same time exposed to potential sources of strain, hostility and conflict of interests during the difficult period of adjustment which the world is passing through today.

What strikes one first, and favourably, even though at the moment only in general terms, is the mutual benefit which in itself an agreement of this kind repre-

sents. Whatever attitude one adopts regarding the basic issues which make the period of transition in which we are living such an exciting one, it is essential to have a proper understanding and appreciation of the fact that, until there is a general willingness to think in terms of hard facts and real needs, and until there is a commitment to friendly rivalry and agreement for mutual advantage, there must at any rate be aid and support for the policy of co-existence and relaxation of tension which every sensible person recognizes as the only one which can save humanity.

The agreement reached must, accordingly, be welcomed with genuine satisfaction because, as far as the European Community is concerned, it opens up possibilities for it of vast new outlets and so helps to alleviate the crisis which grips it. At the same time it enhances the role, still being painfully evolved, of the Community itself as a potential and economic unit in a world which is still far too much object to the arguments and demands of the two super-powers.

As far as the Chinese People's Republic is concerned, this important document must be viewed against the background of its growing determination to master and solve the enormous problems which have for centuries weighed heavily on the lives of its peoples as a result of acts of cynical and relentless exploitation, some of them committed by the same interests as those which, in a spirit of somewhat suspect humanitarianism and solidarity, are following the far-reaching developments in that country.

Against this impressive political background the contribution which the peoples and economies of the Community can make to the welfare of the People's Republic can be appreciated to the full. But, by the same token, we can also appreciate the favourable effects the trade agreement will have in helping to open up China more and more, especially to the countries of the West.

This, indeed, is an essential condition for a general strengthening of the policy of co-existence and for the gradual elimination of certain irritating political and ideological voices which are even today arguing in the opposite direction and preventing a continuation of the process of *détente*.

This is what I felt I ought to say at a time when there are disturbing signs of fresh sources of conflict at various levels and in various sections of the world political chess-board; in this particular case, it represents a fairly warm welcome to a new international set-up which may enable reason and freedom from dogma to prevail over the constant tendency to talk too much in terms of ideologies and dogma.

**President.** — I call Mr Radoux.

**Mr Radoux.** — (F) Mr President, Mr Haferkamp has said that we shall be able to have a proper debate in this House when the responsible Committee makes its formal report. Mr Kaspereit, chairman of the Committee concerned, has just said the same, and I hope they are both right. Lord Kennet has admirably expressed what we all think in our group about relations with China and I merely want to say that when we discussed this subject here I also referred to the high expectations I had of the relations which are to be established between the Chinese People's Republic and our Community.

Our trade relations with each other are at a very low level. We must be under no illusion: both parties will have to make a very great effort if the level of trade between us is to be commensurate with the economic importance of the two signatories. The joint committee provided for in the agreement ensures that the dialogue will continue: it is an admirable method of ironing out difficulties as they arise but the most important thing is that it should enable the agreements to deliver the goods and deliver them quickly. The joint committee is also a point of contact, and contact ought to mean making arrangements, particularly in the cultural field. In time, the committee ought also to make it possible gradually to establish contact and start talking on political questions.

The European Community has to have relations with all countries or groups of countries in the world. We want to have those relations which, because of the composition of the Community, are primarily economic. But they are not exclusive of other links, especially in the political field. On this point, I imagine there is no one here who can conceive of the political relations we have in the world, or the economic relations which preceded them, as ever being aimed against anyone else but only as furthering a pluralist conception of international relations.

To conclude, China is now in business. This is a policy we can support. China has left one period of their history and has entered a phase of her development which will one day enable her, on the basis of a sound economy, to play an effective, that is to say, a political role among the great powers. We can only welcome this prospect which accords with our own concern to see the Community take its place among the five great decision-making centres of the world.

(Applause)

**Mr Dalyell.** — Mr President, I would like to ask the Commission a question of which I have given them short notice, namely, whether in the discussion that have taken place, particularly with Mr Li Chang in the autumn of last year, anything was said about credit? When I hear Mr Corrie and Mr Bessborough and others who have recently been to China, I have to

confess that my visit on the Scottish Trade Delegation to China took place as long ago as 1970, and although one has discussions with the Chinese Embassy in London, one perhaps becomes a bit out-of-date on these matters. I would like to ask: are the Chinese any more willing to accept credit on a fairly large scale? They were at one time very reluctant to accept any credit at all, being guided by various Maoist dictums on borrowing. But unless credit can be made available, would not one be inclined to doubt whether in fact the large-scale trade that some of us would like to see between China and the Community can take place, so my question is: what is the latest position on the acceptance of credit?

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission.** — (D) Mr President, some of what has been said here is clearly an expression of the commitment and determination to make rapid progress in the implementation of this agreement. Another indication of this is the fact that the oral question, the text of which we have before us, reached Parliament's Bureau on 15 March and deals with specific details of the agreement which we signed on 3 April: a very prophetic question. Much the same can be said for some of the other questions which have been put during the debate, including the one concerning credit. The answer is that this question was not discussed in the talks.

The central point of the question was the joint committee. May I begin by making a statement of clarification, which applies both to the title of the question and to a number of points raised in the debate. We have not concluded a framework agreement on trade and cooperation. The agreement we have concluded is trade agreement.

This trade agreement contains framework provisions for trade. I would be grateful therefore if we could stick to the text of the agreement when making political or other judgments. That applies also to the committee. According to Article 9, the Committee is described as the 'Joint Trade Committee'. This applies to the interpretation of activities which have been mentioned during the debate, and in my view we should stick exactly to what the agreement says. The Committee's task is the implementation of the agreement — which is, I repeat, a trade and trade promotion agreement. This certainly does not exclude further developments, but we should not be trying to implement the next agreement and the twenty agreements after that, before we have even taken the first steps to implement this one. We certainly cannot do that alone and unilaterally. The third paragraph of Article 9 lays down that the joint committee may set up working groups; it may do so, but only if both sides consider this to be necessary. I certainly would

**Haferkamp**

not go so far as to want to make comments on this matter without having discussed it with our Chinese partners. Not only because it is laid down in the Treaty, not only because it is a provision of the agreement, but also because — and here I return to what I just said — the talks and the negotiations which led to this agreement were conducted in a spirit of cooperation; however much commitment we may feel, however impatient we may be to get things done, this spirit of cooperation should guide us and prevent us from thinking that we can do things unilaterally that we can actually only do together. The fact that this House is politically determined to make progress is, for us, a recognition of the work we have done together to make this agreement possible, and is also an encouragement for us in making progress towards implementing it.

**President.** — I call Lord Bessborough.

**Lord Bessborough.** — Mr President, I am grateful for all Mr Haferkamp has said, but I must admit that I was not altogether happy with this replies. It seemed to me that the Commission had not done very much to prepare the way adequately to promote trade between Community firms and Chinese enterprises. One of the attractive aspects of China and the Chinese people is their readiness to learn, and we in the Community should approach the implementation of this agreement with the same readiness to learn from China and, indeed, from our formidable competitor Japan. I did find it a little surprising that the Commission should have approached an agreement of this nature without consulting those, that is to say the Community's firms, who are most affected, because it is they who must implement the agreement. Would the Commissioner give Parliament an assurance that they will conduct a thorough-going consultation with major Community firms and industrial sectors before approaching the Chinese negotiators again? Certainly I agree, with Mr Kaspereit, whose admirable report we all read, that we should have another fuller debate soon, but I think this question on the part of my colleagues and myself has been useful, and particularly the practical contributions of Mr Noè and Mr Radoux in regard to the formation of these working parties. I think that was useful, and I hope it will lead to progress in the implementation of the agreement.

**President.** — I call Mr Berkhouwer.

**Mr Berkhouwer.** — *(NL)* Mr President, I should like to make only one comment on what Lord Bessborough has just said. I am not sure whether the Commission is supposed to mobilize European industry as a whole to launch against China. I do not

want to desert Lord Bessborough, but I think that if we keep faith with our own conception of private enterprise and now want to do business with a State-trading country, then initially it is up to private enterprise to make the first move. If I am not mistaken, a large trade fair will be held in Canton in September, and I am sure that the European companies which want to do business with China will be well aware of the fact. The Commission might possibly bring this once more to the notice of the European Chamber of Commerce and have it widely advertised. But that is a practical suggestion. European businessmen must take it on themselves to approach China in large numbers.

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission.** — *(D)* Mr President, in answer to the first question: of course we shall work together with European business interests in the usual way. In answer to the second: we are discussing the trade fair question raised by the honourable Member, and we are discussing it with the Council because the participation of the Member States is involved. I hope that this will provide a demonstration of the point that has been raised in various debates today, namely that we should cooperate and act together as a Community, rather than compete with one another and prejudice our joint interests.

**President.** — I also feel that this debate, like the earlier one on relations with Japan, has been very helpful. These represent the two first moves in a new political and economic initiative by the Community which might well have a much more far-ranging impact than anyone now imagines. I believe that Mr Haferkamp himself was aware of the sense of excitement and urgency conveyed by the various speakers in the debate. At the same time, I think it is as well to adopt the course Mr Haferkamp has recommended and to approach this matter with caution and determination and, not least, the necessary commitment and a full sense of responsibility for all that this policy will entail.

The debate is closed.

### 13. *State of the customs union and the internal market*

**President.** — The next item is a joint debate on: the report (Doc. the report (Doc. 557/77) drawn up by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs, on the development of the customs union and the internal market, and — the following oral question with debate (Doc. 23/78) by

## President

Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs, to the Commission :

Subject : New procedure for the elimination of technical barriers to trade

Parliament has already stressed on several occasions the need to introduce a streamlined procedure for the elimination of technical barriers to trade and has in this connection proposed a new procedure<sup>1</sup>, under which the Commission would be given powers to promulgate implementing provisions pursuant to Article 155 of the EEC Treaty.

In June 1977 the problem of simplifying the procedure for the elimination of technical barriers to trade was once again raised in the Committee on Economic and Monetary Affairs. The responsible member of the Commission subsequently indicated that in view of the committee's favourable response to a preliminary draft for an outline directive of this nature in one particular sector, his departments would draw up the proposal for the outline directive as quickly as possible for submission to the Council.

Would the Commission therefore state :

1. What progress it has made in drawing up this proposal for an outline directive in one sector and in drawing up the proposal for a Council decision laying down the principles of the new procedure for the elimination of technical barriers to trade ;
2. When it plans to submit to the Council this proposal for an outline directive and the proposal for a Council decision on the procedure ?

I call Mr Nyborg.

**Mr Nyborg, rapporteur.** — (DK) Mr President, let me first of all say how sorry I am that the Council is not present at this debate.

During the committee's discussions in connection with this report, it was stressed time after time that although we have gone a long way towards building up a customs union and a common market, various unnecessary formalities still exist. And so the report we are presenting today has both its light and its dark sides. The responsibility for so many administrative barriers lies with the Member States and not the Commission. The Committee on Economic and Monetary Affairs therefore thought it was important for the Council to be present at this debate and, as you see from the first page of the report, page 3, this intention has taken no one by surprise. Page 3 of the report states that :

The committee's motion for a resolution was considered at its meetings of 2-3 and 20 February 1978. At its meeting of 3 February 1978 the committee adopted a written question with debate addressed to the Council on the abolition of frontier formalities, this being intended for joint debate with the committee's motion for a resolution which was unanimously adopted at its meeting of 20 February 1978.

As Members are not acquainted with this written question to the Council, I shall take the liberty of reading it out :

Will the members of the Council ensure that their national authorities make a wholehearted effort to rationalize and simplify customs procedures, including rules on the passage of persons and goods across internal frontiers ?

The Bureau has unfortunately not included this debate on the agenda. It has prevented us in Parliament from discussing these problems, which are so important and unfortunately still very irritating to all Community citizens, with the Council.

Today, more than 20 years after the beginning of the customs union and the internal market, it is not too much to say that we still suffering from bureaucratic slowness. It has been especially difficult for the Commission to carry out the simplifications that require harmonization of administrative structures in the Member States. We therefore found it necessary in the motion for a resolution to call on the Member States to demonstrate actively the political will to bring the customs union to fruition, internally and externally.

For the same reasons, the committee found it necessary once again to emphasize — and partly revise — the long-term objectives. As regards the customs union's external functions, there is still a great deal of disagreement as to the final form. It has for instance proved difficult to carry through common customs legislation, which the committee considers essential, and we must therefore urge the Commission to speed up this work.

The only really controversial point in the motion for a resolution is our proposal that there should eventually be a common authority to administer customs regulations at external frontiers. In other words, the committee is proposing that in practice it is Community customs authorities that should control the movement of goods between the Community and the rest of the world.

If we succeed in effectively controlling the movement of goods between the customs union and the rest of the world the objective as regards the customs union internally would be simple and would reduce administrative costs, but would obviously be difficult to fulfil. There should be the same freedom of trade and travel inside the common market as in individual Member States. But the committee is obviously aware that this objective is a long-term one. We feel that, just as there is no control in the Federal Republic of Germany over the movement of goods between the different *Länder*, the Commission and the Member States should work with determination towards creating the conditions for gradually abolishing all internal customs formalities so that eventually controls are limited to essential political matters such as wanted persons, weapons and drugs.

<sup>1</sup> OJ No C 5, 8. 1. 1975, p. 41.

OJ No C 125, 8. 6. 1976, pp. 43-45

OJ No C 118, 16. 5. 1977, p. 29

## Nyborg

But it should be noted that the committee is not saying that such controls should be limited to internal frontiers. I and several other members of the committee are convinced that such forms of control can be carried out just as effectively elsewhere than at internal frontiers.

As I said, the committee stresses that progress has been too slow and we list what we think are the reasons in paragraph 3. Customs and quantitative restrictions have proved to be merely the tip of an iceberg. Today there are innumerable tax, technical, legislative and administrative provisions that hinder the movement of goods. These technical and administrative barriers to trade have come more to the fore and have to some extent been made more stringent since the abolition of customs and quantitative restrictions in internal trade.

We have refrained in the motion for a resolution from describing such provisions as a new form of protectionism, but I have been given many examples of how the purpose of a whole range of provisions is to protect national markets. It is also clear that with the great difference that there is in Member States' duty policies, it is particularly difficult to abolish existing formalities and controls. The fact that procedures and controls have not been simplified or abolished to the extent originally intended is partly due to Member States' opposition to harmonization of duties. But the time has now come for us to try and force through administrative simplifications despite existing national differences. The claim that frontier controls cannot be eased because of the wide difference in duties is in fact no longer anything but a bad excuse.

In addition, national authorities have been reluctant to replace a well established and well-tried system of control by a new and unfamiliar one. I understand the reason for this opposition but nevertheless regret it. Both the Commission and the European Parliament have an important role to play in ensuring that the attainment of higher political objectives is not unnecessarily hindered by administrative traditions.

The Member States sometimes behave as though they were members of a free trade area rather than a customs union.

The Commission's position in relation to the national authorities must be strengthened. The committee lists four ways in which this can be done. It would obviously be best if the Commission knew it had Member States' governments behind it in its efforts to complete the customs union internally and externally. We therefore call on the Member States to demonstrate their political will. We also call on the Council — in accordance with the statement made by the Heads of State and Government in Paris in 1974 — to make greater use of the provisions of the EEC Treaty whereby the powers of implementation and management arising out of Community regulations may be

conferred on the Commission. We call on the other two institutions to consider a new and faster decision-making procedure along the lines of that recommended by Parliament in connection with the abolition of technical barriers to trade.

The Commission should update its work programmes in such a way that it is clear how far the various steps are interdependent and how when Member States delay simplification in one area delays are produced in other areas.

An analysis of the Commission's 1971 general programme and 1975 simplification programme shows that they have been implemented only to a limited extent. This is a meagre result — witness the fact that, even though the Commission was very cautious in 1971 in setting the deadlines for implementation of the general programme, it nevertheless felt that 1 January 1975 was a reasonable date to aim for. It is only by revising the work programme and updating it regularly that we can regularly check what progress has in fact been made and how far delays in one area produce delays in others.

The first twelve paragraphs of the motion for a resolution are clearly of a political nature. In paragraph 13 the committee lists a variety of individual measures that should not be regarded as objectives but as stages on the way to complete customs union. It is our view — and in this we are supported by various organizations and private individuals — that many of these steps could be taken relatively quickly.

Paragraph 13 (a) to (d) deal with measures that directly affect the citizen's awareness that he lives in a community. Restricting a traveller's opportunity of importing goods purchased in other Member States is in fact a quantitative restriction that should be in conflict with the EEC Treaty but is obviously due to lack of coordination of Member States' duty policies.

Paragraph 13 (e) — (j) deal with internal trade. I shall not go into details here, I shall merely point out that we attach great importance to the earliest possible mutual recognition of various certificates and to the recording and control of internal consignments based more on companies' accounts and checks at customs offices at the departure point.

We feel that, after adopting a common basis for VAT assessment, it would be realistic to abolish import duty. Duties on imported goods could be collected when the importer sells them, and the national authorities could check that the information is correct by comparing it with reports from customs offices at the departure point.

Mutual recognition of veterinary and health certificates, abolition of import duties and complete abolition of the certificates of origin required in certain cases in internal trade will mean that it is only consignments of very highly taxed products and, in

## Nyborg

the light of monetary compensatory amounts, of agricultural products, that will have to be controlled at the Community's internal frontiers. This would be a major step towards the objective of abolishing all formalities on trade. If travellers also have greater opportunity to import goods purchased in other Member States and if Community quotas for the transport of goods by road are abolished, it ought to be possible in the foreseeable future to abolish most of the customs controls at internal frontiers.

It is discouraging that 20 years of customs union has not yet brought about any significant reduction in the number of controls carried out at the Community's internal frontiers. The Commission has prepared a report which shows that controls at the Community's internal and external frontiers are still much the same as ever.

We should not accept this any longer and, as we point out in the motion for a resolution, it is not a question of 'all or nothing'. It is only by simplifying and abolishing formalities one by one that free movement will be possible in practice.

Those, briefly, were the most important conclusions. There are many problems to be solved here, but the Commission and the European Parliament together ought to be able to solve them. In my view, cooperation between the Commission and the Committee on Economic and Monetary Affairs on the subject is particularly promising. I therefore take this opportunity of expressing the committee's appreciation of the Commission's willingness and openness on the subject. I would also like to thank trade organizations and others for the interest they have shown in our work. A basis for a very constructive action has been created.

The work has, however, also been slightly discouraging because we can scarcely avoid getting the impression that national authorities have been very inventive in their efforts to prevent free movement. We would welcome it if they would use their resourcefulness to try to achieve customs union both internally and externally instead.

Lastly, the written question; it speaks for itself and I hope that the Commission will give a positive answer.

*(Applause)*

IN THE CHAIR : MR BERKHOUWER

*Vice-President*

**President.** — I call Mr Schwörer to speak on behalf of the Christian Democratic Group (EPP).

**Mr Schwörer.** — *(D)* Mr President, colleagues, you will be able to see from the report that our erstwhile colleague Karl Mitterdorfer and I provided the inspira-

tion for the Nyborg report with the motion we tabled on 14 October 1976. In that motion we called upon the Commission to provide a comprehensive review of the improvements in Community customs law. What we said at that time was what most Members in this House felt, but it reflected above all the daily feelings of the many Community citizens who come into contact with the internal Community frontiers, namely that the integration of the Community's Member States is happening far too slowly at the borders. It often appears, indeed, that the difficulties and formalities in crossing borders have not become smaller but, if anything, greater. And where else, I wonder, can the ordinary citizen see that Europe is in the process of becoming a reality if not at these internal frontiers?

We now have Mr Nyborg's report, which deals in considerable depth with the problems of customs union and makes suggestions for improvements. I can, I think, give Mr Nyborg the thanks of my group. He has now become something of a specialist on customs questions in this House.

Above all, we welcome the contents of the motion, namely a programme which does not merely point out what is wrong but also makes honest proposals of its own about how to progress. The importance of these aspects of customs law for the development of Europe cannot, in my view, be stressed too highly because what is involved is a piece of genuine, down-to-earth European policy.

Let me now turn to the substance. The CD Group stands firmly behind the principle contained in para. 1 that common rates of duty, common customs legislation and common documents should be developed for use *vis-à-vis* third countries; furthermore, it stresses that a common trade policy is the foundation of this Community and that a joint authority should be set up to administer the Community's customs regulations at its external borders. Internally, the Treaty lays down that, in the long term, all formalities in trade and transport are to be abolished and internal border controls reduced merely to possible police checks.

We too take exception to the fact — like Mr Nyborg himself — that twenty years after the establishment of a customs union our objectives have still not been achieved and that the problems involved are not external ones but, to a large extent internal and of our own making; largely to blame for this, we believe, are the authorities, who are concerned that any new system might be less effective than the existing tried and tested one, or who want to protect, and ensure a competitive advantage for, their own country by means of fiscal, technical and administrative regulations. But there are no advantages to be won like that, merely retaliatory measures on the part of the partner States which have no desire to be sold down the river and with respond in kind. The outcome is damaging

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for everyone. This applies equally to the so-called cooperation agreements designed to short-circuit the common trade policy. Here too it is a case of the one side quickly imitating the other. The truth of the matter, in fact, is that the strength of all Member States depends on common action and not on the attempt — in violation of the spirit of the Treaty of Rome — to create special individual advantages. Any such advantage will be shortlived. We therefore fully agree with paragraph 8, which points out that customs barriers and quantitative restrictions have indeed largely or wholly disappeared, only to be replaced by technical and administrative barriers whose effects are often stronger than the customs measures themselves ever were.

I turn now to the improvements proposed: we can see that the abolition of border formalities cannot take place all at once but only step-by-step. That is the only realistic way that we are going to make progress. But we should at least take some small steps, without necessarily becoming so hectic that another rule gets changed every day. In the case of agricultural products we shall have to retain the border formalities as long as we have monetary compensatory amounts. So progress is needed in the field of monetary policy so as to eliminate the need for these compensatory amounts. The same applies to differences in value added tax. In the long term there is no alternative but to harmonize rates of VAT. In the meantime, however, we must at least ensure that we do not artificially create different rates, as in the case of 'luxury goods' — and here I am tempted to ask: what are 'luxury goods'? But that is something for the individual Member States to decide themselves. This is probably not the right place to start sorting out goods into desirable or undesirable items. Let me simply say again that a quite decisive aspect is the question of harmonizing VAT law.

A further point: the various technical provisions should, to a greater extent, become the responsibility of the Commission. I would say to the Council that it could do this with impunity if it called upon the three institutions to lay down guidelines for customs union and customs policy so that the Commission can then draw up and expand the individual rules in accordance with these joint guidelines. That would be, I think, a sensible approach. They will of course have to be kept permanently up-to-date, perhaps by means of a multiannual programme which would ensure systematic progress in this important field. Parliament would thus win a new right to be consulted, though of course the Commission too would have been granted a new power. To wind up this part of what I want to say, I should like to stress that this again is a clear example of the Council having stood in the way of progress by keeping regulations locked up in its files for years without adopting them. Here I should like to

underscore what is said in paragraph 15, namely that the Council should finally implement the proposals that we, the Parliament, and the Commission have already adopted. The individual proposals made by Mr Nyborg and contained in the main in paragraph 13 of the motion have our full support.

The first of these is double taxation, which we reject just as firmly as we reject the notion of tax avoidance by simply crossing frontiers. The next point is an increase in the tax-free allowances for tourist purchases, a point which we have raised in this House again and again, and the elimination of currency checks. That is another point which has been raised in many a resolution. Thirdly, I would stress the following points: the handling charge for small consignments, the rules for the temporary import of motor vehicles, improvement of the common mail-orders procedure and various technical matters like statistics, establishment of customs value, common import papers, preparation of an integrated customs tariff, procedures for dealing with customs violations, etc. All these various technical points are listed in the report and I can only say that there is plenty of room here for the Commission to make proposals.

We agree entirely with the need for reciprocal recognition by all Member States of veterinary and health certificates and technical certificates.

We believe that certificates of origin should be phased out in internal trade and standardized in the case of trade with third countries so as to reduce the paperwork which undertakings are required to do. At the moment we have this question of certificates of origin in the case of textile imports. I would turn to the Commission and ask it to do all possible to ensure that undertakings are not overburdened when it comes to filling out questionnaires, etc.

A further important point, Mr Haferkamp, are the talks on acceptable transit provisions, especially with our neighbours Switzerland and Austria. May I ask you once again to use your good offices to persuade Austria to abolish the transit tax it recently introduced. A tax such as this is unworthy of a country as dependent on tourism as Austria, a country that all of us like and enjoy visiting. I find it simply unacceptable that Austria, of all countries, should introduce such a measure.

Another important aspect, in my view, is the question of customs controls. I think we should take action here even before the other aspects have been harmonized. We are all used to seeing columns of waiting lorries when we cross the borders. We should, I think, reduce these control procedures to an absolute minimum. There must be an easier way of doing this. We should spare a thought for the men in the driving cabs with their long hours and great responsibilities, exposed to all the stresses and strains of modern



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traffic. Something really should be done here to put an end to these exaggerated anomalies.

To conclude, I should like to read out a passage from the report itself. Mr Nyborg says his committee found drawing it up :

Discouraging because it has gained the clear impression that only after a long and dogged struggle will the national authorities be prepared to surrender even the slightest of powers to the Community and that in some cases, in collaboration with business interests, they have been very inventive in their efforts to prevent free movement. They could have made more constructive use of their resourcefulness by trying to achieve customs union both externally and internally. The technical and administrative barriers to trade have proved to be an excellent means of promoting an incipient form of new protectionism — even within the Community.

We would do well to show this paragraph to our national parliaments. We state, indeed, in the motion for a resolution, that the Nyborg report should be forwarded to the national parliaments. They should read this particular paragraph with special care and draw the appropriate conclusions.

To sum up, I believe we should strengthen the Commission's role in this matter, and I am certain that the citizens of the Community, who will be electing their European MPs directly next year, will respond more favourably to progress in this area than to a lot of other election propaganda. I am certain that the discovery that something has happened at the borders, that there have been improvements, that it is easier to cross, that there are fewer formalities and difficulties, would all amount to good publicity for the elections, and clear progress in this field could have a significant effect on turnout at the elections.

*(Applause)*

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

**Mr Kavanagh.** — Mr President, you can certainly be assured that I am going to be very brief, because our speaker on this subject, Mr Lange, has been called away as Chairman of the Committee to a meeting of a subcommittee of that committee, and has asked me to accept the report on behalf of the group, and to say that the group can support the items included in it.

May I say very briefly, on my own behalf that I would like to compliment the Commission on their efforts, as the report says, to achieve a simple but effective operation of a customs union and a common market. I think it is important to pay that tribute to the Commission for their efforts so far, and also to say, as the rapporteur, Mr Nyborg, rightly warns, that there has been a tendency for some Member States to

encourage forms of cooperation which are more appropriate to a free-trade area than to a customs union. I think it was important that that should be pointed out, and Mr Nyborg has rightly done so in his report.

The harmonization of VAT throughout the Common Market is probably one of the most important steps that could be taken in this area, and, as has been said previously, this would possibly bring about a situation in which there was no further need for VAT on imports into the Community.

Coming from Ireland, I attach particular importance to agriculture and the simplification of taxes in the agricultural market. If this could be brought about, I think a big step would have been taken in this whole area. Mr Schwörer has, in my view, rightly said that the abolition of monetary compensatory amounts in agriculture is of the utmost importance.

May I briefly say in conclusion, Mr President, as you have asked me to be brief, that I welcome the contents of Article 13, which sets out the recommendations of the rapporteur for easing the burden on customs authorities and so making the people of the Community more aware that we are indeed living in a Community.

**President.** — I call Mr Normanton.

**Mr Normanton.** — Mr President, I want to congratulate Mr Nyborg, on behalf of the European Conservative Group, making it absolutely crystal clear that we solidly support the general concepts enshrined in his report and the general points, and indeed many of the particular points, which he has put to this House in presenting the report.

I think it proves and confirms the determination which this House universally shares its commitment to bring to an end the barriers, real or psychological, in every shape or form, which stand in the path of a closer integration in economic, fiscal, technological and every other aspect of human activity and to achieve greater integration and collaboration across established frontiers. Until that has been achieved we are still only on the road to that goal — we have a long way to go.

I feel that there are two basic kinds of barriers, and there is a great difference between the two. One is what I call the psychological barriers, and in many cases they are much more difficult to cope with than the real barriers. The real barriers, the technical specifications and the like, are constantly the subject of efforts by the Commission, and by those of us who have our own contribution to make at industrial level, in particular. The cross-fertilization between industrial organizations at the general level and at the particular level, is all part of this process of removing the tangible barriers which stand in the way of a full development and blossoming of the European Community.

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The barrier which I want to refer to, however, is the psychological one. I cannot help but feel that if we look around our own Member States as ordinary citizens, we inevitably come to the conclusion that the bureaucracy, the administrative element in our economies, is getting bigger and bigger — and all within the framework of an individual nation State. It is that growth which, in my opinion, contributes very significantly to reinforcing the psychological perpetuation of *l'Europe des nations*, a Europe of individual, autonomous States. Indeed, until we have a European Community administrative machine to replace the national ones, until our frontier posts, both those bordering on third countries and those between Member States, display a Community uniform, a Community symbol, as visible evidence at that point of the existence of the Community, the psychological barriers will continue. It is just not enough to raise the barrier over the road which physically stops the transport of men and materials, the important thing is to do away with the visible, tangible evidence of all barriers, better still to get rid of our frontier posts altogether — and, if you have to have frontier posts, let them be Community posts, not nation-State posts. We have to move, in my opinion, towards European Community passports — and those passports have got to receive acceptance inside our own Community. How many Members of this House have been held up on entering another Member State because we carry a European Community passport? It is this psychological aspect of the barriers which we really have to work to set aside.

The European Conservative Group should not be critical of the Commission in the way in which it is striving to achieve this ultimate objective. But we must remind ourselves that the House should, under no circumstances, express satisfaction, either minimal, marginal or indeed at all, until we have achieved the ultimate goal of freedom for men, money and materials to move and establish themselves legitimately in the Community, without any sense of interference or restraint, whether real or psychological. In this sense the European Conservative Group strongly endorses the points of view advanced by Mr Nyborg in his report and in his presentation of it.

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

**Mr Veronesi.** — (I) Mr President, on behalf of my group, I should like to emphasize the very great political importance of this question and the complicated technical implications which it involves. The issues to be faced were clearly set out and described for us in Mr Nyborg's full and comprehensive report. It is however clear to me that these issues are largely political in character and it is therefore in the political field that we propose to work for the objectives laid down.

This is not an easy task, nor are these problems likely to be resolved quickly: it is an undertaking involving hard work and a patient search for common ground for the sake of the common good. This is confirmed by the fact that, after the common market has been in existence for so many years, no solution of the problem has been found. This makes it vital to show fresh political determination in order to meet the need for economic and political integration of the Community.

As I have said, we cannot and must not underestimate the technical implications. They are of special complexity in this field and this is the outcome of the age-old division of Europe, the different industrial patterns and the different levels of economic and social development in the Member States. Nevertheless I feel sure that, faced with structures which have to be changed (and these are not structures of physical or natural origin but are man-made), men themselves are fully capable of bringing them up to date. What is needed, of course, is the political will.

Because of this, the comments of my group are more concerned with general principles than details and with the political rather than the technical aspects and, in making this choice, we have not forgotten that the problem is an old one, that it has been outstanding for a long time and that it has already been the subject of great interest and lengthy debates.

In an attempt to be orderly and logical and to explain the problem, in its essentials, but clearly and comprehensively, I think it would be useful, first, to describe more precisely even than we have hitherto the shape which we believe the customs union should take in its final form; secondly, the present state of the unification process; thirdly, the difficulties we have experienced to date, and fourthly, the procedure to be followed from now on in the light of the state reached by the union and of the lessons learned from the obstacles which we have encountered so far. I think the Nyborg report enables us to find the answer on these four questions. The only point we find to criticise is the express decision not to deal with the relationship between the Community's own resources and the imposition of customs duties at its external frontiers.

As regards the main features of the customs union in its final form, they are summarized clearly in paragraph 1 of the proposed resolution, and I do not think there is much to add. It is perhaps worth saying that, at least for some time, the exemption of trade and traffic from all formalities ought not to mean giving up the constant fight against fraud and, in consequence, the systematic evasion of taxation in connexion with customs charges.

As regards the present state of development of the customs union, while it would be wrong to ignore or

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underestimate the zeal of the Commission and the progress achieved, it is no good pretending that there is no opposition to be overcome; this opposition still prevents a match between ends and means. So, as this debate has shown, we cannot regard the problem as over and done with but must remember that we still have a long way to go.

The references in the report and certain paragraphs of the resolution make some valid points on the difficulties which remain and the reasons for them.

There are references to opposition, human and otherwise, and to the passive resistance, which I should describe as inertia, of the bureaucratic machinery of the individual States. There is criticism of the somewhat deep-rooted tendency to protect national markets and the situation of unbalance created by uneven, disjointed and uncoordinated in pursuit of Community objectives in the various economic sectors of the Community. This whole state of affairs certainly impedes the process of building the customs union.

To turn to the methods to be adopted in order to get some positive advance towards the customs union, I merely refer to some points without comment. We must accept a policy of little-by-little, applied here and there without losing sight of the whole and without thinking that everything will change overnight. We must assess with care the effects of certain distortions of the agricultural prices policy and we must give critical reconsideration to the repercussions which the abolition of customs restrictions has had on the technical and administrative aspects of trade. We also agree that there is a case for widening the Commission's powers and also for the development of new procedures.

We make no comment on the proposals in paragraph 13 because we believe they should be fully discussed on a more suitable occasion.

**President.** — I call Mr Davignon.

**Mr Davignon, Member of the Commission.** — (F) Mr President, the admirable report which Mr Nyborg has prepared on the development of the internal market and the real implementation of the customs union makes it possible to see the problem clearly and accurately in all its political, psychological and technical ramifications. The Commission is grateful to him for it. The document is the outcome of very detailed work and was the subject of considerable consultation between the Committee on Economic and Monetary Affairs and the Commission and its staff.

While paying very sincere tribute to his work I must, however, express some disappointment. One reason for this is that, as every single speaker has said, this debate obviously cannot have its full value in the absence from the discussion of a spokesman other than the Commission spokesman. We can, as Parliament and Commission, have a pleasant and interesting exchange of views on this subject and congratu-

late each other on our intentions and together work out our objectives. But in terms of decision-making, which has not been delegated to us, there is someone missing from our discussion. I should like to support the original suggestion and express the hope that there will be a debate in which all those who ought to speak can do so. Otherwise we shall fail in our objective and nothing will be done on the Council's side. The balance of the discussion will not have changed at all.

Another source of disappointment is that, because the agenda is a full one, the debate is taking place late in the day. As Mr Schwörer so admirably put it, this is something of vital importance for our future. Some subjects are sometimes more attractive than the ways and means of implementing the internal market or the customs union, but if we do not start by making the Community a reality internally all the work we are doing on our external relations, which has more prestige perhaps, is meaningless. In my view, therefore, it will one day be important to bring out the political significance of our debate.

We know that, in terms of procedure and formalities, the subjects of the Community are treated like subjects of non-member countries. There is practically no difference, administratively speaking, between the arrangements for movement inside the Community and those for movement outside it. Is this political factor one which we can continue to tolerate, whatever good or rather, in the majority of cases, bad, excuses we can find for it?

Secondly, just when we are going to hold the European elections, what credibility can be attached to our faith in the unification of Europe, the Europe of its citizens when, taken as a whole, the existing rules are almost the same as they were before?

One can always find a reason. It is failure to harmonize on fiscal arrangements, agricultural issues, statistical questions, health problems etc. There is no lack of excuse why something must still be kept in being and, because one thing must remain as it is; everything must remain as it is. This is quite out of line with our aims. But if the debate is on policy, I hope the rapporteur, the Commission and the different groups who supported the rapporteur can agree that we should arrange a meeting on the political significance of this debate and that we should have it with all those who should be taking part, which means the Council as well. That is what the Commission would like. It is not a question now of deciding what method is best or whether, in this way or that, such and such an obstacle should be removed. Do we want to set ourselves certain objectives which provide clear and unmistakable evidence that the existence of the Community does have an effect on the way we act within it or are we merely adding a bureaucracy and Community obstacles to the national obstacles which exist? This is not how the Commission sees the internal market!

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I should now like to refer briefly to some technical problems. For Parliament's convenience I shall arrange for a document to be distributed on a number of technical points connected with Mr Nyborg's excellent report, so I need not refer to them now. I should like to say this: we want the customs union and the internal market to be the instruments of Community policy, and it is no accident that, in the programme which the Commission submitted to the Council and the European Council for the progressive establishment of the Economic and Monetary Union, the establishment of the internal market was a natural priority. Why? Because, as Mr Schwörer has said, if there is no proper internal market and there is no real economic foundation on which we can build Community preference, what is there to justify the existence of the customs union and European integration, and how will we bring about the various economic and monetary adjustments which go with it? This has accordingly become a requirement for our industrial cohesion: otherwise there is no difference between what we are doing and a free trade area. In a free trade area, there is no need for Community preference or of the customs privileges which we grant to non-member countries: the whole of that disappears if there is no real internal market.

If you do not find this convincing, look at the difference between the internal market of the United States and the internal market of the Community. What do you have to do to go from Colorado to California? Do they have all these harmonization rules and documents we have? Of course not. The United States statistics on the patterns of trade between California and Colorado are known to everybody and known more quickly than what happens between Germany and France and without all these documents. But if we do not make up our minds to alter or shed traditions and practices, and if these national traditions of each country's customs authorities, with their responsibilities and powers, are not converted into a European system, it is clear that we shall have endless difficulty in making progress.

As we all know, Rome wasn't built in a day. But we finished the customs union, after twenty years, at the beginning of the present year. 'Little by little', if you like, but 'little by little' for twenty years, not 'little by little' after 1 January 1978. So let us not forget, we are not starting off today; we are entitled to be rather more ambitious after twenty years of effort. And, in my view, so long as we do not work systematically, at least as far as the customs treatment of external trade is concerned, towards a common authority for the purpose of administering customs regulations at the external frontiers, we shall not make that progress. But we have to make it because we must ensure both the reliability and the credibility of the arrangements at our external frontiers in order to prevent covert protec-

tionism and to ensure that the advantages we get from our market are respected. If we cannot have that to meet the needs of our external trade, this adds to all the requirements of our internal trade, which are different and are neither so pressing or politically essential. For me, therefore, this is the first point which is vital and on which we must make progress.

The second point is, as I have said, to coordinate what must be done to improve the market in accordance with our needs. I believe this to be essential and important because it will enable us to settle the various questions which Mr Schwörer spoke about: we need statistics on textiles. But does that mean that we should create difficulties in terms of costs or papers? It certainly should not if our instrument becomes more effective and easier to wield. We all know that if the instrument is inefficient, one has to ask it ten questions in the hope of a reply to one. If you put one question to an efficient instrument, you get an answer at once and that suffices. That is the difficulty of the situation with which we are faced. It calls for administrative cooperation with the Member States, and the simplification of everything which has to do with the cause, Community transit, in order to produce something which is effective and easy to apply and understand.

All this conceals, unnecessarily, a number of measures the correctness and the clarity of which are not always beyond reproach, especially as we are in a different economic situation. But the Commission believes that we shall not overcome those difficulties by a series of restrictive measures or barriers; we shall get over them through the proper functioning of our market, in other words, through the advantages we give our industrialists as a result of this great internal market — hence the economic significance which is added to the political significance to which I referred just now.

Finally, I should like to reply to Mr Nyborg's question about when we shall be able to go forward with this directive. With the Commission's agreement, we have decided that the directive should deal with products used in building so that we can have both a directive relating to these various measures, and also, under Article 155, a delegation to the Commission empowering it to carry out what has been agreed, which makes sense in view of what we are trying to do.

I should therefore like to assure Mr Nyborg that, since the end of last year, we have been actively engaged in discussions with the various experts to explore every aspect of the problem, but not to settle it politically. We now believe that we shall be in a position to submit this proposal not later than 30 June, but I hope earlier, so that we can begin discussions with Parliament and the Council about the implementation of the plan, and then the implementing committee, so that we can at last have a directing instrument for the customs union and the internal market which is

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designed, not to suit an aesthetic predilection for harmonization or simplification, but to meet a political and economic need which is one of the Community's responsibilities in a sphere where the treaty imposes obligations on us. We are not lacking in imagination or good will: what we lack is action, the action required at political level and which is psychologically essential at a moment when we are about to demonstrate that we in Europe have changed some of our habits. But we shall have no clear programme until we make all concerned face up to their responsibilities. The Commission is willing to accept its own; so is the Parliament. One day the Council must do the same.

(Applause)

**President.** — I call Mr Nyborg.

**Mr Nyborg, rapporteur.** — (D) Mr President, I should merely like to tell Commissioner Davignon that I am very happy with the answer he gave to my question. I do not want to prolong the debate but just to thank the Commission.

**President.** — I note that no one else wishes to speak. The motion for a resolution contained in the report will be put to the vote, as it stands, at the next period set aside for voting.

The debate is closed.

#### 14. *Protectionism in dealings in patents and licences*

**President.** — The next item is the oral question (Doc. 22/78) with debate by Mr van Aerssen, Mr Martinielli, Mr Vanderwiele, Mr Jahn, Mr Müller-Hermann, Mr Ripamonti, Mr Luster and Mr Klepsch, to the Commission of the European Communities:

Subject: Growing protectionism in dealings in patents and licences

In recent years, many third countries have imposed stringent legal limitations on dealings in know-how and patents. The purpose of all these limitations of the contractual freedom of licence partners is to improve the position of domestic undertakings *vis-à-vis* economically stronger foreign licensors in the negotiation of licence agreements. A further intention is to deprive multinational companies of the possibility of misusing licence arrangements between parent and subsidiary companies as a way of reducing tax liability.

It is understandable that countries with a serious balance of payments deficit may impose exchange control regulations on licence transactions between their domestic industries and foreign countries to prevent the illicit transfer of money abroad through licence dealings. But it is difficult to understand why the EC Commission

should be seeking to limit the contractual freedom of partners in licence transactions through the application of Article 85 (1) of the EEC Treaty with a view to protecting economically smaller patent holders of licensees against larger undertakings. These considerations conflict with the convention of 15. 12. 1975 on the European Patent for the Common Market.

Experience shows that licence transactions are a sector which reacts particularly sensitively to interventions by legislative and administrative bodies designed to limit the contractual freedom of the parties to licence agreements.

1. What action does the Commission propose to take — with a view to the avoidance of protectionist practices — to put an end to the legal uncertainty hitherto created by the application of Article 85 (1)?
2. How does the Commission expect to be able to prevent any disturbance of licence dealings or their displacement into the 'grey zones' of commerce, at the expense of economically weaker undertakings which are supposedly to be protected?
3. Is the Commission prepared to draw the necessary consequences in the context of its work on a draft regulation on exemptions for patent licences?

I call Mr Van Aerssen.

**Mr van Aerssen.** — (D) Mr President, honourable colleagues, we tabled this oral question to draw attention to the dangerous trend which has become apparent because more and more countries have introduced legal provisions and restrictions to clamp down on trade in patents, licences and know-how, a field which is absolutely vital for innovation in today's economies. The barriers to the trade in licences are becoming increasingly impenetrable, and the object of this question is to make this House aware of the situation before it is too late.

One of the basic principles of any market economy, and that includes the international market economy, is the principle of the freedom to conclude contracts; this principle has now been undermined by a large number of extremely cunning mechanisms. The range of measures to hinder such trade extends from the prohibition of licencing and consultant contracts and currency transfer bans to progressive taxes on transfers. There are two reasons for such restrictions.

The first reason is that many countries want to strengthen the negotiating position of their own undertakings *vis-à-vis* economically stronger foreign undertakings and licence-holders and therefore introduce measures to restrict the freedom to conclude contracts; the second is the desire to prevent multinational companies from using the relationship between parent and subsidiary companies and the associated swapping of licences as a device to pay less tax.

**Van Aerssen**

We believe that this tendency to restrict the freedom to conclude contracts will have disastrous results in the future. We could at most accept that countries with large balance of payments deficits might resort to restricting trade in licences so as to prevent the outflow of capital resulting from it. Restrictions on licences could in such cases also be seen as a currency control mechanism. A measure of this kind appears to us justifiable, on a temporary basis, in response to a serious balance of payments deficit, but this does not apply to the other restrictions to which I have just referred. We therefore hope that this oral question will awaken some awareness of this problem. We want to get people interested and attempt to develop the outlines of a new strategy.

It is against this background that we are concerned at the Commission's attempt to apply restrictions to the trade in licences, by invoking Article 85 (1) of the EEC Treaty, with the aim of protecting smaller patent-holders and licencees from larger undertakings. However morally justified such an approach may be, it nevertheless seems to us to violate the European Patent Agreement of 15 December 1975; we urge the Commission not to continue with such actions and to avoid protectionist measures which could arise through the application of Article 85 (1) of the EEC Treaty. Why? Because experience has shown that the trade in licences reacts extremely sensitively to legal and administrative interference, and licencees and licensors are unwilling simply to accept restrictions on the freedom to conclude contracts. Since dealings in licences are not normally a permanent business, but constitute merely occasional transactions, there is a real danger that too much State meddling could put a total stop to the trade in licences, leaving the economy itself the loser.

Finally, we should like to prevent such a practice, if it were once introduced, from giving rise to 'grey areas' in which licence dealings might take place without any form of control at all.

Mr President, we are extremely concerned at this development and would be most grateful to the Commissioner for a clear answer to put our minds at rest.

**President.** — I call Mr Vouel.

**Mr Vouel, Member of the Commission.** — (F) Mr President, after certain Members explained, in submitting their oral question with debate, their attitude to the so-called protectionist measures of certain non-member countries in the international trade in licences, they voiced their fear that the Commission might follow suit by restricting the freedom of parties to a licensing agreement within the Community. This general comparison between two different situations calls for two brief introductory comments from the Commission.

In the first place, while the case quoted of non-member countries involves international commercial contractual relations, the Commission is, on the one hand, concerned with internal contractual relations within the confines of the single economic area constituting the Common Market.

Secondly, the Commission believes that in attempting to reconcile the objectives pursued, on the one hand, by the law of industrial and commercial property and, on the other, by Community law on competition, it is in so doing endeavouring to save the Common Market from an excess of private protectionism.

I now reply to the three more specific questions addressed to me.

On question 1, the Commission is actively engaged in the preparation of a *regulation for total exemption* of certain patent licensing agreements so as to remove the legal uncertainty caused by application of Article 85 (1), the object of which is to prohibit protectionist practices.

The Commission is, accordingly, fully in agreement with the European Parliament which, on 16 November last year, emphasized, in paragraph 6 of its resolution on the Sixth Report on competition policy, the need for early submission of a draft regulation in order to 'preclude any misunderstandings in the matter' and that it 'should contain precise guidelines to promote the economic use of new techniques within the Community'.

The draft regulation is now in the first stage of consultation with the national experts and this has revealed some marked differences of opinion on such basic issues as the significance of an exclusive licence under the competition rules and the extent of territorial protection as between proprietor and licensee.

The second stage of consultation, which we hope to initiate during 1978, will follow publication in the Official Journal of the European Communities of the draft regulation, which will be sent to all concerned. Their views will carry great weight and will enable the Commission and the national experts to start work again during the final stage of consultation with a view to drawing up a final draft regulation sometime next year.

This procedure may seem a lengthy one but it will allow the Commission to obtain all the requisite views before legislating on a delicate subject of this kind.

To avoid any misunderstanding, allow me to repeat that the object of our policy in applying Article 85 of the Treaty to licensing agreements is not to regulate relations in this field between the Community and non-member countries; it is concerned only with the competitive situation inside the Community, that is to say, the protectionist practices which may be employed by undertakings operating in the Common Market.

**Vouel**

In terms of Article 85, while the Commission, respects the legal validity of the exclusive rights conferred by national law and, shortly, by Community law in relation to industrial property, it cannot accept that, in exercising those rights, the parties concerned should compartmentalize the Common Market and so be in a position to charge prices which vary considerably and make it more difficult to obtain access to sources of supply in products patented in the Community. I am equally certain that our policy in applying, the competition rules to patent licences does not conflict with the Community patent, as some people seem to think. In the preamble to the Convention, the Member States declared that they concluded it in the hope, in particular, of eliminating within the Community the distortion of competition which may result from the territorial aspect of national protection rights, and that the creation of a Community system is one of the most suitable means of ensuring the abolition of obstacles to the free movement of goods protected by patents. We are pursuing essentially the same aim in our policy for the application of Article 85 of the Treaty to patent licensing agreements: that is, to remove obstacles to the free movement of goods and to ensure that competition is not restrained more than is necessary by the legal protection conferred by the monopoly patent right.

Finally, Article 93 of the Convention states that none of its provisions may be invoked against the application of any provision of the Treaty establishing the European Economic Community. This means that all provisions of the Convention must be interpreted in accordance with the Treaty of Rome; if there is any doubt, it is in the last resort for the Court of Justice of the European Communities to interpret them.

As far as the second and third questions are concerned, I cannot believe that our policy in connexion with licensing agreements results in disturbing or seriously inhibiting the trade in licences. On the contrary, in so far as patent licensing agreements contain clauses in restraint of trade within the meaning of Article 85 (1), the whole point of an exempting regulation is to allow them to be entered into under the general conditions laid down in the regulation, without need for individual applications. The trade in licences has been made much easier as a result and this is of particular help to the small and medium-sized undertakings for whose benefit the Commission is considering adopting specially favourable measures, whether they are proprietors of a patent for which they are granting licences, or they are licenses of other undertakings, big or small.

Finally, I realize that, if too much protection is given to the weaker firms, this might in the end produce a worsening of the climate favouring the grant of licences.

I do not think that there is any danger of that in our draft but I assure you — and this answers your third

question — that the Commission will pay careful attention to all the views which the various interests involved express concerning its draft. It is for this reason that we attach great importance to publication of the draft. As the Commission promised during the debate on the Sixth Report on competition policy, it will send the draft regulation which emerges from the first stage of consultation (which we are in now) to the Committee on Economic and Monetary Affairs so that discussion can also begin in the European Parliament.

**President.** — I call Mr Fletcher-Cooke to speak on behalf of the European Conservative Group.

**Mr Fletcher-Cooke.** — Mr President, the Conservative Group supports the questioners in this debate and are deeply suspicious, in spite of the long and careful reply the Commissioner has given, of these proposals. If the aim of the Commission in limiting the freedoms of contract for patent licences is to protect small companies in the Community, it runs the risk of achieving exactly an opposite effect. The contracts on patent licences are extremely sensitive to intervention by any legislature. The effect of any exaggerated intervention from the Commission can therefore easily be that the patent owner stops dealing with other companies, through contracts on patent licences, and creates instead branches of his own business in the country in question. This will particularly be the case if limitations are placed on exclusivity and export prohibition. It will mean in practice that a large number of small and medium-sized companies will lose vital technical know-how. Industry has already said this to the Commission — industry in many countries. The Commission should take note of the fact it also represents small and medium-sized companies, not only big companies and the big people. May I therefore ask the Commission to bring an end to the uncertainty in this field by giving the group authorization, the exception which Article 85 allows, as quickly as possible.

**President.** — The debate is closed.

15. *Decision empowering the Community to issue loans*

**President.** — The next item is the report (Doc. 36/77) by Mr Spinelli, on behalf of the Committee on Budgets, on the

proposal from the Commission of the European Communities to the Council for a decision empowering the Commission to issue loans for the purpose of promoting investment within the Community.

I call Mr Spinelli.

**Mr Spinelli, rapporteur.** — (1) Mr President, I would like to draw the attention of the European Parliament — and I am sorry that this debate is taking place at a

### Spinelli

time when most members are dining — to the importance of this debate and of the decisions we take.

The importance derives from the fact that this time we are not simply expressing an opinion of which the Council will take greater or less account but a position which should lead to a conciliation procedure of a legislative nature. When we consider subjects with substantial financial implications, whose adoption is not required by existing acts, and which have wide-ranging effects, and when the Commission states that the act in question may be subject to the conciliation procedure, the Council cannot simply decide on the Commission's proposal but must embark on a conciliation procedure with Parliament and reach a decision only when the positions of the two institutions are sufficiently close.

The importance of this debate leads me first of all to stress, on behalf of the Committee on Budgets, that the Commission, in drawing up this proposal, has failed to honour a commitment made to Parliament, which was stressed in the following terms by Mr Jenkins, on 8 February last year :

The Commission will send no proposal to the Council without seriously and systematically considering whether it is likely to receive the support of a majority of Parliament.

Mr Jenkins rightly said that he thus intended to strengthen the traditional partnership between Parliament and Commission to reinforce Parliament's authority before direct elections.

It is true that when we raised this problem in the Committee on Budgets, Mr Ortoli reminded us that on a number of occasions he had informed Parliament of proposals being drawn up for submission to the Council, but it is also true that it was inevitable that the Commission, when presenting its own proposals to the Council, would necessarily meet with a certain amount of resistance and reluctance. It was therefore in its own interest to present its proposals with the full support of Parliament, since the Council knew that, in the last analysis, it would have to take account of Parliament's views and seek a basis of agreement. It would therefore have been valuable if in the preparation of this whole project, Parliament had been involved in the manner indicated by Mr Jenkins, particularly as the Commission's proposals touch on matters very sensitive to Parliament, such as Parliament's prerogatives etc.

However, this is all water under the bridge, and we must hope that these problems do not arise again. To come now to the substance of the proposal, I would point out that the Commission proposes that it be authorized to contract loans up to a maximum amount of 1 000 million EUA, for lending out to public and private enterprise to encourage investment in energy, industry and infrastructures. The Committee on Budgets supports this proposal as it is in line with the development of the Community and

— if properly implemented — could constitute an important step forward in the progressive convergence and progressive revival of our economies. It therefore proposes that Parliament approve the proposal provided that a number of distortions are eliminated, for if they remained the proposal would certainly become wholly meaningless.

Firstly, it should be made clear that the financial instruments available to the Community must be part of a policy for reviving the Community ideal and reviving economic convergence. It is clear that in this context we are not debating the content of this policy. However, there should be a specific commitment to devise the policy in the manner I have mentioned, otherwise we would not have a financial instrument ; we would have merely a banking instrument with no political content. If this were the case it would be pointless introducing this machinery and it would be sufficient for the EIB to continue the work it has done so far ; it would be sufficient to increase the Bank's investment capital and thus allow it to expand its activities. The fact of proposing an increase in the capital of the European Investment Bank demonstrates once more that the Community wishes to introduce a policy going beyond what has hitherto been the policy of the European Investment Bank and contributing to the economic revival. We must therefore bear in mind that both the decision for raising loans and the conditions for granting loans should conform to this aim. As regards the decision on the raising of loans, the Commission, in Article 2 of the proposal, states that the overall amount of loans is fixed at 1 000 million EUA, spread over an indefinite period, and activated in successive operations. It is for the Council to authorize operations and lay down general objectives for their use.

We believe that in this case the Commission has neglected what are, in the last analysis, powers shared by Parliament. If these are Community loans, they must have a Community guarantee — and must therefore receive the agreement of the European Parliament. This agreement should not be binding, nor indeed should the agreement of the Council. The Commission should be left room for manoeuvre, to act effectively, and for this reason we have proposed a formula which can be summarized in the following manner : each individual loan should be decided on in the budget procedure, on a proposal by the Commission. At the same time, the Council should decide by a majority, after conciliation with Parliament, on the objectives to be laid down. In this way each loan will have its own financial characteristics and content. We could accept, for the first year a ceiling of a thousand million on loans...

**President.** — Mr Spinelli, I must remind you that the Assembly agreed that each rapporteur would have fifteen minutes speaking time. You have already used that amount.



**Mr Spinelli.** — (I) Mr President, since we have present in the house only those members who have already discussed this matter — vigorously — in the committee and since they are perhaps bored hearing the arguments repeated once more, I will conclude my speech here.

**President.** — I call Mr Müller-Hermann to introduce the opinion of the Committee on Economic and Monetary Affairs.

**Mr Müller-Hermann, draftsman of an opinion.** — (D) Mr President, I shall endeavour to be brief.

All in all it is unfortunate that the Committee on Budgets, for whatever reason, saw fit to finalize its report before the Committee on Economic and Monetary Affairs had had the opportunity to deliver its opinion. Indeed one could question the responsibility of that committee in this case since we are concerned here not with a budgetary matter, but with how we can harmonize economic policy and how we can iron out imbalances in the Community by new measures.

I would first of all like to put on record the points on which we are in agreement with the Committee on Budgets; then I shall come to a point where our views diverge and where Parliament will have to make a decision.

Of course we welcome the loan. The thousand million units of account represent a start. The injection of investment resources will be a long-term task; even more important than, or at least as important as, the injection of investment resources is the creation of a favourable investment climate in the Community which will encourage a continuation from private sources of the aid which our loans are intended to give.

If we are to achieve balanced economic growth throughout the Community — and this is the point of this loan facility — we must to a certain extent coordinate the whole system of loans and borrowings. One common point is that the European Parliament must be involved in the process of fixing the political and economic objectives of each tranche. I believe there is also agreement — and this was a point of discussion in our committee too — that the Commission should avail itself of banking facilities and in particular the European Investment Bank when borrowing the money, a task which falls within its responsibilities. I would like to re-emphasize that particular point.

I would now like to draw Parliament's attention to the points on which we disagree with the Committee on Budgets, and on which Parliament will presumably have to reach a decision tomorrow.

I assume that the Council and the Commission also had a certain idea concerning the allocation of responsibilities between the Commission and the Bank. Whether this is right is the second point which we

shall have to consider. In the Committee on Economic and Monetary Affairs we assumed that the Commission would lay down the general and economic conditions for the utilization of the funds, but that it would not undertake banking operations itself, and that it would of course remain accountable to Parliament as regards the utilization of the funds.

Now the Committee on Budgets says that the Commission should as a general rule make the decision as to whether a loan is to be granted or not. We believe that this is wrong. Not everything should be put into the hands of the political bodies and authorities: it is the Bank which should investigate, decide on and manage loan facilities within the framework of guidelines laid down by the Commission. We are also prepared to concede that the Commission should reserve the right to have the last word in special cases. But as a general rule, the responsibilities should be in the hands of the Bank as envisaged, originally at least, by the Commission, for I believe that although we must take account of political and above all regional policy factors, proper account must also be taken of profitability aspects if we are to ensure that the funds are used to good effect, bearing in mind at the same time that when it comes to regional policy profitability is a very long-term consideration.

It is here that the Commission, which lays down the guidelines, rules and objectives in consultation with Parliament, bears full responsibility and has very wide powers. But as a general rule at least the application of these guidelines should be the province of the Bank and not the Commission. This means in other words that the application must be made to the Commission: the Commission shall decide whether the project merits support in the context of its own policy: if so, the Commission then passes the matter on to the Bank which shall then undertake a technical investigation and make a decision on the loan, and consequently manage the loan, in each case within the terms of reference of the guidelines.

A last point is perhaps self-evident. Perhaps the Commissioner responsible could comment on it. We consider it necessary that the Commission should regularly ensure coordination with Member States in which loans have been taken up or granted in order to avoid any possibility of upsetting national markets. I believe, however, that Mr Ortoli will answer that the Commission considers this to be self-evident. I would therefore like to reiterate that the point of difference is about who should make the decision on applications, on the basis of the guidelines laid down by the Commission. The Committee on Economic and Monetary Affairs had a clear majority for its point of view, which is that the decision should be made by the Bank and not, as the Committee on Budgets advocates, by the Commission. It believes that it was necessary to point this out in order to clarify the situation.

**President.** — I call Mr Ortoli.

**Mr Ortoli, Vice-President of the Commission.** — (F) Mr President, I shall try to be relatively brief as you requested, and shall not, therefore, speak from the text which I had prepared.

First of all, I should like to make a point of principle: I believe that today's discussion is important for the reasons which the two rapporteurs have cited; we must distribute investment within the Community. It is wholly desirable that the Community should make a contribution wherever it can. As was said by Mr Spinelli, a Community contribution is not just one factor in a policy which needs to be backed by considerable resources, but it also helps to speed things up and acts as a support measure. This is how it should be regarded. However, there is another aspect which was rightly mentioned by Mr Müller-Hermann and which is, in a sense, symbolic — namely, the common desire to revitalize our economies, with investment being one of the dynamos in that process. This is a vital aspect which I shall not stress further, but which prompts me to express the hope that we can start operating the new instrument as soon as possible.

In reply to Mr Spinelli, I do not want to become embroiled in a long debate on whether or not the Commission sufficiently informed Parliament of its intentions. I would merely say that, on the same day that the Commission submitted its first communication to the European Council in June, I personally informed one of the chairmen of the committees concerned of the contents of that communication. On four occasions, in plenary sitting and at committee meetings, I have explained the objective which we are pursuing. However, you must remember that our proposals were not yet complete; they have only been complete since January, owing to the considerable technical work involved. Up to then the Commission had submitted not proposals but guidelines. Finally, I feel I am fully cleared of any suspicion by the action of Parliament itself which, on 21 December 1977, adopted a budget which, in Chapter 43, you yourselves entered a token entry referring to the Commission communication and indicating that the loan should not exceed the 1 000m units of account proposed by the Commission. It would seem to me that this proves that we are not today confronted with an unknown project. On the contrary, it is so well known that it figures in the budget, which moreover — and I shall come back on this — better enables us to grasp the importance of the technical aspect of the budget entry, together with the institutional aspect — a point which was raised in the Committee on Budgets.

Before dealing with the point which has received the most attention, in my view, namely the division of responsibilities for an action of this type, I shall say a

few words about the budgetary aspect. As in the case of other loans, you provided for a token entry for this new facility and indicated the significance of this token entry, including the guarantee which this represented for the Community budget.

Parliament has thus been fully associated with the definition of the new loans policy. Furthermore, I would point out — and the Committee on Budgets knows this as well as I — that it had also been agreed last year, during the examination of the financial regulation, that this specific problem of loans would be the subject of consultation. Although I do not know the exact date as I am not personally involved in this work, the Commission and, above all, the Council and Parliament will shortly be discussing, within the framework of the consultation on the financial regulation, the way in which the Community's loan activities should be examined. This prompts me to ask that, when this resolution is put to the vote, it be recalled that a measure to retain this facility has already been taken — namely the token entry in the budget, moreover, it has already been decided that discussions will be held between yourselves and the Council and, naturally, the Commission. I therefore feel that every allowance has been made for the problem of the budget which has already been raised once and will be raised again. I believe that this problem is extremely important, but that the procedural aspect has recently been settled.

We now come to the question of responsibilities, which has been a controversial issue during our discussions in both the Committee on Budgets and the Committee on Economic and Monetary Affairs. I am absolutely certain that the proposal is the right one from the political and from the technical angle. The proposal is right in political terms because the mechanism which we described in our communication of 15 June, and subsequently in our proposal in February, invests us, and not the Bank, with the political responsibility for initiating projects, which is the role of the Commission: the Commission is responsible for submitting a proposal to the Council and for laying down the objectives to be pursued, for deciding on the amounts allocated for projects and for establishing whether a given project fits in with the desired policy.

I felt that I did not have the right to create a new banking system in the Community and to recruit officials to do a job which could be carried out by another Community organ. Let me be quite clear here: I have been a minister four times in my life, and I have always striven to resist the natural temptation of civil servants to do themselves what could be done just as well by others, with the obvious proviso that the means of control existed and that the conditions were fulfilled for the effective implementation of the policy concerned. Our services are efficient and I

**Ortoli**

have no hesitation in making the Commission responsible for the issuing of loans, which is a Community responsibility, as we have been doing this for twenty years in the ECSC and for several years in the European Community and we are good at our job. We are capable of doing on the market and acting just as effectively as any financial organization. This fact is not disputed: if you read the commentaries on loans made by the Community — and I am not referring here to the Bank — in financial publications, you will see that, in general, the Community operates effectively and has quickly succeeded in building up an excellent reputation in world financial circles.

We also have an excellent service which was set up before the European Investment Bank and which has long been engaged in the examination of applications and making analyses. I am referring here to the ECSC service, which is highly specialized and does an excellent job. Now that we will be faced with dossiers which, in themselves, do not fall within the sphere of the Bank's activities but which are basically similar to those which the Bank already deals with very efficiently, I see no reason why there should be any overlapping of the Bank's activities by a second organization.

In particular, I believe that the Community organizations should try to work together, in a spirit of mutual confidence, with the firm intention to carry out their respective responsibilities in the best possible way. Naturally, however, we retain the right to determine eligibility — in other words the political role of deciding whether a project fully reflects the policy we wish to pursue and we retain the right of signature, as we are giving an undertaking on behalf of the Community and this must be done clearly and frankly by the organization which is invested with financial responsibility by the vote on the budget.

I would add that I am a person who trusts the partners he works with and that I am convinced that we will be able to work with the Bank. Some time ago we set up an organization for joint operations which has been considerably perfected and is today satisfactory. Tomorrow I shall again be spending several hours with the Bank to examine any problems which have arisen and which may concern the Commission. I shall be doing this with the Management Committee of the Bank and with my colleagues who have political responsibilities. This will be an opportunity for them to indicate the problems which they encounter and for the Bank and ourselves to explain our respective points of view.

It did not take me long to invent this system which has now been operating for some time, or to launch a system for controlling loans and ensuring that, as was also suggested by Mr Müller-Hermann with regard to the Member States, we should operate on the international markets under a jointly fixed timetable. This is

the obvious way of doing things. Regularly every month, we consider the financing problems with which we are variously faced to ensure that the Community maintains a single voice and a single spirit. As a result, there are no problems in this area.

I should like to stress another point because it is important to you as Members of Parliament. The Bank, I remind you, is a body set up under the Treaty. It is not concerned with banking in its pure form, systematically rejecting any application which does not make out the most brilliant financial case. It frequently grants loans in certain regions when perhaps an ordinary bank would refuse to do so. Nowadays, the Bank often accepts that a project does not have to be immediately profitable if it is likely to serve the interests of Europe, and this is reflected in our guidelines and directives. This should remain the case. We should not imagine the Bank as a sort of Shylock, inspired by the sole idea of amassing money, when in fact the Bank devotes most of its resources today to the financing of regional policy.

I believe that everyone should play his own part. I consider that our role is political and one of control, whereas the Bank should be concerned with banking. That is what we are proposing, and I sincerely ask you not to prevent it. To be absolutely frank, I am not prepared to assume responsibilities which I would have difficulty in carrying out.

I therefore urge that the Bank, within the framework of directives, be given the possibility to assume responsibilities which, I repeat, are not merely those of traditional banking, but rather those of a bank in the service of Europe. I feel that this is perfectly legitimate.

I know what I am doing, and that I am able to propose policies, control their implementation, extend them and make use of the other Community organs. For these reasons — as he knows — I did not endorse in committee the opinion expressed by your rapporteur, Mr Spinelli. I personally hope, that the system we have proposed remains as close as possible to our original concept, because that policy has been given the most serious consideration. That was all I wished to say and I hope, Mr President, that I have not taken too long.

**President.** — I call Lord Bruce to speak on behalf of the Socialist Group.

**Lord Bruce.** — Mr President, in conformity with your express wishes, I will seek to keep my remarks as brief as possible, but I am bound to say to you, sir, that the matters that we are discussing tonight are matters of some importance and should not be passed over lightly. It would be a pity if the obvious devotion of many of our colleagues to public duties outside this place were to deter us from giving this matter very serious consideration.

**Lord Bruce**

I speak on behalf of the Socialist Group tonight only perhaps in a limited sense, because my group has not yet had a complete opportunity of debating in detail some of the matters that are raised in the report produced by my colleague Mr Spinelli. Yet I think a very large measure of agreement must be assumed. The Committee on Economic and Monetary Affairs, on which all parties are represented roughly in accordance with the political proportions they occupy in this House, and the Committee on Budgets itself have come out in favour of the Community facility as such. The principle that there shall be made available an additional 1 000m u.a. by way of loans is, I would have thought, a matter that could command general assent. It is the manner in which this should be administered that gives rise to the greatest controversy, if indeed the controversy at the end of the debate may be considered to be great. For many years, successive rapporteurs on the European budget have commented on the fact that the resources made available to the Community are very limited, both as a percentage of gross national product and also as a percentage of the aggregate national budgets. The point has been made many times that because of the growing disparity between the richer and the poorer regions of the Community, some other measures would have to be taken in order to reduce the imbalance. Indeed, the point has been made very explicitly by Mr Spinelli in the series of amendments that he has made in the proposed regulations, which make very great play upon this fact. So, the principle of making 1 000 million available on loans — and I emphasize on loans, repayable loans — is one that ought to command the general support of all political groups, and indeed of Parliament as a whole.

Now we come to the question of the competence of administration. I will not, because of the lateness of the hour and because of your express wishes to me, go into this matter in very great detail; but I will venture to say this: speaking as a Socialist, which I am proud to be, I have no touching faith in the infallibility of bankers. Bankers are not always the best people to determine political policy and political direction. I do not wish to touch upon the experiences of those belonging to other Member States: I need only to refer to my own country. The record of bankers in my country in the 1930s in relation to the entire agricultural community of East Anglia was not very impressive. They succeeded in ruining thousands of farmers in my country in the thirties. The record of bankers in my country in 1972, '73, '74, when they encouraged investment in fringe banks, in speculative property development, from which my own country is still suffering, is not one that encourages one to have any faith in bankers as a race, or as a section. In so saying, I am not casting any aspersions whatever upon those whose responsibility it is to administer the European Investment Bank. Indeed, it would be folly to do so, because of course they comprise the finance ministers

of all Member States including my own, and I would not wish to impugn either their business ability or their political and economic integrity. I merely make the point that bankers are not by nature infallible political or even business animals, and so any kind of genuflection to a bank because it is a bank is in my view greatly misplaced.

Now it may be said that the Commission is not really competent to administer these vast sums of money that are involved. Vast? Loans of one thousand million? Compared with an annual expenditure on agriculture of seven thousand million? Come, come! We do not, when it comes to the question of agricultural policy, whereby the Commission is endowed with the daily responsibility of dispersing vast sums of money — not on loan but by way of direct payments — question their competence. Nobody here gets up and says, 'Oh well, we've got to have the European Investment Bank involved in all these payments, because they are the only people that know how to deal with money.' Not — if I may say so, somewhat irreverently, Mr President — not on your nelly. This doesn't happen. Yet when it comes to the question of repayable loans, the suggestion is made that somehow the Commission is incompetent, the Commission that spends seven thousand million on agriculture year after year is not competent to direct loans into various sections of the Community. Plainly, this, if I may say so with all possible moderation, for which I am undoubtedly renowned, is a piece of nonsense. Moreover, it is very late, because, as Mr Ortoli himself indicated, the ECSC has been making loans for twenty years. It has not done them through the European Investment Bank: if you will refer to Article 49 of the ECSC Treaty, it is the High Authority, with the Council and its advisors, that have been responsible for making the loans. So I suggest that if anybody is at this late stage suddenly querying the competence of a political authority to make loans they might have started to raise the query some twenty years ago, when it would have been more relevant. So, with the greatest possible regret and at the risk of rupture with many of my very valued and friendly colleagues, I would dispense with this argument in one very moderate term for me: a lot of nonsense.

The stakes that are involved in the Community are very large. We are living in a time of unemployment. We are living in a time when Mr Davignon, for quite laudable reasons, is introducing structural and sectoral reforms in various parts of industry that are probably going to increase unemployment and enhance the disparity between the regions. It is all very well to say, well, of course, there are adequate supplies of capital available from private sources, I say this, of course, as a Socialist.

*(Laughter)*

It is all very well to say there are adequate amounts of capital available from private sources which, provided that the profit incentive, the sound business canons,

**Lord Bruce**

are guaranteed, will channel its way automatically where it is required. This, once again, if I may say so again with my usual moderation, is complete nonsense, because the very fact that the Regional and Social Funds are themselves aimed at reducing regional imbalances and removing social injustice is in itself a testimony that there is a social and political function which private investment has not been able to fulfil. Who, then, and who among Socialists is going to deny to a public authority the right, and indeed the duty, to take a political decision to invest where it thinks the money ought to go? Who, being a European, wishes to take that right away from the Community and say it is a matter for the Member States?

At the end of the debate today, and after the vote — whenever the vote takes place — all good Europeans can stand up and be counted. If they do not vote in principle for this loan, they will lack the justification for calling themselves good Europeans. We are parliamentarians here, and of course, being parliamentarians, we desire to retain as far as we can the fullest possible parliamentary control that may be feasible, and for that reason I support in the main, though not in their entirety, the proposals put forward by Mr Spinelli, which lay the duties more specifically upon the Commission, and lay it in far greater detail than make for greater budgetary transparency.

Mr President, I have already spoken too long and I must apologize to you, but in my view, which I cannot say is officially that of my group, who have not been finally consulted in this matter, these are proposals that mark a very considerable step forward. They may be small and halting in many ways, but they constitute a new departure, they provide for harnessing the Community's investment, the Community's capital reputation to the tasks of alleviating the scourges of unemployment which are the curse of our times.

*(Applause)*

**President.** — In your brevity you used up your 15 minutes completely, my noble Lord.

I call Mr Aigner to speak on behalf of the Christian-Democratic Group (EPP).

**Mr Aigner.** — *(D)* Mr President, honourable Members, after those fireworks from my highly esteemed colleague Lord Bruce of Donington, I would like to follow a precept put to us a couple of hours ago at the Committee on Budgets' meeting by the President-in-Office of the Council, who asked us to 'Make love, not war'.

*(Laughter)*

I would like to follow this advice here and express, on behalf of my Group, my gratitude for the sound work

which the rapporteur has put before us and also for the intensive discussions which have been conducted by the two Committees, the Committee on Budgets and the Committee on Economic and Monetary Affairs.

It is unfortunate that, with the workload as it is, consultation was not as we might have wished. Mr Müller-Hermann, I am very sorry that your opinion reached us too late, but I would like to explain nevertheless that we have had some energetic debates and I believe that the present document represents a compromise between the two committees and I would like to say on behalf of my Group that we are one hundred per cent behind this compromise proposal.

Mr President, I would like to be brief. I hope that I shall not need as much as fifteen minutes, but I would like to point out that this is for us a matter of major importance which we have been trying to settle for many years. Mr Ortoli, I recall that we called for a more substantial Community loan policy as long as ten years ago, and our thanks go today first and foremost to the European Council which has made this facility possible; we are of the opinion that it is an indispensable facility if the Community is to develop, in the light of the limit set on our own resources, namely one per cent of Community VAT. If the ideas of the Council, Commission and Parliament which we have been discussing today were to be realized, even only partially, we would soon hit the ceiling of our own resources as it is set at the moment.

I would also like to make it quite clear to the Commission and the Council that our position in this case is not a consultative one, as is usually the case in the legislative procedure. As the rapporteur has pointed out this is in itself virtually a legislative procedure. I would like to would ask both institutions to appreciate the fact that we are here at the conciliation stage in which, as all the institutions agree, and according to past practice, Parliament can also claim legislative rights since the budgetary procedure as such is intimately involved.

I make these observations, Mr President, on behalf of my Group, and I hope that our views will be subscribed to by the other institutions. If this is not the case the conciliation procedure must be continued until we reach agreement.

Mr President, I come now to the proposal itself. Mr Ortoli, I have to tell you that my colleagues and all the Members of the Committee on Budgets were somewhat surprised at the ideas presented to us in this document by the Commission. Why? This has nothing to do with lack of faith in the Bank — on the contrary I shall be defending the Bank's position. Ah, Lord Bruce is no longer with us — what a pity that he will not be able to hear my defence of the Bank — but I shall repeat it to him later in private.

## Aigner

It is simply impossible that you should only see the legal position of the Commission. The Community's constitution is such that a narrowing of the Commission's legal base automatically affects the legal position of the Parliament. This is the reason for our reproach — and of course your intentions were not malicious — that you did not take enough trouble in your conciliation dealings with us, since this would have made earlier agreement on many points easier to attain, no doubt, than is at present the case.

Why do I think that the Commission's concept is not feasible? It is impossible for a bank to offload the whole risk onto the Commission while retaining for itself all the positive elements, Mr Ortoli, and it is also completely impossible that you should have let yourself be led into a constitutional position where the Commission's role has every appearance of being a consultative one and the Bank will become the decision-making instrument. This is a position which no self-respecting Parliament could ever accept.

We have here a basic preoccupation, Mr President, and this — if I may use the words of the rapporteur — is a) that the new financial instrument must be placed at the service of a policy to revitalize the Community, b) borrowings under the instrument must be entered in the budget and approved in accordance with the budgetary procedure, i.e. budgetization, and c) the Commission must be directly responsible for granting the loans.

Mr President, it goes without saying that the organization that bears the risk should also have ultimate responsibility.

If this is not the case, then there is something wrong with all the rules of our free market economy — this was the first major obstacle which prevented us from immediately agreeing to your draft, Mr President.

There is also a second obstacle. This facility, Mr Ortoli, must serve to create greater convergence between our economic policies. I find it impossible to ask a bank to make political decisions. That is the job of the Commission and of the Parliament and the Council. Consequently we cannot even institute a dialogue with the Bank. Dialogue is possible with the Council, and most readily of all with the Commission. It is only natural that this Parliament — in requesting budgetization of these funds — should also wish to determine their political orientation, not just by means of guidelines but also by the right to be consulted and kept informed and to monitor their utilization. In this, Mr Ortoli — so that we do not misunderstand each other — I have always sharply criticised those here in Parliament who have said that we should have a part in implementation measures, or lever the Commission out of its political responsi-

bility. No, the execution of the budget is the sole responsibility of the Commission. But the Commission is accountable to Parliament and thereby to the public, and this is our responsibility: I need only mention the supervisory powers, and now with the new Court of Auditors, the concomitant supervision, or should I say accompanying dialogue, such as we have now had for some years with you Mr Ortoli, and which has I believe been most successful for both sides.

Mr President, we would like to see the capital available in the Commission put to use. I am grateful to you, Mr Ortoli, for supporting the good work of the High Authority of Euratom as regards loans. Anyone who has been aware of recent developments would confirm that the Community — in the form of the Commission — has acquired a fantastic position as borrower on every capital market. Why should this position suddenly be surrendered? It goes without saying that the Commission should retain its role in loan policy. This is not so much at issue, although several points were left open here too. But then there was the second question: if the Community accepts the risk and the liability for these loans, then the Commission must also have a say in the granting of loans in order to carry through its own policy.

None of us expressed the slightest doubt, Mr President, and that includes the Committee on Budgets, as regards accepting the ample capacity of the European Investment Bank for managing these loans, and as regards accepting that that we should make full use of that capacity. No-one cast any doubt on what is in fact self-evident. And as a result what we are now proposing, as a compromise with the Committee on Economic and Monetary Affairs — as the matter was agreed in my Group at least — is our view that the Bank's capacity is fully utilized. But Mr Ortoli, if I may dispense with the formalities — we should not lead bankers into temptation — and as soon as you offer a bank the opportunity to rid itself of negative business — to put it in simple terms — and to retain all the positive business for the bank, you will be leading any banker into temptation — bankers are after all liable for their capital and have a duty to make profits and carry out their business with the greatest possible financial success — unless you retain the possibility of eventual intervention when developments get out of line.

So I will conclude, Mr President. As you will see I have not used up all of my 15 minutes. I would like to express my thanks today above all to the Council. I hope that the need for conciliation has been dispelled, and that we have found an acceptable compromise. At this point I would like to put in a word for my absent colleagues. I believe that this discussion has had the

**Aigner**

full attention of the committees and also of the political groups. We have been discussing it for months. The fact that so many colleagues are not here today does not mean that they are not interested in the subject — voting will of course in any case not be taking place today — but there are so many other things to occupy us this evening. President Jenkins has invited a large number of Members to dinner. We have delegations from Spain, New Zealand, I think there are in all three or four delegations. This should be made clear, and it should be pointed out to the public that the emptiness of the House tonight is not due to a lack of interest.

I would then like to offer sincere thanks once again to all those who have worked so hard to formulate these views, and I only hope that this loan facility will really produce the results we hope for.

*(Applause)*

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

**Mr Bangemann.** — *(D)* Mr President, if we are to deal with this proposal seriously then we should first underline the fact that there are of course differences between a bank and the possibilities open to a bank, and the technical know-how of a bank on the one hand and on the other hand the facilities, constraints and powers of a political authority like the Commission. No-one would want to endow the Commission with the powers and facilities of a bank; no-one is suggesting that the European Investment Bank lacks these qualities if — as Mr Spinelli proposes — the Commission is to be given greater responsibility; the truth is not that we do not want this Bank as a technical instrument, but that we want to employ the technical instrument with some political responsibility. There should be no doubt on this point. The Bank cannot assume the political responsibility; the political responsibility must be assumed by the Commission and the budgetary authority; everything must be done to ensure that this is made quite clear. What our colleague Mr Spinelli has proposed on behalf of the Committee on Budgets — and with an overwhelming majority from the Committee on Budgets (the voting figures were eleven to one with one abstention) — is nothing more than an attempt to restore this political responsibility. I wanted to make that clear from the start to avoid the emergence of any unnecessary implications that we do not trust the Bank or the Commission, or that we trust the Commission more than the Bank. That is not at issue. That was the first point.

If this is so then it is, as Mr Aigner pointed out, important to know who has the last word. We can formulate guidelines, the Commission can draw up such guidelines with the agreement of Parliament or after consulting Parliament and the Bank or the Commis-

sion can scrutinize applications. None of this is so important: what is important is who finally authorizes the granting of loans. And here I must draw Mr Aigner's attention to the fact that, although his speech was excellent, it ran against his own amendment. That can happen to anyone. Of course it was a compromise, but Mr Aigner's explanations do not give enough substance to this compromise — this was a defence of Mr Spinelli and nothing more than that. I will tell you why, and I will tell you why you were right, Mr Aigner.

If it is right to say that the last word is the decisive one, we must then ask ourselves what you mean when you say in your amendment that the European Investment Bank should examine the requests from the point of view of their financial soundness and shall decide whether to make the loans on the basis of guidelines laid down by the Commission; in this case the European Investment Bank would have the last word. The sentence concerning the attitude of the Commission is meaningless since the Commission has clearly stated here that it intends to leave the last word to the Bank; this is also laid down in the Commission's proposal and thus it is clear that the Commission in no case intends to reserve in its guidelines the right to have the last word.

So, Mr Aigner, there has been much talk this evening of trust, but this matter is too important for me to rely on such trust. The main thing is that we should specify — as Mr Spinelli proposes — who should have the last word. It is right that the risk should be determined by the body that has the last word, and the risk is borne by us, the Community. Therefore the Community must, through its political bodies, have the last word. If this is so then we could immediately write into the guidelines — and this represents an amendment to your amendment — that the Commission should reserve for itself the final decision. This is something we could talk about. Basically this is what Mr Spinelli wants: but there is no need to prolong this part of the discussion.

Why is all this so important? The body that has the last word will decide on the basis of its own interests. If the Bank has the last word the decision will be based on banking considerations. If the Commission has the last word its decision will be dictated by political considerations. We could argue about which is the better solution, Mr Müller-Hermann, but here I agree with Lord Bruce of Donington; if we intend to grant such loans on the basis of normal banking rules, we need not concern ourselves with this point any further; there are enough banks for this purpose, and Mr Ortoli is also quite right when he says that this Bank is not like a normal bank. It is a bank which should be 'political'. If that is true, Mr President, then this Bank should not have the last word since either it will not pursue political aims at all, or else it will

**Bangemann**

assume a political role without bearing any political responsibility. And for this reason things cannot be left as proposed by the Committee on Economic and Monetary Affairs.

But there is a second reason, and this for me is much more important. I would ask Mr Ortolí to note that the amendments presented by the Committee on Budgets constitute a radical change of the whole proposal. If you look at Article 2 in your version and in the version which we propose, you will see that your version limits loans to one thousand million, whereas our proposal refers to loan policy in general, and simply mentions in the last paragraph that during the first year loans should not exceed one thousand million. In other words — and this is the important point — this is an opening, as I hope the Committee on Economic and Monetary Affairs will realize, for a Community loan policy which is not limited to this thousand million. Depending on where this opening leads us, we shall either be able to pursue a policy which is necessary for the Community and will open up new dimensions, or we shall be making the same unfortunate mistake that we made with the ECSC, and in the end the working budget will represent a minimal proportion of the total budget and the extraordinary budget will be fixed without regard to Parliament's political decisions. We would then be in a situation where a small proportion would be fixed in painstaking detail and the bulk of the loans would be determined by institutions outside the budgetary authority. This is the decision facing us now and which is embodied in the amendment to Article 2. What is at stake is not Mr Ortolí's 'billion'. We are not only concerned now with getting investment off the ground quickly, but with providing an opening for a loan policy which will either give Parliament the opportunity to conduct its policies with a sounder backing, rather than forcing us to take the wrong direction when we would otherwise have an open choice. For this reason I must ask the Committee on Economic and Monetary Affairs to support Mr Spinelli's report, as my group certainly will.

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

**Mr Brugha.** — Mr President, the Group of European Progressive Democrats is well aware of the need to stimulate a revival of economic activity in the Community, and to support common policies. It consequently welcomes this proposal for using the borrowing capacity of the Community as one of the most suitable means of financing investment projects which conform to priority Community objectives in the energy industry and infrastructure sectors. Experience has shown us that the Community's borrowing capacity is not inconsiderable and should therefore be used to the best advantage. In addition, borrowing is likely to become an increasingly effective and even

necessary instrument of financial policy of which the Community would be ill-advised not to avail itself.

A sector of Community activity that is so broad and serious in its implications, since it involves the debt burden of the Community, must be subject not only to a coherent and accurately defined long-term policy, but also to parliamentary control. My group has realized the implications of the problem right from the outset, since it was the first to table an amendment for the budgetization of loans in connection with the petrodollar loan. Whatever the occasion, whether in connection with Euratom or other loans, it has always reaffirmed its unreserved attachment to this principle. The European Parliament, whose main function is control of the Community's financial activities, must not allow itself to be deprived of its rights in this matter. The fact that the principle of loan budgetization is gradually becoming more firmly established, thus enabling Parliament to exercise its powers to the full, makes it essential for the responsibility for borrowing operations to lie with the Commission. It seems to me having listened to the controversy, that the ultimate decision should lie with the Commission, in the sense that the ultimate decision is a political one. That does not prevent the Commission from seeking and listening to the advice of the European Investment Bank. But in the last analysis we all know that bankers tend to be cautious, and very often over-cautious, and are not conditioned to take difficult decisions. My group believes that the role of the Investment Bank should be that of a technical intermediary, while ultimate responsibility should lie with the Commission.

I am sure that the Parliament will not want to see this investment facility deal solely with operations which have no regional dimension. In Ireland, in the South of France and the Southern Italian Region, which suffer from structural problems and underdevelopment, investment is essential, not only to restore, but to start up, economic activity. Without investment, whether it is to provide factories or infrastructural facilities, the levels of employment and progress enjoyed in the more advanced areas of the Community cannot be achieved. The Commission's failure properly to emphasize the regional dimension in this proposal must be pointed out. Parliament has consistently brought the crisis in regional development to the forefront whenever possible.

The purpose of this instrument, we believe, is to help the Community to progress towards economic and monetary union. You will recall that the Commission stated in its programme on EMU, in the context of its investment policy, that the Community's priority requirements are: energy, industry and infrastructural development, with due allowance for their regional impact. However, the Commission proposal which we are discussing does not define the regional scope of the provisions. It is very important therefore that we



## Brugha

stress the need to introduce clearly defined terms in the context of regional matters.

The backward regions of the Community need economic support, not only from the Regional Fund, but also from this investment mechanism. It goes without saying that if the Regional Fund were large enough, this investment instrument could be devoted solely to the modernization of existing plants. The sum involved in this investment proposal is 1 000m u.a. The Commission suggests that this is appropriate for lending support to the investment effort, yet the magnitude of the investment effort is so great, in terms of regional needs and unemployment, that this sum cannot be regarded as sufficient. We can foresee situations developing whereby applications for modernization will be competing with those for investment funds. We therefore suggest that attention should be given in the near future, not merely to creating a purely successful economic community, but to the social dimension involved. Investment must create employment, particularly when we realize that in February of this year, 6.3 million people were unemployed in the Community.

In conclusion I would like to repeat that our group supports the need to promote a coordinated investment plan at Community level. However, it must be a plan that takes fully into account the regional needs of the Community. This is not the regional needs of the Community. This is not only provides employment, but also gives the Community a strong competitive position in the world market.

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

**Sir Brandon Rhys Williams.** — Mr President, I regret that I have to begin by joining other speakers to protest that Parliament has had so little time to consider the Commission's recommendations, which were only published as recently as 10 February 1978. This proposal is an extremely important one. It raises issues which have given rise to acute controversy in the committees which have been studying them and also in the plenary session tonight. The plan, however, is not a new one. The proposals have been going through a gestation of a number of months, and I think it is unfortunate that only at the last moment we have been presented with the text and asked to debate it and express our views as early as tonight, so that there has not even been room for the normal processes of consultation between the responsible committees.

That said, however, I would like to say, on behalf of the Conservative Group, that we warmly welcome this initiative on the part of Vice-President Ortoli. We feel

that it enables the Community to reach out towards two major objectives. Firstly, to put the Community budget on a longer perspective. In budgeting from year to year, as we have had to do broadly speaking until now, the Community is still living in the stone age of finance, whereas national and even local financial authorities are able to plan their budgets over a long term. By developing a Community loan structure we are taking the first major step in this important direction, and Vice-President Ortoli is to be congratulated on being the man to bring this proposal forward. Secondly, the Community ought, through this facility, to make a serious start in recycling the OPEC surpluses and other homeless funds into useful and profitable investments. I stress the word 'profitable' because it is of course the nub of the debates which we have been holding in the Parliament about the role of the Investment Bank. The Conservative Group feels that there is plenty of room for expansion in the activities of the bank, without requiring it to leave the secure base of its existing, well-established policies. That is to say, that it seeks to finance projects which are financially viable. We welcome the fact that the Copenhagen Council has just announced its intention to allow the bank to double its capital, but even that is not enough, and therefore the Ortoli facility as a further source of funds is necessary and right.

The loans to be made under the Ortoli facility should be viable propositions. There may be scope for a Community initiative to provide soft loans for politically desirable projects which are not commercial, and the Conservative group is certainly not trying to say that this is not a matter which needs study. But we do not believe that the Ortoli facility should be used in that way. At this point, of course, we are parting company with our distinguished rapporteur. I would like to stress — I am sorry that Lord Bruce is not here — that we do not take this stand because we are questioning the Commission's competence. That is not the issue at all. It is simply a question of policy. Do we wish to change the character of the Ortoli initiative, possibly to cross swords with the Council, by turning this initiative into a vehicle for provision of political and soft loans. We think that would only lead to controversy and delay, and we prefer that the Ortoli initiative should achieve its success at once. Later we can consider the possibility of providing for soft loans of for political advances through the Regional Fund or through other means at the appropriate time. The Ortoli fund differs from the general run of loan facilities available through the EIB, because it is a source of funds specially earmarked for the support of Community projects which the Commission has endorsed as priority objectives in the energy-saving and regional policy fields. Those are highly important objectives which are supported in all parts of the Parliament and we feel that we should do nothing which is likely to endanger the project.

### Rhys Williams

The Conservative Group is therefore in particular not able to support the new version of Article 5 proposed by the rapporteur and prefers the Commission's original text. We will, however, of course study Mr Muller-Hermann's alternative in his Amendment No 7, and we will certainly support it if we find that we can when we have fully studied the implications. We feel that the rotation of a thousand million units of account will not achieve much if it is not accompanied by other measures. I would like to draw particular attention to the provisions of Article 3, where it is stipulated that borrowing and lending transactions shall be expressed in the same currency. I think it is inevitable that the matter should be dealt with in that way. But of course important questions immediately arise. Which currency is to be the chosen vehicle for the Ortolí facility? How will borrowers be protected against the exchange risk, whichever currency is chosen? I believe, speaking for myself, that the Community needs, somewhere, a lender of foreign currency futures of last resort — an extension of the system of export credit guarantees into the currency risk field. The British Treasury has already recognized this need in connection with European Investment Bank loans and has, I understand, agreed to protect the borrowers against the currency risk at premium of only 1 % per annum on top of the rate of interest. That is undoubtedly a step in the right direction, and I think the Commission should study whether it cannot urgently be followed up in connection with loans granted under the Ortolí facility.

Even if the currency chosen is an intermediate medium, like the SDR or perhaps the European Community unit, which is never as strong as the strongest currency, and never as weak as the weakest in the particular formulation, borrowers would welcome the added confidence they would derive from security against exchange risks. It will be cheaper for central banks to offer this kind of support than to intervene at vast expense on the open market to achieve stability by that means alone.

I would like to take a few moments just to explain the reasons for the Conservative amendment to Article No 2 — this is, amendment No 3. I do not want anyone to take this as a personal affront to the Commission or to any of its dedicated and competent officials, but the Commission is not a bank and should not seek to extend its functions so as to constitute a second Community bank independent of the European Investment Bank. We therefore suggest the inclusion of the phrase that, in raising the money required for the Ortolí facility on the capital markets, the Commission should employ the European Investment Bank as its agent, as its intermediary. We know that the Commission is already established in the role of negotiator in the capital markets on the whole behalf of the coal and steel community and has been for

many years, with success. But we hope that the Ortolí facility will grow ultimately in importance, far beyond what the Commission has been doing simply on behalf of the coal and steel community, and that it will no longer be unimportant that the Community may be found to speak with two voices, when raising its funds in the world capital markets. It might be thought desirable for the Commission to have the discretion as to which advisers it will select in raising funds, and which national capital market should become the base for its operations. On balance, however, my group believes the same agent should act for the Community on each side of the transactions, namely in raising the funds and also in making the loans. This is a field in which specialists and technicians have a role to play, and I think it would be a bad precedent if the Commission persisted in its view that this is a matter where Commission staff, and even Commissioners themselves, should personally become involved. Authorities well placed to judge take the same view, and my group will therefore press this amendment. In general, however, we congratulate Vice-President Ortolí on his initiative and wish it well. The new facility is necessary, opportune and deserves the support of Parliament, Council and the business community at large.

**President.** — I have five more speakers listed. I propose that each speaker should only speak for five minutes?

That is agreed.

I call Mr Radoux.

**Mr Radoux.** — (*F*) Mr President, ladies and gentlemen, I wish to express both satisfaction and concern.

Satisfaction because this proposal, on which the Commission and in particular its author Mr Ortolí, should be congratulated, aims at promoting investment within the Community at a time of crisis.

Concern because the proposal in question raises problems which go far beyond questions of budgetary technique and financial resources. This proposal raises the question of the balance between the institutions within the Community. The Commission has agreed to abandon to the Council and the Bank powers and responsibilities with which it was invested by the Treaty. In addition, it has disregarded the responsibilities of the budgetary authority, which includes Parliament.

Following the discussions held in the Committee on Budgets, and having listened carefully to Mr Ortolí, I have noted that, on the basis of existing documents, the effect of the Commission's proposal will be, firstly, to give the Council the power to authorize borrowing operations and, secondly, to give the Bank the power to allocate and administer loans.

**Radoux**

What is the Bank going to do? What will it be able to do? From now on, it will have a free hand because its action will be geared towards obtaining a return on investment and not towards the implementation of a policy.

Let us turn to the role of the Commission. Under the system adopted after the Euratom loans were issued a year ago, the Commission exercises the rights conferred on it by the Treaties *vis-à-vis* both the Council and the Bank: in other words, the Commission retains the right to issue loans, it grants the loans itself, and it may be assisted by the Bank at the level of technical management. I would point out that, on 24 February 1978, the *ad hoc* working party of the Committee on Budgets spelt out its position on this Community practice.

The working party reached the following conclusions with regard to the allocation of roles:

- (a) the Council decides, on a proposal from the Commission and after consultation with Parliament, on the most important details of the general borrowing mechanism;
- (b) the budgetary authority authorizes, up to a ceiling which it fixes annually, the obtaining and granting of loans;
- (c) the Commission assumes full responsibility for the single and coordinated management of the borrowing mechanism; it alone decides, within the framework of the overall annual budget, on specific borrowing and lending operations;
- (d) the Bank may, in addition to its activities as described in Article 130 of the EEC Treaty, assist the Commission in the practical management of specifically Community loans, but without replacing the Commission, under a general mandate granted to it by the Commission.

Hence my question: why is the Commission today proposing a mechanism under which it cedes the power of decision to the Council and its administrative powers to the Bank? Mr President, ladies and gentlemen, the project itself is most commendable, but the procedure involved jeopardizes the proper functioning of our institutions.

**President.** — I call Mr Shaw.

**Mr Shaw.** — Mr President, firstly I would like to congratulate the Commission, as others have done, on their proposals and also, of course, Mr Spinelli, who has worked so hard to bring this before us tonight. It is therefore with a certain sorrow that we have tabled certain amendments at this stage, but I hope that he will regard that as being a sign that we really take the project seriously. We are right to take it seriously, because it does give tremendous new opportunities to the Community, opportunities that we, in this House, have been seeking for some considerable time. I fully

support everything that has been said by my colleague Sir Brandon Rhys Williams and will not deal with those points on which he has touched.

May I deal, therefore, with just two points. Firstly, a lot has been said about banks and their effects in the past. Of course, the context of those remarks, particularly from Lord Bruce — and I am sorry that he is not here — is the assumption that the banks have been working in a world of their own. They have been working in a political climate. One has to accept the broad political climate that is the basis of the bank's activities before one can get a true picture. This is where we come directly to the matter in hand.

I believe that the administrative aspect must be left on both sides to the Investment Bank. But the powers of implementation, the guidelines and so on, are political and must, in the last resort, reside with the budget authority. The Commission has said that it wishes to make proposals to the Council. Other amendments have sought to give the Commission the last word. My own view is that the budget authority is the appropriate body, and therefore Parliament must be involved in some way, as Mr Spinelli so rightly says. I do not think there is such a great difference as perhaps has been made out, because in 9 cases out of 10 — or perhaps it may be 999 out of a 1 000 — I am sure the Council and the Commission would agree. I personally, if I were involved in a conciliation procedure, would accept that wherever the Council and the Commission agreed on guidelines in a particular *tranche*, there would be no need for conciliation, but the conciliation procedure would be there as a long-stop in case the Council disagreed with the Commission and the Commission could therefore insist that the conciliation took place. I think that is important, because it does mean that Parliament will have a say, but not every time, and it therefore will not be cumbersome, as our amendment may suggest. But we shall have to make alterations as the years go by in order to tune the system to our needs.

Finally, on budgetization, I do not believe that we should seek to amend any of the agreed procedure that is now being practised. That should be done when we are considering the general budgetary procedure, not in the context of a particular proposal such as this one. With those remarks, Mr President, I welcome the proposal.

**President.** — I call Mr Ripamonti.

**Mr Ripamonti.** — (I) Mr President, the Commission's proposal opens a new era in the Community's investment policy, in line with the specific commitment made and implemented by Mr Ortoli, whom I thank warmly, and represents an important step forward in the Community's policy of economic revival.

### Ripamonti

With this recourse to the financial market, the resources available to the Community are increased, to be used in specific sectors to bring about a real increase in the rate of economic growth and a relative reduction in unemployment.

Projects financed in this way will be aimed at achieving the Community's priority objectives in the energy sector, in industrial reconversion towards advanced technology sectors, in infrastructures, taking account of their contribution to re-establishing balance among the regions.

The Committee on Budgets has made considerable additions to the text proposed by the Commission. I think it was right to express its view, in the light of the pressing need to get this new phase of the investment policy under way. If it had awaited the opinion of the Committee on Economic and Monetary Affairs, we would certainly not have been debating this resolution here today. I must congratulate Mr Spinelli for the intelligent work he has done and the proposals he has put forward and which have been accepted by the Committee on Budgets.

The additions proposed in this way make more explicit the Commission's responsibility in raising and granting loans, laying down the method in detail in Article 2 of the new text proposed by the Committee on Budgets. After first entering the loans in the budget, which is required to ensure the Community guarantee and to ensure that a decision is made by the budgetary authority, the Commission proposes to the Council, after consulting Parliament, the general guidelines for the use of loans and the rules by which it will determine the eligibility of projects. The amendment to Article 3 introduces the possibility of loans being granted on special terms in certain sectors.

The crucial point is the method of granting loans describes in Article 5. Here I must say that the proposal put forward by Mr Aigner, which I ask Mr Spinelli to consider, does not alter the fact that the Commission has the primary responsibility. Applications for loans are always submitted to the Commission, and it has responsibility for deciding on their eligibility. They are then forwarded to the European Investment Bank which examines their financial soundness and decides whether to grant the loan within the objectives laid down by the Commission, unless the Commission decides, in issuing its directives, to reserve the final decision.

I believe that this new wording of Article 5 answers a number of worries put forward here by Mr Ortoli and leaves the Commission the power to decide on the definitive granting of loans. If we reach agreement on Article 5, I believe that the broad majority of Parliament will support the launching of this new investment policy by the Commission to overcome the present recession.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — Mr President, even at 10 past 10, perhaps the voice of dissent ought still to be heard. Frankly, the whole orientation of Mr Spinelli's proposals, and indeed those of the Commission in this matter, seem to some of us — now admittedly a minority in my Group — to be open to question. Giving the Commission a separate authority to borrow on behalf of the Community does not seem to be a function which should be assumed by the Commission; rather, it should be maintained by the Bank.

Does the Commission — and this is a question to Mr Ortoli — in fact have a large staff with any expertise to do this? Am I wrong in saying that within the Directorate-General responsible for credit and investments, only a very small administrative staff is available to cover all the responsibilities assigned to that Directorate-General? Would it not be better in that case to keep the borrowing activity within the Bank? After all, it is not just any old bank. I mean the directors of this bank are Mr Matthoeffler, Mr Healey, Mr Barre and our other finance ministers, and to say that bankers' criteria always apply is just not correct.

The whole of the amendments to Article 2 seem to some of us to be misplaced. The activation of the different instalments by a procedure requiring the approval of the budgetary authority, Parliament and the Council, seems unnecessarily cumbersome. Furthermore, a greater degree of flexibility is needed to govern the whole approach to the capital market. The judgment as to the appropriateness of having recourse to the capital markets is one that the Bank is best placed to make.

The amendments proposed by Mr Spinelli to article 5 repeat the same mistakes, in our view, about responsibility. The procedure outlined again is very cumbersome, whereas the Commission's text is at least clear in this. Article 5 seems to envisage conflict between the Commission and the European Investment Bank, with the Commission free to make loans even if the EIB considers them financially unsound. I ask Mr Ortoli at this point: suppose loans given under the Ortoli facility do turn out to be bad — and there is a good deal of risk involved — who foots the bill for this? Is it a fact that it will come off Parliament's budget if mistakes are made?

Initially, in the Commission's proposal it was suggested that the Commission should obtain an agreement with the Bank and confide to it the job of making loans under this decision. That seems to be the sensible approach, and obviously in the frequent contacts between the Commission and the Bank, it would be possible to iron out problems of coordination.

**Dalyell**

I think that Mr Spinelli's proposed amendments totally misinterpret what should be the appropriate functions of the different bodies. The capital market is not so flush with surplus capital that it will provide finance for any projects that appear. The Bank's reputation for sound judgment is vital if we are to get the extra finance for Community investment. The Commission, frankly, does not share this same standing, and at the last meeting of the Committee on Budgets, we had the evidence of a former minister of finance, Richie Ryan, who on the basis of his experience, does not believe that the Commission would enjoy the same success as the Bank in getting extra funds to finance Community projects. Does Mr Ortoli think that it will be easy for the Commission to raise these funds? Because some of us think that we have to decide between a very narrow doctrinaire approach, which is in fact a constitutionalist's delight, and the need to guarantee extra funds for Community, regional and energy investment needs. God knows, I think the Community has a job to do, but why not do it through the existing Regional Fund?

Finally, could Mr Ortoli give a concrete example of what the European Investment Bank would not do and what the Commission would do, which is not better done — and this is the nub of it — by national governments? It is the last question I have to ask.

**President.** — I call Mr Ellis.

**Mr Ellis.** — Mr President, I welcome and applaud Mr Spinelli's report and particularly the amendments he puts down to the proposed Council directive. I also applaud the speech of my very good friend, Lord Bruce.

I could do no better perhaps than try to emulate his moderation, although I doubt whether I will succeed in that. I would like to say two things about Lord Bruce's speech, however. I would like to disagree with him in one thing and correct him in another. He did give the impression, I thought, that somehow or other the Socialist Group was a little bit uncertain of itself. Well, out of the kindness of his heart, I think he did possibly try to skate over, as it were, the more idiosyncratic behaviour of a few of my friends in my group, but the fact is that the Socialist Group did vote on the package as a whole and voted overwhelmingly in favour of it. I thought I had better correct that impression that might have gone out. Secondly, he did say that he thought that the principle had been established of providing these new monies and that the controversy was in the manner its administration. I am not sure that the principle at stake is precisely the manner, rather than the fact that more money is made available for a particular purpose. We have got funds now for a variety of purposes, and I think that there is a fundamental principle here, and I am led to believe that many members of the Committee on Economic

and Monetary Affairs realize that there is a principle at stake in the manner of the administration.

I have just joined that particular committee, and at my first meeting with discussion on this subject — the discussion has of course taken place at previous meetings — I was rather bemused at first to find that the discussion seemed to be taking place at a very technical level of the competence of the Commission as bankers, of the competence of the European Investment Bank, whether the Commission had the staff and so on — this was the level. Well, of course, there are many facets to the issue, but I think they fall into levels of importance, and the least important level, it seems to me, is this particular issue. A second level — a more important level — is the question that has been mentioned of the Parliament's function in relation to this particular proposal. But overwhelmingly the most important issue at stake — the most important facet of the proposals — is the fact that here there is at least an opportunity to get a Community industrial policy under way. We do see now the beginnings of an industrial policy dimly taking shape. It seems to me that what really is at stake here is trying to get this thing off the ground. The plain fact of the matter is that right across the Community, in our various countries, governments do in fact attempt this kind of process. One of the criticisms I made in my own country of an agency set up by the British Government precisely for this kind of function, only on a smaller scale, is that the particular agency in its first year underspent the monies that it was entitled to spend by a half. That is to say, it failed, as it were, to be sufficiently speculative, to be prepared sufficiently to take the risk to enable the objectives that were set before it to be attained. Therefore I sincerely hope that Parliament tomorrow will pass the amendments put down by Mr Spinelli in his report, and I certainly commend them to the House.

**President.** — I call Mr Brown.

**Mr Brown.** — Mr President, I have listened with interest to all that is being said. What I really wanted to say, very shortly, was my sense of annoyance that the major function which is outlined for this money to be spent on is identified in Article 1, and it is energy-related projects. Yet the one committee that has not been asked to give its view on either sums or money, or on the criteria to be used, is in fact the Committee on Energy and Research. One would like to know why, if that is the first function upon which this money is to be spent, we are regaled by the views of the Committee on Budgets and the Committee on Regional Policy, Regional Planning and Transport and any *ad hoc* group, and yet on the subject matter for which the money is to be spent the Committee on Energy and Research was not even asked to give a view.

**Brown**

Therefore I would like to ask the Commissioner, Mr Ortoli, if he will tell me — give me some concrete examples — of the type of energy-related projects he has in mind. Are they, for example, proposing to buy cheap coal, imported coal from Third World countries, or are we going to spend money trying to use the coal mountains we have got in the EEC itself? Are we going to try and build new forms of power stations or to give new ideas of firing power stations, or are we going to perhaps do something on safety in the mines? I think we are entitled to know what the term 'energy-related' mean, and I do hope, in order that I may be able to support the proposals tonight, to hear from him the examples he has put to all those he has spoken to, so that I may know, and the Committee on Energy and Research may know, the sort of things he has in mind.

**President.** — I call Mr Ortoli.

**Mr Ortoli, Vice-President of the Commission.** — (F)

The honourable Member will appreciate that it is not for me to decide on Parliament's behalf which committee should be the committee responsible. However, it is evident that we have considered energy to be one of the main areas in which we are to pursue our action because we know that, over the next ten years, we shall have to spend between 250 000 and 300 000 million dollars on the development of traditional and new sources of energy and on energy conservation. In other words, the very structure of our investments is currently undergoing a change which indicates the need for further action in the field of energy. I should not be surprised if, in the next few years, energy investment as a percentage of Community GNP increased from today's figure of 1 % to over 1.5 % and perhaps 2 %, calling for a substantial increase in funds. Bearing that in mind, what sort of programme should we envisage? We might consider, for example, significant programmes in the field of energy transportation. As regards electric energy, we might attempt a much closer coordination of the programmes of the various countries, so that we better could utilize the maximum energy available at certain periods, thus obviating the need for investment in other countries. At Community level, we could speed up the programme for the development of geothermal energy. It would seem, therefore, that areas of common interest exist and that we could step up certain investment by means of an additional contribution. However, the end of this debate is not the time for a fresh definition of all our ideas on this question.

I have listened carefully, Mr President, to all the speeches, and have tried to understand and appreciate the divergent views which may be held on the Commission's proposal. However, I am surprised that misunderstandings persist despite the useful discussions we have had in committee.

Firstly, I should like to say that I have no doubts about the Commission's competence as regards loans. To those who say that we want to abandon everything, I would reply that we definitely do not want to abandon our activities in the field of loans, or in any other.

You may remember that last year we issued a debenture loan of 500 million, more than we had ever issued before. This was done by the Commission, without involving the European Investment Bank.

There was widespread praise in financial publications for the manner in which the negotiations were conducted and the result which we achieved, particularly with regard to interest. In 1976, within the framework of the 'balance of payments' loan, we issued a loan of 1 300 million, together with additional loans of 600 or 700 million for the ECSC: that year the Commission borrowed more than the Bank! We have thus acquired a certain experience, which is recognized in the financial circles with which we habitually work.

I would also point out to Parliament that the respective financial powers of the ECSC, Euratom and the Community are different. In the Treaties establishing the ECSC and Euratom, this power to issue loans is explicitly provided for and defined — although this did not prevent us as in the case of Euratom, from acting through the Bank to some extent — whereas the EEC Treaty set up a bank, which was not done for the ECSC or for Euratom: we are thus able to make use of an instrument provided for under the Treaty.

It seemed to me natural, under the article which is to confer new responsibilities on the Community, that we should make use — at least partly — of the instruments set up under the Treaty for the exercise of those responsibilities.

Let us look at the facts. We are proposing loans, and I am gratified that you welcome this. Naturally, we hope that we shall be successful, but we have to show that we are capable not only of issuing loans efficiently — and I am fully confident we can do that — but also of spending effectively to further various policies. We are not abandoning anything! We have retained our borrowing powers, the rights of proposal and initiative and to submit guidelines and directives, which may contain specific instructions for the Bank (for example, that it should take account of technology or accept that profitability may be secondary in the case of projects which are well-conceived but profitable only in the long term); we retain our right of selection, in other words the right to decide, after due consideration, whether a dossier fits in with a policy which we have fixed; and we do the signing, in other words, when a loan is granted, we commit the Community. How can it then be said that we are refusing to face risks when it is the Commission itself, by virtue of its signature, which is taking those risks?

**Ortoli**

We shall hold consultations only on doubtful cases and when the directives have been taken into consideration.

Let us take the example of a geothermal energy programme. This would involve boring on a large scale, the installation of conveyance systems in numerous towns, financial calculations and an assessment of the value of the project. The role of the political authorities here would be to say, for instance that the energy is important and that it is able to allocate a certain sum to a given project or geothermal programme.

We would then issue directives and request support, perhaps, for our proposal that geothermal energy be used, in particular, for heating in urban areas. We might feel that certain areas, where this action would have extra impact, should be given priority. Projects which would be profitable in the long term would be accepted. Eligible projects would then be submitted to us and perhaps twenty-five would be approved and two rejected. We should not view things as though we lived in a schizophrenic world, divided into good and evil, where the sole objective of community organizations is to fight among themselves.

I shall make two further comments. The first, which I have mentioned already, is the risk which we shall be taking.

We shall grant loans when we have decided to accept the risks involved. If we do not decide to take the risk, we shall not do so.

Secondly, it is not true that the Bank will accept the minor risks and leave us to accept the major ones, or vice versa. Can you imagine that the Bank, after being entrusted with an important programme and receiving specific instructions, would decide to finance this apparently interesting project by itself and then say that the risk was too great for the Commission and that the Bank had had to accept it? You must admit that this would be inconceivable.

It seems to me that there is one factor which you do not appreciate, namely that numerous projects are jointly financed. The majority of projects submitted to banking institutions are not fully financed by the same institutions. In the field of joint financing, if we add 30 % or 40 % to possible contributions from States banks or the European Investment Bank, a project may then become viable. Furthermore, directives will be issued, and the Bank will be made to work within that framework which, in certain cases, may be particularly geared towards technology or a specific geographical area. Yet, all of a sudden, certain people think that the Commission is abdicating everything! I do not wish to assume an additional administrative burden, not because I do not consider myself competent — being a financier, I am perfectly capable of setting up banking services — but because

I think it would be absurd to do so. And surely you, as defenders of the budget, are not going to ask me to mobilize thirty to forty extra people to do the same work as that already done by others. I am thus serving the interests of the Community . . . .

**Mr Radoux.** — (*F*) What about Article 5?

**Mr Ortoli.** — (*F*) What is the meaning of Article 5? I made it crystal clear in committee that the Community would commit itself by its own signature. What more can I say? I repeat, Mr Radoux, that the Community is committed by the signature of the Commission, just as at present, within the framework of Euratom, agreements are signed by both the Commission and the Bank.

That is the situation today. Given that situation, I feel that, although I am convinced that the intention was there, matters have not been presented quite as they might have been. But Mr Radoux, what is the purpose of our dialogue, if it is not to explain to you the effective contents of the proposals and the texts which we have submitted?

**President.** — I call Mr Radoux.

**Mr Radoux.** — (*F*) Mr Ortoli, we have known you for a long time, and I wish to say straightaway that I believe what you say. I am in no way contesting the veracity of your words. However, as far as I personally am concerned, you have just told me something I did not know. If I was not aware of that fact, and if what I read is not correct, this indicates that something ought to be changed.

I repeat that I believe you, even though Article 5 reads as follows:

The Commission hereby gives the Bank a general mandate on behalf of the Community to make loans under this present decision. Loans under this mandate will be made by the Bank for and at the risk of the Community. In accordance with procedures laid down by its Statute, and following its usual criteria, the Bank will: receive loan requests, (either directly or else through the intermediation of either the Commission or a Member State), examine these requests (after the Commission has decided on the eligibility of each loan), decide whether to make the loans and if so on what terms, and to administer the loans.

Mr Ortoli, I repeat that, personally, I have never doubted your word. Please say what you have said today in another text, and let us correct this article!

**Mr Ortoli.** — (*F*) So you believe me. Allow me to point out that I spent three hours before the Committee on Budgets telling them everything I have said today. I do not think that this point is contested in the report by Mr Spinelli.

I would simply say that the bone of contention concerns the fact that the Bank, in applying the direc-

**Ortoli**

tives given to it, may, at a given moment, say that the case for a project is poor.

I could hardly be a member of the Commission if I failed to understand Parliament's reactions on this point. However, I would say straightaway that what is at stake is rather different from what might have been understood in the examination of this — I admit — difficult area, within which things become infinitely more complicated than they seem. If we propose, for example, to implement a large-scale project for the transportation of energy, at an estimated cost of 200 million EUC, once that project has been approved, then these basic factors will already be known.

The problem is somewhat different, in my view, when minor projects are involved. In his report, Mr Spinelli quite rightly raised the question of small- and medium-sized undertakings. Global credits already exist for this category and, clearly, in cases where they may be helped by loans, we must indicate that they are a priority. I am convinced that everything will operate satisfactorily, and I apologize to Mr Radoux that our documents may not always be sufficiently explicit. I thank him for placing his trust in me, as he has always done in the past.

**President.** — I call Mr Aigner.

**Mr Aigner.** — (*D*) Mr President, I just wanted to say to Mr Ortoli that if his view is really as he has just described it, he need have no misgivings at all about accepting our proposals now. We have reached complete agreement and I am happy that we have been able to achieve such a measure of rapprochement.

**President.** — I call Mr Spinelli.

**Mr Spinelli.** (*rapporteur*). — (*I*) Mr President, in view of the lateness of the hour I will be brief. Firstly I would like to say that my group will vote in favour of the proposals put forward by the Committee on Budgets.

As rapporteur I would like to answer Mr Ortoli on a crucial point of our debate. Article 5, as has been pointed out by Mr Radoux, demonstrates that the Commission is only an adviser to the Bank. It is true that in the agreement both the Commission and the

Bank will sign, since the funds belong to the Community and are entered in the Community budget. However, in reality the Commission's signature is only in respect of the guarantee and not in respect of the decision to grant the loan. This decision is taken by the Bank which is absolute master and which can accept or reject the Commission's opinions.

Mr Ortoli has spoken at length to tell us that the Commission is not responsible for determining the financial guarantees; but we agree that the financial guarantees must be granted by the Bank not by the Commission, in other words it is the Bank which must be the agent of the Commission and not vice versa.

As regards the individual amendments which have been tabled, I will express my opinion during the voting which takes place tomorrow.

**President.** — I note that no one else wishes to speak. The motion for a resolution will be put to the together with the amendments which have been moved, at the next period set aside for voting. The debate is closed.

#### 16. Agenda for the next sitting

**President.** — The next sitting will be held tomorrow, Wednesday, 12 April 1978, at 9.30 a.m., in the afternoon and in the evening, with the following agenda :

9.30 a.m., afternoon and evening :

- Joint debate on statements by the Council and Commission on the European Council on Copenhagen and on the motion for a resolution on terrorism
- Joint debate on two oral questions, one to the Council the other to the Commission, the legal policy of the European Communities
- Hughes complementary report on the fixing of prices for certain agricultural products

3 p.m. :

- Question Time (questions to the Council and Foreign Ministers)
- 4.30 p.m. : Votes on motions for resolutions on which the debate has closed.

The sitting is closed.

(*The sitting was closed at 10.40 p.m.*)



*ANNEX*

*Questions which could not be answered during Question Time, with written answers*

**Question by Mr Pisoni**

Subject : Employment policy

Does the Commission possess precise and up-to-date data on employment policy in the different Member States, having regard to the present situation and the efforts being made in this field by the respective governments ?

**Answer**

The Commission receives a variety of relevant information on employment policy in the different Member States. It keeps under close study the measures which are being taken.

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## IN THE CHAIR : MR COLOMBO

*President*

*(The sitting was opened at 9.30 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. *Documents received*

**President.** — I have received from Mr Noè, on behalf of the Committee on Regional Policy, Regional Planning and Transport, a report on the promotion of efficient air traffic control (Doc. 49/78).

3. *Release of posts on the establishment plan of the Court of Auditors*

**President.** — By letter of 11 April 1978 the Committee on Budgets informed me that at its meeting of 20 March it delivered a favourable opinion on the release of one A2 and ten B3 posts on the establishment plan of the Court of Auditors.

I shall inform the institutions concerned of this decision.

4. *Welcome*

**President.** — I am pleased to welcome to the official gallery a delegation from the Irish Parliamentary Joint Committee on Secondary Legislation of the European Communities, led by Senator Noel Mulcahy.

*(Applause)*

5. *European Council — Terrorism*

**President.** — The next item is the joint debate on :  
the *statements by the Council* and the Commission on the meeting of the European Council on 7 and 8 April 1978 in Copenhagen

and

the *motion for a resolution*, tabled by all the political Groups, on terrorism (Doc. 50/78).

I would point out that the vote on this motion for a resolution will take place this afternoon and that Members will be able to give explanations of vote in this debate.

I call Mr Andersen.

**Mr K.B. Andersen, President-in-Office of the Council.** — (DK) Mr President, I should like to thank

you for this opportunity of reporting to Parliament, so soon after the European Council meeting in Copenhagen. As you all know, the European Council's principal task is to provide a forum for intimate and informal discussions between the Heads of State or Government of the nine member countries. I can speak only for myself, but it is my view that all the participants in the meeting will agree that the Copenhagen meeting on 7 and 8 April did provide a forum for a thorough and valuable discussion between the Heads of State and Government of a number of the most important problems confronting us.

The most important objective was not, then, to reach concrete decisions. From a purely formal point of view, of course, no decisions can be taken at European Council meetings. They must follow the usual procedures laid down. The meeting should be seen primarily as a link in the chain of preparations necessary for the next European Council meeting to be held in Bremen at the beginning of July. That meeting will be especially important because of the world economic summit which is to take place in Germany shortly afterwards, as officially announced last Monday. There is therefore general agreement that the next three months should be devoted to setting up a common strategy for the purpose of reversing the unsatisfactory economic and social situation in the Community.

I should like to introduce my statement by mentioning the decisions which we adopted, some of which are particularly fundamental.

The European Council decided, firstly, that the date of the first direct elections to the European Parliament should be from 7 to 10 June 1979. It is hardly necessary for me to stress in this Assembly where we have discussed this matter on so many occasions, the significance of this decision, which removes the last obstacle to the holding of direct elections.

The election date is definitive, and the European Council's decision is in accordance with the European Parliament's Resolution of 16 February this year that the European Council should fix a final date for the elections at its Copenhagen meeting on 7 and 8 April. This means that 14 months from now all persons with the right to vote in our member countries will have an opportunity to express their opinions on the composition of the first directly elected European Parliament.

Let me add that in its decision the European Council naturally did not fail to take account of the decision-making procedures contained in the Act concerning direct elections. It is clear — as I have often had occasion to stress in this Parliament — that the European Parliament will be consulted about the election date before the Council formally adopts the decision on it. This will take place as soon as the Act concerning direct elections has been ratified by all the Member States.

## Andersen

Three years and four months have passed since the European summit in Paris in December 1974 adopted the first decision of principle on direct elections. You may consider this a short time or a long time, depending on your temperament. When you consider however, the complicated political and legal processes which have had to be completed in order to decide on and implement the election, it seems to me that three years and four months is not a long time. I feel then that we can take this occasion to rejoice that the Community's decision-making machinery does work and that decisions can be taken which are of long-term significance for future cooperation.

The holding of direct elections is a vivid expression of the democratic ideals which are shared by our countries. The European Council consequently felt it was natural in connection with the adoption of the election date to issue a declaration on democracy. In this declaration the Heads of State and Government state that respect for representative democracy and the preserving of human rights are essential elements of membership of the European Communities.

In the course of time the Community Institutions and the Member States have in various ways expressed the connection between European cooperation and the maintenance of democratic rules and respect for human rights. The new Copenhagen declaration on democracy, which is closely related to the 1973 Copenhagen Declaration on the European identity, is an extension and a cementing of that connection. At a time when fundamental values are being challenged in so many ways, it is important to remember that it is democracy and human rights that are the foundation of European organization.

Finally the European Council adopted a series of decisions concerning the European Foundation. In pursuance of the decision of principle taken at the first meeting of the European Council the Heads of State and Government laid down at the Copenhagen meeting the objectives and tasks of the Foundation and agreed on the framework for its structure and financing. The basis for this decision is already known to members of the European Parliament because of the debate on the European Foundation at the March part-session. There was also agreement that the seat of the Foundation would be Paris. The formal arrangements for setting up the Foundation are to be made as soon as possible in the form of agreements between representatives of the governments of the Member States meeting within the Council.

Another important and topical question was oil pollution off the French coast, which was also discussed at the Foreign Affairs meeting on 4 April. This subject was raised at the European Council meeting on the basis of a statement by the French President.

The European Council stated that the Community would make the combating of marine pollution a

major objective. Against this background the European Council requested the Council forthwith to take appropriate Community measures in this sphere and the Member States to adopt common attitudes in the competent international bodies. This work could aim in particular at implementing minimum standards for the operation of ships and the prevention of accidents, *inter alia* through a system of compulsory shipping lanes.

The European Council discussed various important foreign policy matters. It adopted a declaration on combating terrorism. Our attention was of course particularly drawn to this problem by the abduction of Aldo Moro. In the declaration on terrorism the European Council expressed its deep distress at the abduction of Aldo Moro and the murder of his bodyguard and declared its complete solidarity with the Italian people and Government. The Council expressed its great concern at the great number of acts of this kind and at the extension of terrorism in general which, if not effectively combated, will strike at the functioning and the very principles of society. It was stressed that the Nine were firmly resolved to do everything to protect the rights of individuals and the foundations of democratic institutions. The European Council agreed that high priority must be given to efforts to intensify cooperation among the Nine to defend our societies against terrorist violence.

It was also agreed that the relevant Ministers would increase their mutual cooperation and would as soon as possible submit their conclusions on the proposal before them for a European jurisdictional area.

A statement was also adopted on Namibia and was issued after the first day of the meeting; in this the Nine declared their support for the proposal by the five Western members of the Security Council for a peaceful settlement of the Namibia problem. As you will know, at the moment important negotiations are in progress for a peaceful solution to the Namibia problem.

A thorough discussion was held on the situation in the Lebanon and the Middle East. No actual declaration on the Middle East was issued as was the case, for example, at the London meeting in June last year. The reason for this was principally the wish to uphold all aspects of the London declaration. At this meeting the Heads of State and Government did, however, deplore all recent acts of violence in the area and expressed their concern at the tragic events in southern Lebanon. They reiterated their support for the UN Security Council resolutions. They urged all parties to cooperate fully with the UN interim force for the Lebanon in the execution of its mandate. They emphasized their commitment to the unity, sovereignty and territorial integrity of the Lebanon.

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They reiterated their position that a settlement must be based upon Security Council Resolution 242 applied in all its parts and on all fronts. The Heads of State and Government confirmed the principles set out in their declaration of 29 June 1977, which remained entirely valid.

Continuing developments in East-West relations and certain African questions in addition to Namibia were also dealt with at the Copenhagen meeting. As far as East-West relations are concerned, there was agreement that détente was influenced by events throughout the world. The Nine stressed the importance of the multilateral discussions on the implementation of the Helsinki Agreement, the first of which was held in Belgrade. The Nine intend to continue their close cooperation both internally and with other participating States with a view to the next follow-up meeting in Madrid in 1980.

As regards the immensely difficult problem of Zimbabwe, we heard a statement by the British Foreign Secretary, Dr Owen, about the present situation. I should like to stress here, as the chairman did following the Copenhagen meeting, that the Nine consider the Salisbury internal settlement inadequate. The Anglo-American plan is still seen as the best basis for an internationally acceptable solution. We feel it is important that all parties in the conflict be brought together in order to prevent a dangerous extension of the conflict.

The situation in the Horn of Africa was also discussed at the meeting. The Nine are concerned by developments in this area and support the attempts at mediation undertaken by the Organization of African Unity. We hope that the forthcoming OAU meeting in Lagos will promote a peaceful solution.

I shall now turn to the European Council's main subject of discussion, the economic and social situation. The Copenhagen meeting took place at a time when the Community had, for a good four years, been marked by the international economic recession. Since the beginning of 1974 the most serious problem facing the Community has been high unemployment. There is no need for me in this Assembly to expand on the economic and social effects which an unemployment rate of 5-6 % of the workforce can have. In the longer term an unemployment rate of this order can have severe consequences for the individual and for society as a whole. The primary reason for unemployment is that it has not been possible to achieve a satisfactory level of economic growth. It is worth pointing out in this connection that the industrial workforce in a number of Community countries is not falling. In many countries, including Denmark, more people have jobs in industry than when the crisis started three or four years ago. The fact that unemployment continues to be high and has been increasing in

recent years is because more young people have joined the workforce than have left it. This means that unemployment to a large extent affects the young people who are just now entering the labour force. If we do not succeed in creating work for these young people, their basic attitude to society, perhaps for the rest of their lives will be marked by the fact that society had no work to offer them. In the final analysis, therefore, what is at stake if we fail to take really constructive steps to provide work for these people is their faith in society and in European cooperation, which we have been striving to build for so many years.

This situation underlay the Danish Presidency's approach to the meeting of the European Council. We hoped it would be possible to evolve a common strategy among the Community countries to enable fresh progress to be made in economic and related fields. I can state with satisfaction that this approach was endorsed by the other Community countries. The conclusions which the Presidency was able to draw from the discussions and which were thoroughly discussed at the European Council meeting show a clear endorsement of this approach.

It should be pointed out that the holding of three meetings at the highest political level within a period of three months — namely the meeting of the European Council in Copenhagen in April, the meeting of the European Council in Bremen in early July and finally the world economic summit meeting in the Federal Republic of Germany in mid-July — offer an excellent opportunity to initiate an action programme.

The common strategy includes the following areas in which the governments of all the Member States would like the EEC and in due course the world economic summit to achieve concrete results. The European Council considers it essential that by about mid-1979 the Community should achieve an annual growth rate of 4.5 %.

Over the next few months the Community will assess the effects of present economic policy and on this basis define the need for — and in appropriate cases the margin of manoeuvre open to Member States for — additional coordinated measures to realize the necessary growth within the Community.

I would point out in this connection that the European Council requested the Governing Board of the European Investment Bank to adopt a decision doubling the capital of the Bank at its meeting in June. Such a decision would be a practical contribution to a higher level of investment in the Community.

The European Council discussed the urgent need for increased monetary stability both within the Community and on a worldwide basis. This is perhaps the most important area of the common strategy. At the

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same time it is essential that no speculation or surmises should prevent us from establishing the basis for this monetary stability in the coming months.

The European Council expressed its deep concern over the persistent high rate of unemployment. It agreed that an improvement of the employment situation was a key objective of the Community's common strategy. It stressed in this context the importance of the Community's growth target which it mentioned a moment ago.

The European Council reached agreement that the need for supplementary specific measures to combat unemployment, particularly among young people, should be carefully examined.

The European Council agreed with the Standing Committee on Employment that an economic policy and an active employment and investment policy was the best way of dealing with unemployment but that it should be further examined whether work-sharing could help to alleviate the present grave employment problems.

The European Council was convinced that sustained international economic stability depended on efforts in all industrialized countries to reduce dependence on imported oil through energy savings and increased energy production.

The European Council agreed that the high demand for imported oil was a serious problem for the Community. Greater national and Community efforts to reduce the demand for and increase the supply of energy within the Community were urgently needed. It recognized that this presupposed substantial investment. Such efforts would be given high priority because they would at the same time promote economic activity, create new jobs and improve the balance of payments.

There was also agreement on more conscious efforts to reduce regional imbalances and increase aid to developing countries so that they too could play their part in the desired recovery of the world economy.

The European Council also discussed relations between the Community and Japan on the basis of the joint communiqué of the end of March. It was agreed that this could be regarded only as a first step. The negotiations with the Japanese Government had to be continued. I can state in this connection that I shall be meeting the Japanese Minister for External Trade tomorrow in Copenhagen. The Council stated that it was necessary for Japan to take appropriate measures for the rapid reduction of its current account surplus. The European Council will again consider this question at its meeting in July.

The European Council instructed the Council of Ministers in its various compositions to work for the attainment of these objectives. The Foreign Ministers in their coordinating capacity are to submit a report to the next meeting of the European Council.

I told the Parliament in January that the approach of the Danish Presidency would be to ensure practical progress over as wide an area as possible with a view to advancing cooperation towards the objectives laid down in the Treaties and later decisions. It is my firm conviction that this meeting of the European Council has contributed to such progress both with the series of concrete decisions which I have mentioned and by laying the foundations for practical decisions over a wide area in the near future.

The conclusions we can draw from the discussions do not, of course, provide any guarantee that the required decisions will in fact be taken. There is no doubt that very energetic efforts are required in the wake of the Copenhagen meeting. I none the less believe that it is no exaggeration to say that at no time in the last few years has there been such great agreement among the Community countries that something very serious has to be done in the Community to reverse the trend.

In conclusion, I would like to say that the Copenhagen meeting could — I repeat, could — be the starting point for some very important decisions.

I regret that I can say no more about the concrete results than I already have. I might add, however, that had the deliberations of the European Council been without real substance, I would certainly have made a full report on them to Parliament today.

I hope that the Copenhagen meeting will prove to have been a turning point in the constructive development of the Community. Indeed, I believe it will. Certainly, there will be debate, and this I welcome. There will also be critical voices. Perhaps I can conclude by recounting what a wise man said to me many years ago. 'If you are satisfied with what I have done, tell others. If you are dissatisfied, tell me. I won't tell anyone else. I don't tell tales out of school!

*(Applause).*

**President.** — I call Mr Jenkins.

**Mr Jenkins, President of the Commission.** — Mr President, the President-in-Office of the Council has just given us a clear and comprehensive account of the results of the European Council at Copenhagen on 7 and 8 April. We are all, I think, most grateful to him and to the Danish Government for the excellent arrangements they made for the Council, and the chairmanship they provided. I will not attempt to repeat what Mr Andersen has said. I would simply like to draw attention to points of particular importance to the Community. As you will have seen from the texts distributed by the Danish Presidency, and as you will have heard from Mr Andersen, the results of the Council range wide, perhaps exceptionally wide, from declarations on points of direct concern to our citizens — I am thinking here especially of the declarations on terrorism and marine pollution — to important foreign affairs statements, particularly those on Middle Eastern and African problems.

## Jenkins

Overshadowing, perhaps, these points, was the agreement on the date for direct elections to the Parliament in June of next year. As you know, I have frequently expressed my disappointment at the delay in holding these elections, and was particularly anxious for a firm agreement at Copenhagen. Such agreement, now happily reached, gives reality to the commitment to direct elections and will also, I think, give a focus for European political activities, and the eventual election campaign between now and then. In the meantime it must not have the effect of diminishing the importance of this Parliament, or the esteem in which it is held. As President of the Commission, I want simply to underline our welcome for the introduction of a new, democratic dimension to the institutions of our Community, and our satisfaction that these elections are now definitely to take place in just over a year's time. I was also glad that at the same time the European Council adopted a declaration on democracy to link the first direct elections to the European Parliament with the commitment of the Community to respect for, and maintenance of representative democracy and human rights in each Member State. These are indeed essential elements for membership of the Communities, and it is right that we should say so.

On the external side, I want to add a word about the Council's declaration on relations with Japan. Within the triangular relationship between the three main areas of the industrialized world — Europe, the United States and Japan — we have long sought to strengthen the links between the Community and Japan. This has been made more difficult by the continuing, indeed increasing surplus on the Japanese balance of payments, and the various obstacles which still impede access to Japanese markets. As you know, the Commission and the Japanese Government agreed on a joint communiqué on 24 March, which is a first step in what will, I am sure, be inevitably a long process of settling relations between the Community and Japan on a better and more balanced basis. The point remains firmly on the agenda, both for the Council of Ministers and of the European Council.

It was a matter of satisfaction and relief to the Commission that the European Council was able to solve the main questions relating to the setting up of the European Foundation, as proposed in the Tindemans report. I know that the legal form adopted was not the same as that recommended by the Parliament, but it represented the best compromise that could be reached between the views and problems of the different Member States. The important point is that the Foundation should come into operation without delay, and I hope that this will now be achieved.

But the aspect of the European Council which gave me most encouragement was the wide-ranging and far-reaching discussion of economic and monetary matters between the Heads of State and Government

at Marienborg on Friday evening. In the nature of things, no firm decisions or proposals emerged or were even aimed at, but I was struck by the extent to which our thoughts mostly seemed to be running parallel and in the same direction.

I draw attention to three final points. Following the paper which the Commission submitted to the European Council through the Economic and Financial Council, we all agreed to work for a higher rate of economic growth. The Council has gone on record as saying that it considered it essential that the Community should have achieved an annual growth rate of 4.5 % by the middle of 1979. It was also agreed, as the Commission has suggested, that national economic policies should be coordinated with a view to working out what room the Member States had for achieving faster growth. The unhappy fact is that our growth performance has recently been notably worse than that of the other two main parts of the industrial world. If this should continue, it would have increasingly disruptive effects on all parts of our economic and social life. In this respect, the Council rightly drew attention to the persistent high rate of unemployment and the need to set up a tripartite framework at European level to overcome the problems of overcapacity in several industries and promote the creation of a more competitive European industrial structure.

Next, I would like to refer briefly to an important point which seems so far to have been somewhat neglected in the press comment on the Council. This was the European Council's recognition of the fact that the pursuit of greater internal cohesion within the Community implies the reduction of regional imbalances. This is indeed, in the words of the Council, one of the key objectives of the Community enterprise. One of the imbalances which the Council had particularly in mind was the situation of agriculture in the Mediterranean regions of the Community. In this respect, the European Council was of the opinion that the Agricultural Council should endeavour to reach decisions by the end of April, taking into account the proposals already made on this subject by the Commission.

I come now Mr President, to the point to which, as the Parliament knows, I attach particular importance. I refer to the disorder of the international monetary system and the need for what I think President Giscard d'Estaing has described as a zone of monetary stability in Europe. I do not have to point to the effects of the current weakness of the United States dollar. Its effects go well beyond the weight and importance of the United States economy, great though that is — for it will remain inevitably the most powerful in the free world economic system. But as I said in the recent letter which I sent to the Nine Heads of State and Government, there is here a fundamental asymmetry about the United States having withdrawn from the responsibilities centred upon it



## Jenkins

under the Bretton Woods system, while dollars, like legions without a central command, continue to dominate the currency transactions of the world. I thought that our discussion of these and related issues at Copenhagen was particularly fruitful and interesting. We intend between now and the next European Council at Bremen to pursue this vigorously and work out new dimensions of Community activity in the longer-term perspective of economic and monetary union. In my view, we should begin by seeking greater exchange-rate stability between the currencies of Member States of the Community, and thus a stronger basis on which to deal more effectively in exchange-rate policy with third countries. For this purpose, it would in the judgment of the Commission, be necessary to extend the Community exchange system beyond the snake to give a new dimension to the use of the European unit of account and to increase the functions and resources of the European Monetary Cooperation Fund. We have relatively little time in which to work if the Bremen European Council is to arrive at conclusions on these major questions. That European Council will, of course, be followed quickly by the Western economic summit in Bonn on 16 and 17 July. I hope and believe it will be possible for the Community to work out a common position and make a strong contribution to the work of that meeting. It will deal with the inter-related problems common to all industrial countries, and will, I hope, lead to a more concerted way of dealing with them. In this, the Community has a major, central role to play, but it can only play it if its members effectively act together.

*(Applause)*

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

**Mr Fellermaier.** — *(D)* Mr President, ladies and gentlemen, I think that in his statement on the Copenhagen Summit the President-in-Office of the Council has demonstrated the willingness of the Heads of State and Government to get the good ship 'Europe' moving somewhat more briskly again. But, Mr Andersen, I would also say this: the implementation of all the points made in the lengthy communiqués issued by the European Council is now up to the one institution of the European Community which continues to exercise executive power in the Community. That is the Council of Ministers, and therefore, despite the European Council's occasional lofty aspirations, we should not relieve the Council of Ministers of its obligations under the Treaty. It is in fact the Council that bears responsibility for steering Europe on its course.

Now, in their communiqués the Heads of State and Government gave a great deal of information, including the fact that they intend to establish a Foundation in Paris. I should be grateful if you could explain to Parliament a little more exactly what the

meaning and purpose of this Foundation — which is one of many — is meant to be. What I really missed, however, among the welter of announcements in the communiqué was any full information on the tension that has developed over the past few weeks between the United States and the European Community over uranium supplies. As far as we can gather from press statements, no conclusion has yet been reached here. However, since press statements are of course no substitute for a statement from the Council of Ministers, I should be grateful, Mr Andersen, if you could make a further statement here on behalf of the Council. I should like to say on behalf of the Socialist Group that we, at any rate, are keen to support the Council of Ministers in its efforts to safeguard the peaceful use of nuclear energy and that we must, in a spirit of friendship and also with reference to existing international treaties and agreements, take sensible and effective action to counter the unexpected American measures. In the Socialists' view, the 1978 Nuclear Non-Proliferation Act passed by the American Congress is not only in breach of the long-term uranium supply agreements between the United States and the European Community. We also regard this Act as incompatible with the Nuclear Non-Proliferation Treaty. With the President's permission, I should like to quote from this Treaty, Article II of which states the following:

The safeguards required by this Article shall be implemented in a manner designed to avoid hampering the economic or technological development of the Parties, including the international exchange of nuclear material and equipment for the processing, use or production of nuclear material for peaceful purpose.

That, I think, is the basic position, which means that the agreements with the United States must be sufficiently binding under international law for them not to be brought into question by any unilateral action. We are therefore glad that the ninth partner in the consultations between the Heads of State and Government has now finally agreed to the holding of discussions with the United States on this question.

Let me now move on to the question of the election date, which is of immediate concern to the European Parliament. I would add, however, that there is not really any cause for rejoicing, nor do we have any reason to pat ourselves on the back. More to the point, one and a half years after the decision by the Council of Ministers to hold direct elections to the European Parliament, this decision is long overdue. When the elections are held next year, it will be practically 20 years since the Belgian Socialist Fernand Deboose presented to this Parliament his first report on direct elections. It is worth recalling from time to time that a 20-year battle had to be waged in Europe to eliminate this shortfall in democracy, which can only be done by establishing the direct legitimacy of the European Parliament.

*(Applause from the left)*

The Socialists, as convinced Europeans, see direct elections as a real challenge.

*(Applause from the left — mixed reactions)*

Mrs Kellett-Bowman, allow me to repeat the sentence once more so that you can get it down :

We Socialists in Europe regard direct elections as a challenge ...

*(Applause from the left)*

... and I am already looking forward to the confrontation between the outmoded values of the British Conservatives and those of the democratic Socialists in Europe.

*(Mixed reactions)*

Yes, Mr Aigner, to use Konrad Adenauer's words, we might get some life into the place. We Socialists will contribute to making this Parliament somewhat livelier in the next few months and to bringing home to the voter the fundamental difference between the groups and political alliances in this House.

*(Mixed reactions)*

**Mr Vandewiele.** — *(NL)* We too ....

**Mr Fellermaier.** — *(D)* To return to my point, it is just not enough to remove trade restrictions, to introduce relative freedom of movement for capital and workers and to press for increased prosperity, while accepting unemployment; if Europe is to be brought home to the ordinary people, this can only be achieved by strengthening the powers of the European Parliament. A new motivation is needed to overcome the paralysis and lethargy that have been gaining ground here and there in Europe.

A crucial factor here will be the European Parliament's ability to obtain new powers for itself following direct elections. By their Copenhagen decision, the Heads of State and Government have for the second time brought their authority to bear with regard to the date of direct elections.

I would therefore say this: the Heads of State and Government cannot be reminded and warned often enough of the widespread loss of confidence among European voters that would result if there were any further postponement of the June 1979 election date. Admittedly, the Heads of State and Government have now done their duty and fixed the election date. The European Parliament will clearly lose little time in endorsing this — it will undoubtedly confirm the election date with all speed. I think, however, that we should not always just point at the Council, but should also look into our own hearts in the national elections and consider progress in passing the legislation for direct elections in the countries of the European Community.

The European Council has done its duty, in confirming the election date. The European Parliament will also very quickly do its duty. But looking at

the list of countries, I find the situation varies considerably. In the United Kingdom the election bill is under consideration in Parliament. In Belgium the election bill is going through Parliament, and in Luxembourg the situation is the same. In France the bill on direct elections has in fact been passed, but the French Government has not yet notified the electoral law as is necessary under the Convention. Perhaps there is a lurking fear here that this Parliament could somehow prejudice the site question, but we can reassure the gentlemen in Paris. We shall be glad to leave that to the directly elected Parliament. However, we in the Socialist Group are sure that no one will then be able to prevent the directly elected Parliament from finally establishing a single seat for the European Parliament and thus putting an end to the European travelling circus.

*(Applause from various quarters)*

In one country, however — and here I address myself with all respect of the President of this House, who is indeed also an influential member of a major government party in his own country — in Italy the government has not even submitted the elections bill to the two Houses of Parliament, and in my view our Italian colleagues should do all they can to make up for lost time, perhaps by urging their government to bring the necessary elections bill before Parliament as soon as possible, so that there really can be no threat from any quarter to the June 1979 election date.

Allow me to comment briefly on the subject of terrorism, which figured prominently in the communiqué by the Heads of State and Government. I think we all know — and Parliament is surely agreed on this — what dangers of a direct and indirect nature terrorism can lead to for the operation of democracy. That is precisely what the terrorists want: to weaken the democratic State and way of life in order ultimately to destroy them. This cannot but be a continuing cause for genuine solidarity among democrats, and I think we shall further confirm this in the all-party motion for a resolution that we are to discuss today.

This is now the second time that the call for a common jurisdictional area has been raised in this context at a meeting of the Heads of State and Government. I should be grateful, Mr President-in-Office, if you could explain in rather more detail what the Heads of State and Government mean by a common jurisdictional area. Does this only cover the fight against terrorism, does it cover criminal law as well, or is it also to cover civil law, basic citizens' rights and economic crimes? What is the meaning of all this? What does this include and what does it not include? I think, therefore, now that this question of a common jurisdictional area has come up in a communiqué for the second time, a word of explanation from the Council is called for here today.

**Fellermaier**

The declaration on democracy made by the European Council is welcomed without reservation by my Group. The protection of and respect for human rights has always been a prime aim of all democratic socialists. I would add, however, that the Council will very shortly have to enter into the difficult phase of renegotiating the Lomé Convention, and here too the question must arise of whether this is not more than a simple trade agreement. Is it not a comprehensive political agreement on friendship between peoples, and should not the principles of human rights thus also be given greater importance in the new Lomé Convention?

*(Applause from certain quarters on the left)*

In my view, the Council of Ministers must, right at the start of negotiations with the signatories of the Lomé Convention, raise this point as a moral claim by the Community on the Lomé States.

I also think that the protection of and respect for human rights have the same important role to play in the final negotiations with the countries applying for membership of the Community, which are all unreservedly committed to parliamentary democracy. But the democratization of the Community — and the Copenhagen declaration is indeed a declaration on democracy — means being frank with the citizens of the Community. I regard it as the opposite of being frank with the people if the Council of Ministers continues to decide the fate of European citizens behind closed doors. This is no way to contribute to a declaration on democracy, and in this respect, Mr Andersen, we must judge the fine words of the Heads of State and Government by the actions of their foreign and other ministers in the Council. How much longer, I ask, is the Council of Ministers going to turn a deaf ear to the complaints raised in this House on behalf of hundreds of billions of citizens? I call on the Council of Ministers as legislator finally the cast off its cloak of secrecy and face the European public, as is normal for every government in a parliamentary democracy. This is an essential accompaniment to making a formal declaration on democracy in Copenhagen.

And as regards the basic rights of Community citizens, I think we are still waiting for concrete legal measures by the Council and also, Mr Jenkins, for further and more convincing proposals from the European Commission. You will have an opportunity later on to say something about this question of legal policy in a debate instigated by the Socialist Group. I think that, among the new initiatives developed by the Commission, this question is rather the poor relation.

I should like to conclude now, since my colleague Lord Ardwick will be saying something about the various economic and monetary questions, and my colleague Mr Adams has something to say on the social questions. For the European Parliament, the political groups and the major party alliances in the

Community, the countdown to direct elections has now started. The important thing now will be to convince the electorate that, for them, the Community is not some abstract creation but that it is *their* Community. Just as the European Parliament is to be *their* Parliament, we shall also have to ensure that *their* wishes, the citizens' wishes, find expression in this Parliament. And in this sense the next few months will undoubtedly see an increase in party conflicts in this House as the election date approaches.

In my view, however, the point of these confrontations should be not to boost one's own status, but to clarify our respective political objectives. Democracy and the parliamentary system involve a tough but fair contest to find the best political solutions. The Democratic Socialists in Europe will be glad to take part in this contest. For us Socialists the political and moral foundation of a united Europe is social democracy which should, in our view, be modelled on the basic values of democratic socialism. We shall stand up for this, we shall struggle for it, fight for it, and for this purpose we shall try to obtain an elected parliamentary majority in Europe. The combination of freedom and justice is the way of the future for Europe and thus also for this European Parliament.

*(Applause)*

**President.** — I call Mr Klepsch to speak on behalf of the Christian Democratic Group. (EPP)

**Mr Klepsch.** — (D) Mr President, ladies and gentlemen, I should first like to thank the President-in-Office of the Council, Mr Andersen and the President of the Commission, Mr Jenkins, for their statements to this House on the latest meeting of the European Council, i.e. of the Heads of State and Government, in Copenhagen. Allow me, Mr Andersen — halfway through your period of office — to take this opportunity of complimenting you on the active role you have assumed in the Community.

*(Applause)*

Mr President, well over 180 million voters will thus be able to go to the polls in June 1979. The decision on the definite date for direct elections to Parliament is undoubtedly the outstanding, but long overdue achievement of this meeting of the European Council. I do not need to remind you that my Group has repeatedly voiced its disappointment in this House at the unnecessary postponement of these elections. We expect the new democratic dimension that these elections will give the Community to provide a much-needed stimulus for the process of European unification. We recognize the significance of this decision by the Heads of State and Government to fix June 1979 as the definite date for direct elections, and I have no hesitation in calling this an historic event for the European Community.

### Klepsch

Mr President, we welcome the fact that the European Council accompanied this decision with a declaration on pluralistic democracy as the basis of the European Community, stressing the preservation and implementation of human rights as a fundamental element in this Community.

Precisely in connection with direct elections, my Group also attaches importance to the decision on the aims and tasks of the European Foundation proposed by Leo Tindemans. This Foundation must now be fully established as soon as possible.

Mr President, as far as we can make out the question of uranium supplies from the United States to the Community was not officially on the agenda in Copenhagen. I cannot really imagine, however, that the European Heads of State and Government could have met at the present time without taking up this thorny question. With the 1978 Non-Proliferation Act, the United States is exercising pressure on the Community, in a less than friendly fashion, to renegotiate the agreement on the supply of nuclear material for non-military purposes. In other words, an existing international agreement is being ousted by national legislation. This sort of interference in the Community's internal energy policy and technological development was bound seriously to damage mutual relations.

On the other hand there is the question of whether the development of this nuclear non-proliferation policy was not foreseeable. In view of the detailed discussions in the United States Congress, there can at any rate be no question of a furtive operation. We want the nuclear menace to be effectively contained, and there is a large measure of agreement that the Non-Proliferation Treaty is no longer adequate for this purpose. To this extent the aims of American policy are to be welcomed. What is unacceptable, however, is the United States' way of unilaterally abrogating existing agreements and ruthlessly exploiting its own position of strength and the Community's energy dependence.

*(Applause)*

The European Community is dependent on imports for 50 % of its low-enriched uranium and for 100 % of its high-enriched uranium. Stopping supplies of nuclear material would mean a massive disruption of the Community's energy supplies and technological development. I therefore say that it is now absolutely essential to keep the door open for negotiations and to avoid as far as possible a confrontation between the two sides. For both material and political reasons we must be prepared to negotiate. The fact is that we must avoid burdening Euro-American relations with yet further problems in addition to the disagreement in the field of economic and monetary policy. The Community can indicate its willingness to negotiate without thereby necessarily appearing to capitulate in the face of an American ultimatum to Europe. There

is now a need for a breathing space during which stumbling blocks in the way of a mutual understanding can be eliminated and alternative supplies developed. It is in any case necessary to put this period of uncertainty and mistrust behind us as quickly as possible.

We also regret the fact that the decidedly vague comments on the outcome of Belgrade fell far short of what the European Community has previously adopted by way of concrete decisions.

Mr President, Europe is faced with the challenge of international terrorism in the form of attacks on the democratic institutions of our society and brutal violations of human rights. The criminal abduction of Aldo Moro, to whom we owe all our sympathy, and the murders that accompanied it are dramatic confirmation of this. It is therefore no longer sufficient for the Heads of State and Government in Copenhagen to express their concern at the spread of criminal acts of violence. It is now time for action.

In the motion for a resolution before you, my Group calls on the Council and the governments of the Member States finally to intensify cooperation in Europe in the fight against terrorism and to adopt appropriate measures as soon as possible, and in this context we would point to the suggestions made by President Giscard d'Estaing.

Mr President, both Mr Andersen and Mr Jenkins commented on the fact that a comprehensive discussion of economic and monetary policy formed the core of this meeting of the European Council. It could hardly be otherwise in view of the challenges facing the Community due to the persistent level of unemployment at 6½ million and the pressure of international monetary instability. The basic assessment of this discussion was generally very favourable. I cannot, however, refrain from damping somewhat the high spirits of the Heads of State and Government. Recognizing the need to stimulate economic growth, increase monetary stability, take additional measures to combat unemployment among young people or decrease the Community's dependence on imports for energy supplies is anything but new. To a certain extent worthy objectives were laid down, but there is still no strategy. At best therefore, Copenhagen points the way to the next Council meeting in Bremen.

If the Heads of State and Government and the Community itself wish to preserve their credibility then the meeting in Bremen must, with a view to the economic summit to be held immediately afterwards do more than reiterate these conclusions yet again. Nor will it be enough to list the things we want to happen. It will be necessary to introduce concerted measures in the economic sphere and finally to adopt an effective strategy in the monetary sphere, a strategy to replace the current short-term, and indeed short-winded crisis management.

**Klepsch**

Mr President, precisely with regard to employment policy we would have liked, in view of the continuing seriousness of the employment position and the great urgency of the subject, to hear more about current thinking on concrete measures in this field. What do the Council and the Commission propose to do here in the short term up to the next summit?

My Group has tabled a motion for a resolution in this House in which we express our support for the action taken by the European trade unions and call on the Council and the Commission to adopt at the earliest possible opportunity specific measures capable of bringing about a decline in unemployment.

Mr President, increased economic growth is undoubtedly a necessary condition for any significant progress in reducing the rate of unemployment. In this respect, the confirmation of the guideline put forward by the Commission for a 4.5 % growth rate by the middle of 1979 represents an extremely desirable objective. The question is, however, how this objective is to be achieved, given the present rate of under 2 %. This is all the more of a problem in that, while the locomotive theory, which puts the major burden of recovery on the economy of one country, has been abandoned all the Member States working together are not capable of achieving the stated objective either, which means in effect that certain countries are after all expected to provide additional stimuli for expansion.

It is to be hoped that the intended joint efforts cover what room for manoeuvre there still is in national-economic policies will be successful. Mr President, the discussion of one of the major topics at the Copenhagen meeting remains rather shrouded in mystery. We understand that the Heads of State and Government reached agreement in principle on the creation of a European zone of monetary stability as a protection against the pressure of international monetary fluctuations and the decline of the dollar. Closer cooperation in the monetary sector, at both Community and world levels, is indispensable. As far as can be judged, the arrangements agreed in Copenhagen appear to be a major departure from the existing system of monetary cooperation. What, under these conditions, is the future of the snake? If this approach is on a completely different basis, is the snake dead? How are the other currencies to be linked to those in the existing system? How, in the framework of the new system, is the European unit of account to take over at least in part the role of the dollar and relieve pressure on the American currency? These are just a few of the questions which need to be answered in this context. However, we naturally welcome and support the efforts to achieve some stabilization in the monetary field, even though economic realities present difficulties. The solution should be sought not in confrontation but in cooperation with the United States.

Mr President, I regard it as important, although the information given on the discussions in Copenhagen

has been meagre, for Parliament to be involved at an early stage at least in the preparation of this proposed new Community operation.

Copenhagen was the prelude to the summit diplomacy of the next few months leading up to the economic summit. The Heads of State and Government dealt with a number of other topics, including matters relating to political cooperation, on which my colleagues will speak in more detail. This multitude of problems, the extraordinary range of technical questions with which the Heads of State and Government are confronted and which they are expected to decide on at the double, are a cause for growing concern at this hectic summit diplomacy and make it abundantly clear to us how urgently necessary it is to further develop the Community decision-making process. I therefore once again earnestly appeal to the Council and the Commission, with regard also to the continuing negotiations on the enlargement of the Community, to tackle the questions raised here without delay. Time is short. In view of the problems affecting the world, the Community needs effective leadership. We shall do our best to support it.

*(Applause)*

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

**Mr Johnston.** — Mr President, in making a short comment on the statement concerning the European Council meeting in Copenhagen, let me begin by expressing appreciation of the way in which Denmark has conducted its Presidency. I think it is perhaps an inevitable consequence of the brevity of the six months presidential span that one always manages to do less than the little one hopes to achieve. I think one already sensed in the remarks that Mr Andersen made that feeling of not doing just quite as much as one would have liked to have done. But at least I think he should know that this short time has enhanced Denmark's reputation, and indeed, his own.

*(Applause)*

We welcome the fixing of the date for direct elections. I trust very much — and I think Mr Fellermaier was on the same question when he catalogued the different states of readiness of the different countries of the Community — that there are no escape-clauses in this matter. It is, after all, being fairly freely said by British Labour Members of Parliament that the British Labour Government would break this contract if it suited their domestic election timetables. I would hope that there have been assurances, both in regard to the United Kingdom and in regard to other members of the Community, that this is not the case. The United Kingdom in particular, in my view, bears a particularly heavy weight of responsibility for the postponement of the elections, and I hope it will not provide any reason for the casting of doubt upon the new date.

**Johnston**

Like both Mr Fellermaier and Mr Klepsch, I welcome the reference to human rights. It was not what you might call exactly a startlingly new declaration — we would be a strange Community indeed if we were not in favour of democracy — but I think the particular emphasis on pluralism, which after all is, I think, the particular contribution which Europe brings to democracy in the whole world, is of great importance. It is equally important, I think, to link this with the Council's remarks on terrorism and cooperation between the Nine in combating this new and terrifying — it is the only word — development. It is very worrying indeed for all of us. It is not only the incarceration of Aldo Moro which is worrying so many now, but also recent events in Germany, and the fact that it is quite obvious that all our countries are open to this kind of attack. It is therefore essential that we work together. My colleague, Cornelius Berkhouwer, will I believe, speak particularly on this matter later in this debate.

Speaking not only as a Liberal, but also as the rapporteur for the European Foundation, I would welcome the decision made in Copenhagen. We had a debate, as Members will recall, on this matter in Strasbourg last month, and while there were a number on that occasion who expressed some doubt about the particular mechanism for facilitating contact, which is what the Foundation is about, I think everyone who participated in the debate recognized the importance of improving and developing human contact throughout our Community. I hope that now the decision has been made, everyone will cooperate with it.

I will, if I may make very brief reference on behalf of our group to four other matters — and I emphasize that the brevity of this in no way reflects on their importance. The declaration on Namibia shows that Community views on Southern Africa are steadily knitting together. This is a matter which I think we can take some satisfaction in. The Middle East is an intractable problem, but at least we are holding our position. Mr Jenkins referred to parallel thinking; perhaps we are even converging our thinking in the Community on political cooperation. In regard to Japan, I think the Council deserves praise for keeping its head and not rushing precipitately towards protectionism, which there is always pressure to do. I do not think that is the right way of tackling the problem. Marine pollution, finally, is obviously a matter which concerns not only the Community but is an international matter and requires international agreement before one can reach a satisfactory solution. But one really must say, that if we now have the Amoco Cadiz, it is not all that many years since we had the Torrey Canyon. We seem unable to tackle firmly the navigation of what is not all that narrow a waterway. In view of the terrible natural environmental disaster which has struck Brittany, this is a matter which should be given priority.

It was inevitable and natural that economic and social questions should dominate the Council's discussions,

and we most certainly share Mr Andersen's concern that concerted progress is still slow. There are Schmidt's doubts about expansion, there is Callaghan's apparent belief in relying on increasing the reserve rule of the IMF, and there is Giscard's view, which I think is nearer to the view held in this group. There is a great deal clearly to be done before agreement could be achieved, but in the view of this group, with the pressure of unemployment behind us, in particular of youth unemployment, in all our countries, to achieve this is an absolute priority. We think that Mr Jenkins is pointing in the right direction in stressing the necessity of making progress towards economic and monetary union.

At our conference in Brussels at the end of last year, the Federation of Liberal and Democratic Parties of the European Community expressed support for the concept of a parallel currency, which again came in for some consideration in Copenhagen. Mr Andersen said that the meeting in Copenhagen should not be seen in isolation. It is indeed a part of the whole evolving matter of the Community, and obviously every meeting cannot deal with everything. I quite accept that. I would nevertheless mention one area not touched on which we in this group believe to be of the greatest long-term importance — I am referring to enlargement. The technical problems of enlargement are, goodness knows, difficult enough. We have here the reference Mr Jenkins made both to Mediterranean agriculture and to the basic necessity of correcting regional imbalances, a subject which, I remember with great clarity, he chose as his theme when he first addressed this Assembly in this Chamber when he became the President of the Commission. But perhaps these things will, in the Churchillian phrase, 'argue themselves. What I think is of the utmost importance to stress again and again is that public opinion should not forget what serious effects the disappointment of the Greeks and the Spaniards and the Portuguese would have on the political stability of the continent if progress towards enlargement were slowed down or gravely delayed. We must not forget that, however serious the technical difficulties, the political difficulties and the political threat will be of a much graver nature.

But I would like to end on a positive note. I think the Copenhagen Council will pass into history as the occasion on which the Community finally opted for direct elections with all the long-term significance that this has for the cohesion of our Community. I think it is appropriate that this decision was made in Denmark with its long and honourable record of pluralist democracy.

*(Applause)*

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

**Mr Rippon.** — Mr President, I too would like to express thanks to the President-in-Office of the Council and to the President of the Commission for the speeches they have made to us this morning.

Last week's meeting in Copenhagen has been generally described in the press as a modest success — at least by recent Community standards. Certainly there are a number of matters that I think we can all warmly welcome. Firstly, the agreement on a firm date for direct elections. Secondly, the clear stand on terrorism, which I hope will be buttressed by the motion for a resolution that we will be considering immediately after this general debate. And thirdly, the fact that all the necessary basic decisions have been taken on the establishment of the European Foundation which will be sited, very suitably I think, in Paris.

I do not, I must say, welcome the rather damaging and dangerous comments which the President-in-Office made this morning on the internal situation in Rhodesia. I think he and the Council might have been better employed considering the situation in Ethiopia and the Horn of Africa (*Cries of 'Hear!, hear!' from the European Conservative Group*)

For the rest, as so often in the past, we have heard many of the right noises, but we have, once again, to wait a little longer, in this case until July, to know if any real action will result. Of course, Mr President, we can all appreciate the need for some quiet traditional, diplomatic negotiations. The President-in-Office is quoted in Copenhagen as having said we must understand this need for some confidentiality and some secrecy, but I must say this: if anything is secret in our Community it must be zero plus zero plus zero. The only real test of the Copenhagen meeting will be whether or not it will aid European and so world economic recovery. I think that remains a very open question, although I think myself that the President of the Commission deserves to be congratulated on having persuaded the Council to make some of these right noises, particularly on economic and monetary cooperation, where in recent months he has given a very necessary and very excellent lead.

It is indeed a formidable task that the European Council have set for themselves, and for our Community:

a common strategy designed to reverse the present trend in the Community's economic and social situation, covering economic and monetary affairs, employment, energy, trade, industrial affairs and relations with the developing world.

This can be as Mr Andersen evidently hopes, an action of historical dimensions. Or it can be nothing. It can be the turning point, the initiative which can finally give our citizens the faith in Europe all too lacking today. Or it can be the last gesture of an ancient civilization. And as a very wise and experienced official of the Commission, Sir Roy Denman, said the other day, for Europe it is now August 1914. We stand on the brink of disaster. We failed when we

showed we were not capable of dealing with the oil crisis, when we had neither the courage nor the intelligence to face the threat together and in spite of all the fine words in Copenhagen, we are still dithering on this absolutely crucial question of energy policy. We really cannot afford another such defeat. That is why it is so vital that the excellent diagnosis in Copenhagen should be followed by some successful cures.

I think unfortunately that some of the conclusions reached in Copenhagen leave some serious doubts as to the possibilities of such a success. It is suggested that the common strategy shall contain an energy policy, reducing our oil imports, and increasing our energy production; a monetary policy, creating monetary stability; a trade policy, increasing world trade, and resisting protectionist tendencies. Well those are all good and important aims, no one can quarrel with them to any extent. But it is not enough. The achievement of an annual growth rate of 4.5% by the middle of 1979 is, we are told, to be assured by much coordination between civil servants in the Commission and officials in national governments, and in the Council and the Member Governments for the next three months. Now, we have always been led to believe that that coordination already takes place; there is a Monetary Committee, and there is an old Council decision on the attainment of a high degree of convergence of economic policies. But this growth cannot be achieved by nine men meeting in an atmosphere of conviviality and goodwill, and then expecting civil servants to bring it all about. This is especially so as there is some evidence, at any rate in the press, though perhaps this can be denied, that some of the Heads of Government, notably the German Chancellor, who has not shown himself one of the greatest of Europeans, do not really believe at all in this already scaled-down growth objective. They are saying: Well, if they want it, let's put it in, but we don't really believe in it, we don't think it will come about, and we don't expect to do anything to ensure that it will come about.

Nor do I think, Mr President, that the setting up of tripartite conferences for individual industries is likely to help, because both unions and employers in these gatherings will all be seeking to look after their own, so that the desired overall result will not be achieved. Moreover, this tripartite approach tends to cut out the smaller firms, and it is the smaller firms and the firms that are still to be set up, to which we should be looking for increased employment opportunities. Political ambulance services for industry have never succeeded on a national level, and it is not politicians or civil servants on the European level who will be able to make it any better. On the contrary, an interventionist action on this scale might well lead to the destruction rather than the enhancement of free competition and so be, in itself, a disaster for the GATT trade negotiations which the European Council seeks to bring to a satisfactory conclusion.

## Rippon

We will only bring about a fundamental change in the economic situation if we have a fundamental change in the trend of industrial production. But I think in many ways this goal is incompatible with the Commission's present policies, of which we have now seen the first example in the policy for the steel industry. It really is impossible to reconcile, on the one hand the objective of helping the Community steel industry by limiting production, and thus the availability of steel on the European market, in order to raise prices and make the European steel companies — or nationalized industries, in the case of Britain — more apparently profitable, and, on the other hand, the objective of increasing industrial production in general. Because steel-using industries, which employ far more people than the steel producers themselves, are now finding themselves at a serious competitive disadvantage against those industries abroad which continue to have access to cheaper Japanese steel. Neither is it enough just to increase the availability of capital for investment, as has been suggested, because the only way to stimulate economic growth is to encourage individuals and firms to invest. It is not the finance which is lacking in the Community, it is the will to invest. That does not exist at present because of the low rate of return.

How can we reverse this downward trend? Our situation today, I would suggest, is not a totally new one. We have a precedent in the economic situation in the West in the years after the Second World War. The solution to that was the Marshall Plan from which Germany was one of the main beneficiaries and which might now in return consider action on a similar scale itself. Here we come to my basic criticism of the European Council's conclusions. While the idea of an overall common strategy is good, the conclusions notably omit any reference to the enlargement of the Community, about which I share entirely the views which Mr Russel Johnston just expressed. Yet this perhaps the very key to the necessary European recovery plan. On the one hand, we have the Europe of the Nine with an over-capacity in production and a loss of confidence that the wheels will ever start turning again. On the other hand we have the three new applicant States plus Turkey, all with a large trade deficit with the Community and with an urgent and enormous need for industrial equipment and development. Now, an action on the scale of the Marshall Plan would not only give the necessary injection of demand to the industries of the Nine, and restore a general confidence in the future, it would also match the necessity of developing the economies of the applicant countries so that they can accept the Treaty obligations and participate fully in inter-European and world trade.

That really is what we should be doing. It is not good enough, we shall find, to have an inward looking plan

which consists of giving money or aid to each other and which at the end of the day will only mean holding each other's hands while we are dying. President Truman and General Marshall rescued Europe in 1948. They believed in the values of our European society, in our capacity and in our future. Why cannot we in Europe now show the same faith and determination in saving ourselves? Mr President the Copenhagen meeting offers a glimmer of hope, but no more, and we ought to remember, all of us, time is running out faster than we now dare contemplate.

*(Applause)*

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

**Mr Brugha.** — Mr President, first of all, I should like to thank the President-in-Office of the Council, Mr Andersen, for his report, and also Mr Jenkins for his remarks. In reply to Mr Andersen's concluding remarks, where he asks us to tell others if we are satisfied and tell him if we are dissatisfied, the brief comment I would like to make at this stage would be to say, 'Yes, satisfied at this stage'. Now, while our group, the European Progressive Democrats, has always approved of the Heads of Government coming together to provide a consensus for political action, nevertheless we must emphasize that public opinion and the needs of the Community require definitive results eventually from meetings, and not just a cosmetic exercise. One cannot help but feel that in recent times journeys to the summit, as one newspaper put it some time ago, could be compared to regular visits to the dentist. Everyone notes that those attending need a full set of teeth. They therefore agree to take action, but in the meantime they keep promoting the shiniest toothpaste. However, the enormity of the problem facing the Community evidenced by the ever-increasing rate of unemployment, now at a frighteningly high level, has finally, it appears, compelled the summit leaders to realize that they may have wrung the toothpaste tube dry. The event which clearly marks the summit is the consensus mentioned a short while ago by the President that seems to be emerging however belated, for a European zone of monetary stability. Monetary stability is clearly the condition for a concerted expansion of the economies of the Member States. Not only the operation of existing common policies, particularly the CAP, but the development of a common strategy in five key areas — faster growth, stable money, energy, trade and capital movements — will fail to be realized unless there is a realignment of the currencies of the Member States. My group believes that the pooling of reserves in a European monetary cooperation fund will stabilize exchange rates by spreading the impact caused by capital movements from outside the Community which affect the Member States in varying degrees. The reorganization of the interna-



**Brugha**

tional monetary system must be accompanied by the establishment of a code of economic and monetary conduct that will see an end to dependence on the supremacy of the dollar. While the consensus reached as to the importance of the monetary question is to be welcomed, the need to establish effective monetary stability will quickly emerge, so that before the next economic summit there should be consensus between the Member States to achieve the desired scenario: that is, a relaunching of the Western economy and accelerated growth and expansion of world trade.

We note also, Mr President, and welcome the reference at the behest of the Irish head of government, Mr Jack Lynch, to the elimination of regional disparities as part of the process of creating internal cohesion. The key aim must be to implant a genuine regional policy as part of the economic recovery programme. The elimination of the regional disparities in the Community which are aggravated and frustrated by monetary disorder — here I might refer to the obvious case of the MCA's is after all one of the declared objectives of the Rome Treaty, and I would remind the House that the Treaty calls for harmonious development of economic activities continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the Member States adhering to it. The Community must not only be consistent with its own stated objectives of eliminating regional disparities, it must take renewed and vigorous action to implement the summit's call for a revived regional policy — a policy which will permit the Community to launch a joint action to combat inflation and unemployment, while promoting economic growth, world trade and monetary stability.

Mr President, our group welcomes the summit decision fixing the date of the direct elections to the European Parliament for June of next year. I think that when Fellermaier was reading off the list of States which had made their preparations, he omitted Ireland. I should say, Mr President, that not only has my country introduced and passed the legislation necessary for direct elections, but the constituencies have already been set up for a proportional representation direct elections to this Parliament. My group expresses the hope that the direct elections will take place in or around the time indicated and that no new political problem will emerge to prevent this. The importance of these elections must be clearly recognized, both by the Governments of the Member States and the Commission. It is desirable that the different political forces in Europe begin to address themselves to the issues of direct elections so that the new directly elected Parliament will have a clear mandate from 175 million voters to arrive at a consensus on the major issues facing the Community. It would be a futile exercise if a directly elected Parliament were to use up its time and energies on what would seem to

be a futile argument on increasing the power of a directly elected Parliament. Rather it should speak with one voice on major issues such as unemployment, inflation and improved decision-making within the Communities. The Commission should recognize that it will be called upon to play a role in this direct election campaign and that it should face up to its responsibilities, so that issues of a truly European character can be the focal point of our different political forces. It is both in the Commission's interests and in the interests of the directly elected Parliament that there should be a high turn-out of voters in these elections. Every effort must be made to alert the voter to the importance of the coming direct elections. For this reason, more concrete efforts must be made by the Commission to attract attention in all Member States to the importance of the European Parliament, and the elections, as a part of the process of democratization in Europe.

We are glad that the President, when he spoke, referred to the question of terrorism, and we also call for the fullest cooperation among the Member States, and indeed among the States of the world, to forestall events such as the unfortunate one that occurred in Italy.

We are also glad that the President mentioned discussion on the question of pollution. Here we would say that all European States must cooperate in protecting our shores from oil pollution, and must take clear and positive results to ensure this.

Finally Mr President, our group welcomes the decision of the Heads of Government to establish the permanent headquarters of the European Foundation in Paris. We believe this foundation will help to promote cultural and social contacts and a greater knowledge of the Community's aims among the people of the Nine. We extend our best wishes to the foundation and to all those who will take part in it, and wish them success.

*(Appluse)*

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

**Mr Spinelli.** — *(I)* Mr President, as I am the first Italian to take the floor in this debate, I feel I have to make a statement which I am sure any other Italian Member of this Parliament, whatever his party, would have made using more or less the same words.

We greatly appreciate the solidarity expressed both here and in Copenhagen with the Italian people at this troublesome time. We want to point out that all the parties and trade unions in Italy, whether on the government or the opposition side, have rallied round the government and are determined not to give into blackmail, but to defend democracy in Italy calmly, without to give into without recourse to emergency legislation, by the unfaltering application of the democratic laws of the nation.

### Spinelli

I am not going to speak at length, in order to allow Mr Bordu to speak for half the time allotted to us. I am speaking on behalf of the Italian section of the Communist and Allies Group about the reports by the President of the Commission and the President-in-Office of the Council ...

**Mr Fellermaier.** — (D) You mean the French group and the Italian group!

**Mr Spinelli.** — (I) Come now, Mr Fellermaier, your Group has the same divisions.

The European summit meeting in Copenhagen has highlighted the need for a European solution in times of crisis, when problems of internal politics, law and order, economics and international politics are all piling up. In short, the European Council meeting in Copenhagen has stressed the need for a European solution.

Is there anyone who would disagree with the list of things to be done, both in the economic field and in others? Joint action against terrorism, pollution and unemployment is needed. No one can disagree with that. We could, of course, be a bit more specific and discuss whether some approach or other ought to be modified. But then we should merely end up with what the Germans call a 'Wunschliste', a kind of shopping list. It would not be a commitment to take political action. For political action you have to move from words to facts, and so far we have only had words from Copenhagen.

In my opinion, the talks that have been held in Copenhagen ought to make all the Community institutions realize — especially the Council of Ministers and the Heads of State or Government — that if we are going to try to solve our current problems simply by increasing the number of meetings by ministers and their experts — with each solidly defending his national viewpoint — instead of strengthening the Community structures, the net result will be that we shall go on talking about European union without actually getting anywhere. All too often in the past we have heard fine words at the end of European summit meetings. Remember the commitments that came out of the Paris summit of 1972, for a comprehensive four-year plan? What was the outcome in fact? Nothing, or very little. I agree, one or two minor things were done, but in view of the fact that all these problems have to be tackled with a consistent plan of political, legislative and executive action, we must admit that increasing the number of meetings of ministers — first the Minister of the Interior, then the Finance Ministers, and so on — is not going to turn words into action. But action is vitally important.

So probably the most important decision taken in Copenhagen was the fixing of the date of direct elections for next year. We are already a year late, so there is no cause for celebration. You can be sure that even now, in each of the Member States, there are those

who are working on delaying tactics and other means to put back the elections again. We shall have to be careful and make sure that we do not miss our opportunity this time. If we manage to get a directly elected European Parliament, we shall be able to strengthen this institution which is proving that it is more aware than any other of the need for a genuine Europe, with proper European structures. Yesterday's debate showed that Parliament realizes that if anything is to come of the promises made in Copenhagen, it is essential for the Commission to assume more responsibility than even it itself claims.

In my view, if we can keep these promises, we shall be well on the way to creating a better climate in which the Community can develop. Otherwise, we shall run the risk of having heard yet again a fine flow of words which in the end nowhere — except to more sterile Council meetings with their increasing symptoms of paralysis.

(Applause)

**President.** — I call Mr Christensen.

**Mr Christensen.** — (DK) Mr President, the Copenhagen meeting of the European Council was another instalment in the series of public relations exercises which the meetings of the European Council have tended to be so far. Mr Andersen said there was a high degree of agreement, but it was also clear from his statement that there were in fact no concrete results whatsoever and it is not very difficult to establish general agreement if no decisions are being made.

As regards the growth objective of 4.5 %, both the German Chancellor, Mr Schmidt, and the Danish Prime Minister, Mr Anker Jørgensen, later stated that it was very doubtful whether this could be achieved and of course, is not really binding. Obviously an unemployment figure of 7 million is bad for the prestige of the European Communities, and that is why statements of this kind are made. I think, however, that it is fatal to try and make decisions on the economy of the Community in such a way that the individual Member States are deprived of their own instruments of government. Looking at it another way, a good policy for Florida is not necessarily a good policy for New England. National measures are what it most needed, in my view, but this does not mean an economic policy as conducted in most Member States where the combating of inflation is given precedence over employment because the courage is lacking for a policy which both curbs inflation and promotes employment at the same time.

As regards the declaration of the European Council on democracy, I should like to say that it is so weak that I go along completely with the criticisms made by the British Foreign Secretary Dr David Owen. It is of no consequence with respect to the accession of new Member States, and it could not be used for purposes of exclusion, for example, in the case of of a

**Christensen**

*coup d'état* in one of the Member States. Clearly the European Council takes a view that democracy and human rights are only important elements for membership of the Community and not *sine qua non*.

For Denmark it is a serious matter that democracy is not rated higher in the European Communities, and that in some cases major economic interests or political considerations can be given priority. This fact does not, however, surprise those of us in Denmark who opposed our country's accession to the European Communities, and who are against its participation in plans for a European Union.

Finally, I should like to say in connection with the direct elections that I am perhaps the only speaker here today who regrets the fact that a decision was reached on this point. In my view, the introduction of direct elections will represent a substantial loss of national sovereignty for the Member States. I think that as far as Denmark is concerned, this will mean severing still more links with the other Scandinavian countries. In my view, the ideal thing would be voluntary cooperation at European level on the basis of common interests of sovereign States, not a union in which supranational agreements are made by a majority over the heads of the Member States, and in saying this I am expressing the opinions of approximately fifty percent of the Danish people since repeated opinion polls in Denmark have shown that this proportion of the population would vote against membership of the European Community while the other half would vote for it.

Mr Johnston said on behalf of the Liberal Democratic Group that he thought it was appropriate that this decision on the date for the direct elections was made in Denmark. I should like to add the perhaps slightly ironical observation that it emerged from a survey carried out in March, in which a representative section of the Danish electorate was asked whether they felt the European Community should be expanded to include a common directly elected Parliament, that 16 % of the Danish population were in favour of this. The remaining 84 % had no particular views on the matter or were against it. These are a number of political facts which we should bear in mind.

**President.** — I call Lord Ardwick.

**Lord Ardwick.** — Mr President, the theme of today's debate might be called *Last week in Marienborg*; but it is not a love-tale: it is a mystery story. For in spite of the communiqué, in spite of the press conferences given by the participants, in spite of the statements we have heard this morning, we can still only guess at what went on in those baroque Danish chateaux. As Alan Vernay put it in *Figaro*, the communiqué was precise about the vague problems of culture and diplomacy; and it was vague about the precise problems of economics and money. But what we do know about the Copenhagen Summit is encouraging.

The Nine seemed to have been agreed about what needs to be done, and perhaps the Heads of State and Government are tight-lipped because they have not yet agreed on how to do it.

I sympathize with the President of the Commission for his reticence this morning. There seems to be a kind of conspiracy of reticence, but as the guest at the party, he must, like all good guests, preserve a certain discretion about what went on. As for the President-in-Office of the Council, I am afraid he is the victim of a bad tradition that Presidents-in-Office come here not to reveal what went on, but to conceal what went on. Thank God, we have a probing and speculative press, so we do think we know something of what went on in Copenhagen. There does seem to be evidence of a universal change of outlook, a belief that the long hoped for expansion of 4.5 %, the minimum required even to touch unemployment, is only obtainable against a background of stable European currencies. So stability has priority, and if this is true, it is an important change in strategy, and it should be debated by this Parliament. All we can say today to the Council is: for God's sake get ahead with your methods of achieving stability. Prepare the Bremen Conference well, so that at the Bonn world summit of the seven major financial powers, Europeans can face the others united on the plan to tackle our part of the world crisis. If some of us here are still cautious, it is because we remember the London summit of 1977, so full of hope and so empty of real achievement.

Since, then, there has developed a new and frightening monetary instability as the dollar has pressed upon the German mark. It was frightening, Mr President, not simply because of the economic effects, but because of the political threat to Western political unity caused by such currency confrontation. The mood seems to have changed now, and we are hoping to hear any day from President Carter of an anti-inflationary programme and energy-saving measures that will convince the world that the period of calculated neglect of the dollar is over and that the aggression inherent in allowing it to fall has now come to an end. With the US on a new course, with the French elections over, we can perhaps start seriously again on the heavy and awkward package of problems that are the ingredients of the world crisis.

I think that today nobody believes anymore that simple pump-priming provides all the answers, even if it is coordinated though pump-priming is still necessary. It is not of course impossible to get growth, but it is going to be much harder to make any impact on unemployment. It is now obvious that a great deal of unemployment is structural — how much nobody can say — and you cannot spend your way out of a structural crisis. But, Mr President, my colleague will go into the specific unemployment situation in what depth is possible to him in the few minutes that remain.

**Lord Ardwick**

These things, however, are on the periphery of the communiqué. The heart of the matter is that the Community and its members over the next three months intend to develop a common strategy to reverse the current adverse trends. Firstly, the Council considers it essential to achieve an annual growth rate of 4.5%. But when, Mr President? Not this year, not in 1978, the original target date, but next year, 1979. Hope deferred again. There are some who consider this to be optimistic. There are strange Gothic stories coming from this baroque mansion of a figure prowling about the corridors at 3 a.m. and spreading alarm and despondency among the German reporters. There is a story too that Chancellor Schmidt has had a dream about three times as bad as Joseph's was. Joseph dreamed of seven lean kine; Mr Schmidt is believed to have dreamed of twenty lean kine, to think that perhaps we are in the middle of a twenty year recession. But there is also some happy reporting from the Conference that the German rate of growth during the past three months has been at the rate of 6%. So no further stimulus is immediately required.

However, we are no longer asking Germany to be the locomotive. Yesterday in the Budget in the British Parliament, the British Government launched a pinnacle, shall we say, on the turbulent waters. The reflationary effect of the Budget is of the value of £ 2.5 billion. I record this as an historic fact, I do not want to draw any of my Conservative compatriots into a domestic conflict on the floor of this House about the wisdom and the practicality of this measure. I will simply comment that the age of what some would call pusillanimous restraint, and others would call prudence, is coming to an end. The convoy is now perhaps sailing out.

But as an adjunct of a coordinated attempt to increase growth, a mood now exists to pursue monetary stability as a priority. But about what is to be done, the communiqué is, as I have said, reticent. The journalistic squad in Copenhagen closely examined the words of Mr Tindemans and Mr Jenkins, and it is suggested that what some people have in mind is not the poor old snake but some other creature which will span a European zone of monetary stability. The new system of course must accommodate those major European currencies — the franc, the lira and sterling — which are now floating independently in the outer darkness. Now one presumes that an examination is being made at the highest level of the various schemes, with the currencies in some relation to one another. It is also suggested that alongside this would be a parallel currency — based on the European unit of account, the *Europa* as it is so often called — acting as a reserve currency and as a denominator against which the national exchange rates could be expressed. The *Europa* could have a variety of uses and it could end up as the single European currency

of which Mr Jenkins has dreamed. Perhaps that is why some correspondents at Copenhagen saw a gleam in his eye, because this is one of the several possible paths to monetary union.

So, Mr President, we may at last be on our way somewhere. But we must take care not to be ambitious. If we achieve a new system in Europe the object is not of course to retreat into a defensive financial isolation, which is impossible, or to seek an embattled situation against the dollar and the yen. No, Mr President, out of this strength, if we can attain it, we should seek constructive solutions so that we can live in friendly relations, economically and financially, with both the dollar and the yen. We must seek to persuade the Japanese to adjust their industrial structure so that they achieve greater interdependence with the other producers of manufactured goods. The process may be slow, but it is not an impossible one. Europe in short must now save herself by her exertions and help to save the Western system by her example.

*(Applause)*

**President.** — I call Mr Bertrand.

**Mr Bertrand.** — *(NL)* Mr President, I listened with particular attention to the statement by the President-in-Office, Mr Andersen, on the recent European Council in Copenhagen. I can only concur with what Lord Ardwick said just now, and I cannot help feeling that this statement hides more than it reveals.

We now know Mr Andersen as a man who is used to speaking freely and openly. In the past four months, however, he and his Prime Minister have already been in conflict with another Member State for being too frank. I can appreciate that he is now taking the necessary precautions to avoid making the same mistake again, but this of course is not much help to Parliament. As regards the general review of the results of Copenhagen I should nonetheless like to say that I see grounds for being pleased at the new trend now apparently developing in the operation of the European Council.

I am glad first of all that the European Council is moving away from the discussion of problems from the past. The latest European Council has demonstrated that it wants to develop a new strategy to be aimed at the future, pervaded with a spirit which is bound to have a stimulating effect on the European institutions with regard to the further construction of Europe. This is at any rate one pleasing conclusion from the results achieved at this European Council.

I should like, Mr Andersen, warmly to congratulate you personally and to thank you for having kept your word. You have kept your word in that you promised on two occasions in this House that you would do your very best to see that the definitive election date was fixed at the next European Council.

**Bertrand**

I should like to ask you — and here I endorse what Mr Fellermaier said — not to indulge in too much rejoicing. You maintain that it has taken three years and four months to achieve this result, and that this is really not all that long. I suppose we must make allowances here for the facts that your country has only been a Member of the Community since 1 January 1973. But for those like us who have been in the Community since 1952 it has taken twenty years to reach this decision. There have been so many different initiatives from Parliament during these twenty years that all we can do now is to have a sigh of relieve and say: yes, now we know for sure that the elections are actually going to take place. Having said this I now come to the procedure you spoke about just now.

The date has now been laid down in principle by a decision of the European Council. Now the notification documents have to be deposited. I understand that seven governments have already done this: the governments of two major countries are not yet in a position to do so. I should like to urge you to make an effort to see that these last two countries also deposit their ratification documents by the end of June at the latest. Parliament can then give its opinion immediately after the summer recess, after which the necessary preparations can be made to organize the election campaign over a period of seven or eight months. Otherwise, if these ratification documents are only deposited towards the end of the year, then we shall spend the whole year in uncertainty as to whether these elections are in fact going to take place. The election campaign and the information programme would not be able to get fully under way, which is why I would ask you to accept this deadline and put pressure on the last two countries to deposit their ratification documents by the end of June. Then, at the Bremen Summit Conference, you will be able to announce finally that the Council is to seek Parliament's opinion on the definitive date for the elections. We would then know exactly where we stand.

Until this happens, the Copenhagen decision is nothing more than a political pointer. In the light of bitter experience we must urge you to really insist on this. You have shown that you are capable of doing so: do it therefore once more in this last phase.

I must also thank you for having coupled the declaration on democracy with the fixing of the election date. Indeed, I think that the two things go very well together, and that, in the context of the European elections, the declaration on democracy can be regarded rather as the ideological basis on which the European Community is soon to be extended and developed into a pluralistic democracy.

Allow me to say, however, that for me this declaration on democracy is incomplete. I am sorry to see that the European Council has taken over almost to the letter

the text of the declaration which the Commission drew up last year on the problem of democracy, without taking into consideration the resolution adopted by Parliament on the basis of the Scelba Report on special rights for European citizens.

Mr President-in-Office, this seems to be a glaring omission in your declaration on democracy which will be ill received by public opinion. On 10 June 1979 we are going to give the citizens of Europe the right to vote, thus recognizing them as European citizens. What should normally follow from the existence of a European Community is that those European citizens whose rights can no longer be upheld by the Member States because they are living elsewhere in the Community than in their own Member State will have these special rights, which can help to provide protection at Community level. I would therefore ask you to investigate in what way, on the basis of Parliament's resolution and the Scelba Report, we can guarantee these special rights to European citizens. I am thinking of passports, the opportunity to take part in local politics, the right to special education facilities and so on — things which must be given concrete form in day-to-day life with an eye to the real European citizenship of those who belong to the Community.

This element is missing in your declaration on democracy and it is in your view regrettable that you have not taken it into account.

We Christian Democrats long ago made our opinion known on this, as can be seen from my speech in the plenary sitting of Parliament on 9 July 1975, when as rapporteur I presented the report on European Union. On that occasion I said this:

We begin by saying what we consider the substance of European political union should be. For us, European Union can only be a pluralist democracy open to all those who wish to cooperate in the fulfilment of Community expectations. The point of departure of the Political Affairs Committee's resolution is therefore an open pluralistic democratic political union. As a pluralist democratic concept, it shall be principally concerned with respect for the freedom and personal dignity of the people. The Commission's request that the protection of the rights of man should be included as one of the targets of European Union thus coincides in essence with our basic views on the substance to be given to European Union.

That is what we declared in this House in July 1975. At that time we were thus already very anxious to have these special rights included in a declaration at Community level.

You have also informed us that the European Council has established the European Foundation. Before I deal with this point, I should like to make a number of possibly less agreeable comments.

**Bertrand**

I have the inescapable impression that the European Council is increasingly taking an intergovernmental line and is paying far too little attention to the development of the Community. That assessment is my reaction to the decision to establish this European Foundation. I must say that the information we have gives us the impression that the European Council has a curious conception of democracy. For six Member States agreed to make the European Foundation a Community institution on the basis of Article 235 of the Treaty. Three Member States were not in favour of this. And these three won the day. The majority did not get what it wanted. If that's to be the pattern of democracy in future in the European Council, that the minority takes the decision with the acquiescence of the majority, then I am seriously concerned about the cohesion of the European Council and its ability to develop a coherent form of cooperation.

I also regret the fact that this European Foundation, which should essentially, in view of its purpose, by a Community body, is now to be an intergovernmental institution and that, in establishing it, Parliament — and here I address myself to the President of our Parliament — has been disregarded in blatant fashion!

The General Board of Management of the European Foundation is to be composed of 50 % of representatives of the Member States and 25 % of representatives of the Commission, while 25 % of the members are to be co-opted. But the European Parliament is not allowed to make any suggestions itself on the compositions of the Management Board of this purely European foundation, which is intended to publicize Europe, to publicize the Community and to arouse interest among students for a United Europe. We are quite simply being ignored as an institution, we are not being taken into consideration! What these worthy gentlemen have not omitted to do, however, is to demand a substantial financial contribution from the Community in order to be able to start setting up the European Foundation.

I want to make a point of emphasizing this criticism because I find it extremely regrettable that a unique opportunity has been lost to set up a Community institution which could be fully devoted to the needs of the Community.

Mr Fellermaier, true to his manner and temperament, was unable to refrain from making a number of pointed political remarks with regard to the European elections. I have every sympathy for his declaration today that for the Socialists the European elections represent a challenge. I hope the Socialists will succeed in drawing up a European election programme at Community level. It would be very bad news for Europe if you failed in this. I can thus appreciate, M Fellermaier, that this is a great challenge for you.

There were also lengthy discussions on foreign policy. The statement on the Middle East gives the impres-

sion that the position described in the Declaration of June 1977 is now being modified somewhat.

I know this is an oral statement. It does, however, put forward the view that Lebanon must preserve its independence, that the conflicts in the Lebanon are no reason for not seeking a general Arab-Israeli solution to the Middle East conflict, and that Resolution 242 still forms the basis of our position. Nevertheless, if the Council states its position on such delicate problems it should do so in a clearer and more concrete fashion.

The statement on East-West relations is for me a great disappointment. The announcement on this is not very informative. It presents the situation as if Belgrade represented a definite constructive advance with regard to what was agreed in the Final Act of Helsinki. That at least is how we read the communiqué. This assertion is in blatant contrast to what was achieved in Belgrade. We are naturally glad that, in the framework of a continuing policy of détente, Belgrade is to be followed by Madrid, but we cannot but deplore the weak attitude of the Nine. On Basket 3 they failed to get even a single declaration or statement included in the final communiqué of Belgrade.

I am amazed that a small country such as Malta was able to get what it wanted in Belgrade with regard to Mediterranean policy, while the Nine were not even capable of achieving anything on the question of respect for human rights, the re-unification of families and similar objectives which also form an essential part of the Final Act of Helsinki. That is all kept very quiet!

Now my great fear is that in Madrid in 1980 there will only be discussions on the reports of the three working parties set up in Belgrade. Our Soviet colleagues will only accept an agenda in Madrid which covers the three technical working parties and nothing more. You will once again join the Nine in dutifully putting up with this, while everything in Basket 3 then simply passes into oblivion.

You should, however, give some consideration to the fact that this is really a deplorable manifestation of weakness and uncertainty which, as far as the Community of the Nine is concerned, causes us some anxiety with regard to the future implementation of the Final Act of Helsinki.

It is not merely a question of Basket 1, which is a *fait accompli* for the Eastern Bloc, nor merely of Basket 2 with the continuing uncertainty as to the development of trade relations with Comecon and the State-trading countries. However, the fact that Basket 3 was simply eradicated in Belgrade, probably never to be seen again, is a cause for great concern.

I must say that I am also very surprised that we are unable to adopt a position of our own on the Rhodesia question. Once again we endorse the Anglo-American declaration and have nothing more to say on behalf of the Nine.

**Bertrand**

I cannot help being pleased when, in a country like Rhodesia internal negotiations between the blacks and the whites lead to the beginnings of an agreement. Instead of rejecting that, it would have been better to bring pressure to bear on the other two black groupings to join in and thus strengthen the black position in negotiations for an internal settlement. That would have been a sound position on the part of the Nine. You must not forget that the whole of Western policy in Africa over the past 10 years has been a great fiasco because of the American failure to understand what was a stake in Africa. Now that Africa appears to be on the brink of collapse, we still lack the courage to adopt a political position inspired by purely Euro-African considerations. We have the Lomé Convention but we lack the courage to adopt a political standpoint of our own when internal African problems are involved. That was a further regrettable aspect in Copenhagen.

Mr Jenkins, I do not know whether you noticed, but in his whole speech Mr Andersen did not once mention the Commission. He delivered his report on Copenhagen as if the Commission no longer existed. Everything is to be settled by the Council, everything is entrusted to the Council, everything depends on the governors of the national banks. The Commission has evidently not been given a single clear task, at any rate as far as can be seen from Mr Andersen's speech.

I can well imagine that, following the European trade union's day of protest, you were rather surprised in Copenhagen to find that for the first time the workers were realizing that Europe was a reality and that, via their unions, they were for the first time coming out openly in favour of developing the European Community. I can readily accept that you were unanimous in Copenhagen in drawing up your analysis of the current economic and social situation in the Community and in analysing the European Community's current ills. But you were evidently in complete disagreement on the cure for these ills. That is why you have cast a sort of veil of secrecy on the decisions taken, because your opinions differ.

I find it regrettable that 24 hours after the Copenhagen conference two heads of government of the Nine who participated in Copenhagen referred disdainfully and with a smile to the 4.5 % growth rate you agreed on in Copenhagen. That was what two of the heads of government said 24 hours after the summit in statements on television in their own countries.

What credence are we then to give to things that you put forward in such solemn fashion? I do not wish to name any names, you know whom I mean. I would, however, like to stress this last point, since we are in the process of raising hopes among the workers and in political circles. If these hopes are not borne out by concrete measures, Bremen will lead to a degree of disillusionment which could perhaps, in the autumn, unleash social unrest which might surprise us. I can

understand your being concerned about unemployment, but you have said that before at the Hague summit, at the Rome summit, at the Brussels summit. Those are old declarations. You say that the problem can only be solved if provision is made for an economic growth rate of 4.5 %, and if employment policy is accompanied by a selective investment policy. Under trade union pressure you have agreed also to study the problem of the work redistribution in the Community. Your diagnosis is brilliant, and I can fully subscribe to it.

But what actually is the position on efforts to establish a European monetary zone and the efforts to achieve currency stability that you spoke about? What we know is that there is no agreement among the Nine on the future of the snake or on a new mechanism under which the currencies of all nine Member States would gradually have to float on a basis which is yet to be laid down. We know that all these things have been discussed, but you have not felt it necessary to put Parliament in the picture and give us the chance of discussing these aspects of the question as well.

This too shows that things are being dealt with at intergovernmental level. Mr Spinelli also referred to this. You have doubled the capital of the Investment Bank. But you have decided in the Council that the Ortoli facilities are not to be controlled by the Commission but are to be solely under the control of the Investment Bank. The thousand million units of account that are to be made available will escape parliamentary scrutiny because you have set this up at intergovernmental level, without using the normal instrument proposed by the Commission. These are further points on which Parliament must be given more information.

We shall support you with all the means at our disposal, but we must urge you to translate into real decisions the strategic course adopted in Copenhagen. Here I agree with Mr Spinelli. So often before we have been presented with fine plans. Let me recall one of them. You wanted to reduce our dependence on oil. You decided it was necessary to find alternative sources of energy for the future. However, Mr Andersen, the Commission presented us with plans aimed at developing an alternative energy policy by 1985, but the Council has always refused to take a decision on them. These plans have remained on ice. And as yet we are not aware of one single policy decision.

We must keep on insisting on these points, and you must thus appreciate our scepticism towards the comprehensive and very promising idea that you have now launched. This arouses new expectations in many Europeans. In heaven's name do not disillusion us, for that would be fatal for the future credibility of the leaders of Europe. You can be 100 % sure of our support, if only you do not disillusion us.

*(Loud applause)*

**President.** — I call Mr Adams.

**Mr Adams.** — (*D*) Mr President, ladies and gentlemen, in the run-up to direct elections for the European Parliament, this Community must prove to its citizens that it is the source of action beneficial to their daily lives, now and in the future. Unless they believe this, Europe's citizens will have little interest in direct elections, and the legitimacy of the directly elected Parliament may well be impaired. The Heads of State and Government have declared that they wish to take this necessity into account, that they wish to maintain the principles of social justice and make improving the employment situation the prime concern of a joint global strategy. This was also apparent from the statement this morning by the President-in-Office of the Council.

The Socialist Group, Mr President-in-Office, will not only support you in this but will also help to ensure that this Parliament is second to none in fighting for its own political and moral legitimacy. Parliament must therefore come up with concrete solutions to the problems of our fellow citizens. Accordingly, its concern must be centered on the European Community's employment and social policy. Within the framework of overall economic policy, this must take the form in the short time of coordinated measures to stimulate recovery and in the medium term of the reduction of excessive differences in income and wealth, the improvement of working conditions and the development of environmental and consumer protection — to name but a few of the medium-term objectives.

In the fight against unemployment it is in our view a question of reducing inflation and structural difficulties and of ensuring greater convergence between national economic trends. The specific employment policy of the European Community must aim at full employment as a separate objective of economic policy. It must give priority to promoting the re-employment of those who have been without jobs for a long time. With regard to the recruitment of workers from third countries, it must arrive at Community agreements on the basis of a careful selective policy. We regard the particularly hard-hit groups, namely unemployed women, young people and the handicapped, as deserving special attention.

The aim of a forward-looking social policy in the European Community must be to guarantee social protection for those who have become or threaten to become the victims of structural change in the economy.

In view of the 5.6 million unemployed in the Community, in view of the fact that the rate of unemployment is many times higher among young people, women and handicapped persons, there is a need for joint and coordinated efforts in economic, budgetary and social policy.

Our aim must thus be to guarantee economic growth, full employment and a just distribution of wealth. The

instruments applied by the Community and many Member States have up to now tried to overcome unemployment using the methods of classic economic and social policy. These instruments, however, are in my opinion only suited to making unemployment more bearable. The employment policy of this Parliament and the stand taken by the parties must, in the present situation, be aimed at making a credible contribution to the fight against unemployment by means of a consistent policy. A policy of full employment must make a positive contribution to shaping the unavoidable economic and technological changes. It must not simply be a reaction to undesirable economic developments. On the contrary, it must aim at humane growth and an active employment policy. It must ensure social peace by levelling out social differences. It must encourage the Member States to guarantee social protection by further developing the network of social provisions.

We Socialists therefore fully support the European trade union movement's campaign to restore full employment. We support a trade union wages policy based on the principles of solidarity. In the framework of the Tripartite Conference, we call for an intensification of the dialogue between the two sides of industry and the governments and the Commission with a view to achieving improved coordination of measures to combat unemployment. So far, Mr President, ladies and gentlemen, the results in this field have unfortunately been disappointing particularly for the workers and their unions. Furthermore, the inequalities on the labour market must be eliminated, particularly as regards unrestricted access for men and women to gainful activity, vocational training and career prospects. The right of freedom of movement for all workers in the Community must be safeguarded in social and political terms, particularly through the right to unrestricted trade-union and political activity and by means of a policy to counteract both the isolation and the alienation of migrant workers. An important subsidiary problem in this context is, for example, the transfer of child allowances for migrant workers from their country of employment to their home country.

With the reform of the European Social Fund — I should like to end on this note — the Community has in our view already taken a step in the right direction. It has thereby shown that it is prepared to accept its responsibility with regard to employment and social policy. This welcome new beginning must now, however, in our view be continued and intensified in a new phase of development for the European Community.

**President.** — I call Mr Bordu.

**Mr Bordu.** — (*F*) Mr President, ladies and gentlemen, the European Council meeting in Copenhagen coincides with a period of severe crisis affecting



## Bordu

all the Community countries. We have over six million unemployed, which is considerably more than the working population of Belgium, for example. As far back as 1973 my colleague, Mr Gustave Ansart, drew the House's attention to the dangers of mass unemployment in Europe, and we were virtually accused of overdramatizing the situation. However, following this meeting we are still very concerned about the fact that 40 % of the unemployed are women and 41 % young people. The Council discussed a number of topics without, however, suggesting any measures to deal with the causes of this persistent crisis.

While the European Council meeting was being held, a report was published by the French National Statistics Institute which illustrates the inequalities in the present situation. The report shows that the gap between the richest and poorest members of society has doubled in 30 years. This is a remarkable fact, and we must remember that our persistent inflation will increase such inequalities, and that the massive profits of the multinational companies will further intensify the injustice resulting from their so-called redeployment policies.

We fully share the grave concern caused by the continued worsening of the employment situation. It is interesting to note that the Council decided to fix the economic growth rate at 4.5 %, and that the effects of this decision should be felt around the middle of 1979. It would appear that the secret formula for success stems from a desire to attain monetary stability in Europe. I have three comments to make on this. Firstly, the dollar became dominant following the abandonment of the Bretton Woods agreement. There has been no change in this situation. Is the idea, therefore, that we should stop being dependent on one currency, and become dependent on another, albeit European? Secondly, the problem of unemployment conflicts with the objectives drawn up by the European Council, who are concerned to pursue a policy concentrating more on competition and competitiveness. The third point to which we wish to draw attention is that the present crisis was caused by these two aspects of the same policy — it is a structural crisis arising from a structural reorganization carried out to suit the multinational companies.

As far as the iron and steel industry is concerned, for example, the goal of competition is reflected in structural reorganization measures which have more the effect of creating cartels than of improving competition. Plans are calmly made to get rid of tens of thousands of jobs in this key sector of industry. We are also anxious about the assessments concerning the textile industry made by experts at a meeting in Geneva under the aegis of the International Labour Office. Was it not forecast, in fact, that in Western Europe one textile worker in three would lose his job between now and 1985?

Shipbuilding is also in grave danger, and the problem of companies engaged in refining of hydrocarbons is also being examined from the point of view of structural reorganization. Thus, on the basis of research conducted by an international labour division, Brussels is preparing for a further rise in unemployment. In our opinion no policy which does not take account of the need to restimulate popular consumption — the prerequisite of an economic revival — can shake the present crisis out of the rut in which it is trapped. A major cooperative policy could provide solutions which meet the general interest without affecting the powers of the Member States. The Council also discussed problems connected with terrorism. We have vigorously and formally condemned the terrorists, as their actions serve the interests of those who oppose individual and collective freedom. Once again, we assure the forces of democracy in Italy that we are behind them in their fight against terrorism, and we repeat our anger and indignation at the kidnapping of Mr Aldo Moro. However, I should point out that the incidents which have occurred recently in the Federal Republic of Germany in connection with the Klaus Croissant affair, the attacks on the exercise and independence of justice, the humiliation of the defence lawyers, under suspicion from the outset, are worrying in the eyes of those who do not accept that the fight against terrorism should be used as a pretext to undermine democracy and democratic rights. Terrorism and its economic, social and political causes can only be eradicated with the help of the people and by strengthening democracy in every country. Briefly, the choice, at all levels, is between a Europe of big business and a Europe of the people. I should like to say in conclusion, Mr President, that we French Communists intend to play our full part in the direct elections to the European Parliament.

**Mr Fellermaier.** — (D) Mr President, I deplore the fact that the representative of the French Communists has used a speech on the outcome of the Copenhagen summit conference to make false accusations against the Federal Republic of Germany. I formally reject his insinuations against German justice.

*(Applause)*

**President.** — I call Mr Andersen.

**Mr K.B. Andersen,** *President-in-Office of the Council.* — (DK) Mr President, this has been an extremely interesting debate. Parliament will fully understand, I think, that owing largely to lack of time I cannot go into all the many valuable and interesting observations which have been made. I must, in my answer, concentrate on trying to reply to some of the specific questions addressed to me. I will probably not be able to answer all of these either, but I think this has been an extremely useful debate from the point of view of the Council.

**K.B. Andersen**

Mr Fellermaier, like practically everyone else, went into the question of the direct elections. Mr Fellermaier said that it had taken a long time for us to get round to them — 20 years to be precise. Mr Fellermaier knows that he is rather more responsible for these 20 years than I am, for obvious reasons, but I acknowledge the fact that it has taken a long time. The only thing we can console ourselves with is the recognition that the democratic process is often slow, but that once it achieves results, they have a solid popular basis which enhances their value.

I was pleased that Mr Bertrand also pointed out that I had kept my promise to Parliament. Mr Bertrand said that the fact that we had kept this promise should not be a cause for rejoicing. I should be perfectly happy to refrain from rejoicing. Dreams were mentioned earlier here today, by Lord Ardwick, I think. The only dreams I have had lately have been nightmares about what would happen if I met Mr Bertrand without a date having been fixed for the direct elections. This nightmare is a thing of the past now and that gives me a little cause for rejoicing.

However, I should like to stress, as was said quite clearly by Mr Johnson and Mr Fellermaier, that this is a firm date. To use Mr Johnson's expression, there are no escape clauses in this matter. I think it is important that we have got this far.

Mr Fellermaier asked about the European Foundation and wanted to know what its purpose was. I should like to say quite briefly that according to the political decision reached in the European Council the other day, the purpose of the Foundation is to increase mutual understanding between the peoples of the Community, to promote awareness of the European cultural heritage in all its unity and diversity and as the same time to increase understanding for the construction of Europe. According to this decision, the work of the Foundation — and I think that this is important — is to supplement the work done by other institutions working in the same fields as well as the programmes of the Community. I think I should stress, partly in the light of what Mr Bertrand said, that this Foundation is not intended to carry out work which other bodies are performing well enough already, but it is intended to support such work.

While on the subject of the Foundation, which both Mr Johnson and Mr Brugha welcomed, I might perhaps say that, as Danish Foreign Minister, I am particularly pleased that Mr Brugha welcomes this Foundation, since this will be useful to me when I try to convince his party colleagues in Denmark that this is a sensible institution which, I hope, will gain support in Denmark.

I should like to point out to Mr Bertrand that he is making a mistake in thinking that as far as the Foundation is concerned, Parliament was totally ignored, since the document underlying the decision made the other day states that the board of the Foundation will

be composed of members partly nominated by the Member States and partly co-opted, but — and this is the important point — appointed by the Council on a proposal from the Commission after consultation of Parliament. Since this document speaks specifically of findings people who should be appointed on the basis of their qualifications and their interest in Europe, I think it is obvious that Parliament should be consulted. This is a genuine and serious business, not just empty words on a piece of paper.

All those who spoke mentioned terrorism. I shall merely make one brief remark pending the continuation of the debate.

Mr Fellermaier asked for details regarding the European jurisdictional area. I cannot give any details at the moment. This is an idea we have been working on, but no concrete proposals were made until yesterday. Now we are starting work on this with a view to the meeting of experts in Copenhagen in about 10 days time.

As regards Lomé II, i.e. the question of human rights, which was also mentioned by several speakers, I shall merely point out that there is more to it than perhaps meets the eye. For this reason, the Foreign Ministers have decided to discuss this in great detail in the near future. We also decided not to commit ourselves too firmly to particular attitudes until we have a satisfactory basis for introducing this element into Lomé II, in such a way as to take account of the whole question of stability and planning which is decisive for the future of the developing countries. However, I will not go into this question in any greater detail now.

Both Mr Klepsch and Mr Fellermaier asked about the uranium question. I was glad that Mr Klepsch made the point that although we might be uncertain and dissatisfied, we must avoid a conflict and try to find a solution. This is what we are trying to do at the moment, and I think, indeed I am sure, that we will find a positive solution which all the nine Member States of the European Communities can accept.

Mr Klepsch was disappointed at the Belgrade Conference, but his disappointment was nothing compared with the way Mr Bertrand absolutely slated this conference. I must admit that I completely fail to understand Mr Bertrand's attitude. I think he is taking a totally unrealistic and inaccurate view of what actually happened. What actually *did* happen at the Belgrade Conference?

Briefly, what happened was that this conference reaffirmed the Helsinki agreement. It did not, as Mr Bertrand mistakenly claimed, throw it onto the scrap heap. It reaffirmed the Helsinki Act in its entirety, and it reaffirmed its wish to see to it that the Act is put into practice. This was not the picture we got from Mr Bertrand. A well known writer has said that we should never say 'all or nothing' because if we do we will get nothing. We got something out of

**K.B. Andersen**

Belgrade even if we did not of course get everything. I have never been so naive as to think we would get everything at Belgrade.

As regards the remarks made by Mr Klepsch and others on economic matters — which all the speakers mentioned — I must say that I cannot today go into details on the deliberations on monetary cooperation which took place in Copenhagen, and I am sure everyone here will understand that in reality the fact that I cannot go into details is in a way a good sign.

I was glad that Mr Johnston made the point, in connection with Japan, that we should not resort to protectionism. Protectionism is the easiest way out of the problem but it is also the wrong way and this is why we are trying to find other ways.

Mr Johnston also said that the matters discussed at Copenhagen did not include the enlargement of the Community to include three new Member States. In fact, we did discuss this question informally, but the reason it was not on the agenda is that we do not, fortunately, see any fundamental problems in this matter. The negotiations with Greece are well under way, as we heard from the Greeks themselves last Monday afternoon here in Luxembourg at the meeting of the Ministers. We are waiting for the Commission's first pronouncement on Portugal next month. We will then be able to consider their assessment of the situation. We are waiting for the Commission's statement on Spain at the end of this year so that we can consider this, too. Thus there are at present no major problems.

In his comments on the Copenhagen meeting Mr Rippon said as regards the economy that the only real test of the meeting will be whether or not it will aid European economic recovery, and in this he was quite right. This was indeed the purpose of the meeting, and we will have to wait and see what effects it has on the economic situation before we can tell whether or not it was a success.

Mr Rippon also mentioned energy, and I would like to draw your attention to the fact that we have high hopes for the meeting of the Energy Ministers at the end of May. I should also like to say in connection with Mr Rippon's remarks concerning industrial policy that, in my view, it is extremely important, particularly in a time of crisis, to insist that our action should not help to save undertakings which are no longer viable, but rather should permit the restructuring which is essential if our industry is to survive this crisis.

Mr Christensen had a lot to say about Gallup polls and suchlike. His observations reflected the fact that he is one of the people in Denmark who suggest that we leave the European family and make a desperate attempt to solve our problems by going it alone. As you know, I do not agree with Mr Christensen and I should like to say to him, since he is talking about Gallup polls, that what I attach importance to in democratic countries are the result of democratic elec-

tions. I can therefore point out to Parliament that, as is well known, a great majority in the Danish Folketing is in favour of our membership of the European family, and when it comes to those public opinions polls known as elections to Parliament, Mr Christensen has a very modest following in Denmark.

Lord Ardwick had some very interesting points to make regarding the economy. Lord Ardwick started by talking about a mystery story. Unfortunately, I do not read mystery stories. I am sorry, but I have a lot more dramatic things to read.

However, in all mystery stories the dénouement comes at the end and Lord Ardwick hopes that this will be the case with the discussions on the economy in Copenhagen too. However, the avid reader of tales of mystery and detection, which I think Lord Ardwick is, can, as he reads, pick up clues which lead him towards the solutions. This is, I believe, where the excitement lies in these stories and having heard what Lord Ardwick had to say about what he thought might have happened behind the walls of Marienborg, I must say that he must be very good at picking up the clues in detective stories and he should not press me any further on this matter today.

Mr Bertrand said of the European Council that it should not be merely a court of appeal. I am glad that this was said here today since it would be fatal for the European Council if it were to become a court of appeal for major or minor matters which the Council of Ministers was unable to solve. I think it is right that this point should have been made so strongly.

Mr Bertrand then said the European Council had clearly devoted more attention to international affairs than to Community questions proper. I do not think this is correct, as shown by the economic debate, which was the central item of the meeting. Mr Bertrand thought that we had changed our attitude to the Middle East question. This is not correct either, as will be apparent from the documents.

Mr Bertrand was also disappointed that we had not discussed the Commission. This is of course true, but the Commission was present at the meeting and participated fully in the preparations, both through its documents and through Mr Jenkins' contacts with the Heads of State and Government. Mr Jenkins was present and made a major contribution, and anyway we are all aware of the central role played by the Commission so we do not need to mention it when we meet in the European Council — we know it already.

I should like to say to Mr Adams — and I will be very brief, since I can see that time is running short, that I wholly agree that the current unemployment situation is unlike anything we have experienced before. For this reason, we cannot use traditional economic instruments to combat it if we try to use traditional economic instruments this is tantamount to saying that we have given up trying to solve the problem. I should like to be quite clear on this point.

**K.B. Andersen**

Finally, I think I can say that I take much of what has been said here today as an expression of support for the aims of the Copenhagen meeting. Parliament now wants to see some results, and so do we in the Council of Ministers. I should like to say that the preparatory work done at the Copenhagen meeting was essential if we are to see results in the course of this summer. However, I should also like to say that if no results are achieved, there will, of course be no point in showing that the preparations were good. If the Copenhagen strategy does not produce results, it will quite simply have failed. I believe there will be results and I hope so too, but clearly, results are ultimately what matter.

*(Applause)*

**President.** — I call Mr Jenkins.

**Mr Jenkins, President of the Commission.** — Mr President, in view of the time and the fact that you wish to have the debate on terrorism, which is of great importance, before lunch, I will — with the permission of the House — reply only for two or three minutes. Within such a time-scale it would clearly be quite impossible to reply to all the individual points which have been raised. Therefore I propose to reply to none of them, but merely, if I may, to make a comment on the general tone and course of the debate.

I would be inclined to sum up the reaction expressed by this House to Copenhagen as one of tentative optimism intermingled with continuing scepticism as to what will come out at the end of the day. Is that a correct approach? I think it is a correct summing up of what this House has said. Is it one which I would endorse? I think I would be a little more optimistic. I would see Copenhagen as marking the beginning of a period of opportunity such as we have not seen in Europe for some little time past. What use will be made of that opportunity, what will emerge finally, I cannot guarantee. If on the central economic and monetary fund Copenhagen had to be judged by the decisions it took, of course it could not be regarded as a great or even a successful European Council. But it should, I think, rather be judged as an essential approach to the Bremen Council which is due a very short time after the Copenhagen one and is itself brought into sharper focus by the fact that it will be within a week of the Western Economic Summit. I think we must see how we use the time between Copenhagen and Bremen. I can assure Mr Bertrand that the Commission intends to be very active and very central during this period. I hope and believe the Parliament will play its role. There is a movement — great intellectual movement — in the log jam from which Europe has suffered for some time past. This intellectual movement has sprung out of our difficulties, our international currency difficulties, our

inability to solve our internal employment and growth problems on a national basis. It provides us with an opportunity, and I think that we must do everything in our power to seize it in the next few months. Only when that time has gone by will it be possible to judge exactly what will be the place of Copenhagen in European history.

*(Applause)*

**President.** — We now come to the statements on the motion for a resolution on terrorism (Doc. 50/78).

I call Mr Sieglerschmidt to speak on behalf of the Socialist Group.

**Mr Sieglerschmidt.** — *(D)* Mr President, ladies and gentlemen, allow me first of all on behalf of the Socialist Group to add a few words to the proposed joint declaration by all the political groups and assure our Italian colleagues of our profound sense of solidarity and our sympathy in connection with the kidnapping of Aldo Moro. Let me also say that we have the greatest respect for the attitude adopted by the political and social organizations in Italy in this matter, as the motion for a resolution puts it. You will appreciate of course that both these comments are addressed in particular to the Italian Christian Democrats.

Mr President, in the vital paragraph of the motion for a resolution, the political groups call for European cooperation in the fight against terrorism to be intensified and for practical, swift and effective steps to be taken against this scourge. As we have just heard from its President, the Council has declared its determination to do everything possible to fight terrorism, and said that it intended to lay down priorities for the defence of our society and intensify the discussions between the Ministers responsible; and finally reference was once again made to this ominous European jurisdictional area.

Mr President, I feel that all this and everything that has been said by the political groups may well be necessarily general, but it does not really amount to anything concrete.

What is important is not continually passing ardent resolutions condemning terrorism, but rather to get around at last to taking concrete measures and, Mr Andersen, I welcome the fact that the Council has now stated its intention — I almost said 'already' under my breath — to lay down priorities for the steps to be taken. While I am on this point, I may perhaps be permitted to make a suggestion to the Council. To begin with, it should do everything possible short of setting in motion the complex machinery of international agreements, conventions and the like. As we all know, these procedures take far too long. But despite this, Mr President, there is a great deal that can be done below the legal level.

**Sieglerschmidt**

Secondly, there is one point on which the Council should concentrate its attention, and that is how to improve police liaison within the European Community.

Mr President, the formal procedure for police cooperation is simply too cumbersome.

Just to take an example, the contact would run from the police authorities in Lyon via the State Prosecutor's Office, the French Ministry of Justice and the French Foreign Office to the German Foreign Office and then — to take this example even further — it would follow the same path via the German Ministry of Justice and the State Prosecutor's Office back to a local police station, let's say in Dortmund. This path is simply too long; it must be shortened. Mr President, I appreciate that some of the Member States have grave doubts about the possible danger of intensifying police cooperation across national frontiers.

I think our concern should be to find a solution which shortens this path while at the same time avoiding these dangers.

Finally, Mr President, I should just like to comment on the question of the European jurisdictional area. It is certainly essential to create a European jurisdictional area to help in the fight against terrorism. But, ladies, and gentlemen, this is too narrow a concept. We are in favour of a wider-ranging European jurisdictional area, but we shall come back to this point in the course of this afternoon's debate on legal policy, which has been placed on the agenda at my Group's request.

**President.** — I call Mr Ryan to speak on behalf of the Christian-Democratic Group (EPP Group).

**Mr Ryan.** — Mr President, the Christian-Democratic European (Group of the European People's Party), Group, and our Italian colleagues especially, are grateful for the spontaneous solidarity shown by all groups in this Parliament in condemning the kidnapping of Signor Aldo Moro and the callous killing of his bodyguards. Our heartfelt sympathy goes out to Signor Moro and the wives and families of all the victims, and, as Mr Sieglerschmidt said, we admire the manner in which Italians, without regard to political loyalty or social interest, have formed a united front against terrorism. The unanimity and sincerity of our common protest ought to convey to the perpetrators of these crimes that they cannot gain anything for themselves or for their alleged political objectives in the face of the united resolve of democratic Europe not to be blackmailed. But unfortunately, there is reason to doubt the intellectual ability of terrorists to understand anything. For animals — and that is all they are — have no understanding. I apologize to animals for the comparison. It is natural to feel revulsion at the cruelty inflicted by terrorists on their victims and their families. It is somewhat more difficult to find words adequate enough to express our sense of horror and also our feelings of frustration at the spread of terrorism, particularly kidnapping, in

Europe. We did not need to read the cynical message of the kidnapers of Signor Moro to know that their object was the destruction of democracy, but European democracy is imperishable: democracy will not be weakened; it will be strengthened by the increased intensity of our defence of human rights, which is the very basis of our democratic system.

It is very worrying that terrorism appears to be worse in democratic States than in dictatorships. Much as we may be reluctant to admit this fact, we must acknowledge it and do something to cure it. It stems, I believe, from two circumstances: first, the ease with which those who hold our democratic institutions in contempt can hypocritically use them or abuse them in pursuit of their own goals; and secondly, the scope which the existence of the right to free expression and with it its ally, a free press in the West, gives to wrongdoers to spread their vicious propaganda and to satisfy their egos with the publicity which the media give them. There is, indeed, a tendency to treat terrorists as some kind of folk-heroes rather than as enemies of society. The European Community and the Member States must therefore take quick and effective action to prevent the enemies of society abusing the freedoms of European democracy.

The prevention of terrorism is obviously our first priority, but we have possibly not given enough attention to the need for severer measures of punishment for terrorists. There is, I believe an urgent need for everybody to be ready to stiffen the penalties for terrorism so that the punishment will fit the crime and exemplary punishments may deter others. The need to intensify cooperation in the fight against terrorism is self-evident. Mr Sieglerschmidt spoke about the need to take a new look at legal territory in Europe, and I endorse his feelings in this matter. Terrorism knows no national boundaries, and therefore the fight against terrorism must also know no national boundaries.

Our parliamentary rules require that this declaration be tabled by political groups, but we would point out that it is put forward by the properly elected representatives of the nine Member States of the Community. We in this Parliament, unlike the terrorists, have a mandate from over 250 million people to speak on their behalf; and this declaration is Europe's response to the body-blow which the terrorists have struck at Italy. But no matter what the outcome of Signor Moro's kidnapping — and we fervently pray that he will soon be released — the terrorists will not win, because we, the people of Europe, will not allow them to.

*(Applause)*

**President.** — I call Mr Berkhouwer to speak on behalf of the Liberal and Democratic Group. I would point out that Mr Berkhouwer has also tabled a question on the same subject which has been put down for Question Time.

**Mr Berkhouwer.** — (*NL*) Mr President, I should of course like to underline, on behalf of my group, everything that has been said by the previous speakers and I should like to echo what Mr Fellermaier said about his own country.

There are countries in which terrorism does not rear its ugly head, but in many of these countries freedom is also conspicuous by its absence.

Mr President, Alain Peyrefitte, Keeper of the Seals, a member of the Académie Française and a writer I greatly admire, said on 8 December last year :

Euro-terrorism is a growing force, and represents a challenge which our European societies will have to take up. If the terrorists can operate in concert, why can the States with their legal powers not do the same ?

Mr President, the European Council has discussed terrorism and we now have a motion for a resolution before us on the subject. Sad to relate, very little came out of the European Council. As far as I am concerned, paragraph 5 of course contains the essence of the resolution. We too wish to express our sincere sympathy with Aldo Moro, whom I think I may call my friend and whom I have had the pleasure of meeting frequently on European business.

But there are other victims in our own countries, like Bracht and Schleyer, Empain and Caranza. In many cases, those responsible have still not been tracked down.

Perhaps we shall have an opportunity to go into this question in more detail this afternoon. I am certainly in favour of a Euro-justice, this 'espace judiciaire'.

But, like Mr Sieglerschmidt, I do not think this is enough. Hijacking is something which — just like piracy in earlier centuries — goes beyond European frontiers.

It therefore follows that hijacking can only be combated if all the countries in the free world with civil airlines reach a watertight agreement, whereby those countries which welcome hijackers are excluded from civil air traffic, and whereby those countries which refuse to become signatories to the agreement and those countries which give final refuge to air pirates are also excluded from civil air traffic.

I had the unhappy privilege of being one of the first in this House to raise the question of tackling terrorism on a European front. The central problem in all this is of course the question of extradition, which is still beset by all manner of legal pitfalls. The terrorists are frequently not nationals of the State in question and sometimes they commit no political offences. However, despite everything, we have managed to achieve something, namely the United Nations and the Council of Europe conventions.

But what is the position as regards the implementation and ratification in our own countries of these agreements, to which we are ourselves signatories ?

Shouldn't we be doing something in that regard ? Couldn't our Legal Service investigate how far our national parliaments have got with the ratification of these agreements ?

What all the agencies in the Member States concerned with the prevention, combating, detection and prosecution of Euro-terrorists urgently need is the fullest possible measure of integration. All kinds of agencies are working independently in our countries and some of them are very successful in their efforts. I am thinking here, for instance, of the Federal German Frontier Police and of the Federal German Criminal Investigation Department. But the point is that all these bodies are working independently and Mr Sieglerschmidt has already pointed out how difficult it is to get the different bodies working together. There is more cooperation between Euro-terrorists than between those agencies whose job it is to fight Euro-terrorism ?

Mr President, the time for talking is over. What we need now is not words, but deeds, and for this we need the closest possible cooperation. Let me give just one more illustration. Why do we not make maximum use of modern technology in defending our parliamentary democracies and our free societies while we still have the chance ? I sometimes get the impression that the criminals make better use of technology than do those whose job it is to defend our liberty. Why don't we make use of computers, television, radio, radar and whatever else is available. Why can't we establish a European television and radio network for the exclusive use of the police ? Every one of our countries now has special commando units trained to free hostages. The Federal Republic has very efficient commando units, and we have the same kind of thing in the Netherlands.

I feel that all these organizations and agencies which have so far been operating independently could learn a lot from each other. And what is more, they should be integrated as much as possible and should cooperate as closely as possible.

These, Mr President, are just a few suggestions. Allow me to reiterate my sympathy with Mr Aldo Moro, but there is more to it than just this. I would urge most strongly an integrated, cooperative approach to the threat of Euro-terrorism. We should not waste any more time in long discussions ; the time has now come for action.

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

**Mr Rivierez.** — (*F*) On behalf of the Group of European Progressive Democrats, I feel bound to take this opportunity of expressing our solidarity with our Italian and German colleagues and their countries and to extend our most sincere sympathy to the family of Mr Aldo Moro.

**Rivierez**

I am glad this motion for a resolution with request for urgent debate, which follows the decisions taken by the European Council, was tabled *unanimously* by all the Groups. This motion for a resolution, just like the decision by the European Council, concentrates on the need for European cooperation in taking practical, swift and effective steps to combat terrorism. The decision by the European Council also urged that cooperation among the Nine be intensified to defend our societies against violence and terrorism. Just now, Mr Berkhouwer rightly pointed out that terrorism is a challenge to our democratic societies — what are those people in fact trying to achieve? They want to make us forget our democratic principles and think only of repression. Consequently, we are being tempted to forget about human rights — which is our job to defend — and devote ourselves solely to repression. It is this which constitutes a challenge to our democratic societies. I am therefore glad that the motion before us — which will of course be unanimously adopted — centres on one specific proposal.

This is embodied in the words 'to take practical, swift and effective steps against this scourge', i.e. cooperation and solidarity among the police forces in tackling terrorism and tracking down those involved. But this concerns only the immediate term; one day we shall have to go further. What is more, the Council of Europe has overtaken us on this point with its European Convention against terrorism, which has not been ratified by all States — France being one of them — but which does amount to a first step. Our Europe of the Nine will perhaps have to study more thoroughly, and with a different approach, this aspect of legal solidarity which we need for our defence against terrorism.

Some have spoken of the European jurisdictional area — an idea launched by the European Council, and which will obviously have to be studied in depth. But what we must remember is that Europe is an entity which must not have any frontiers, and that it ought to be possible to combat terrorism everywhere beyond the frontiers, which would then be totally symbolic. But it is a delicate and difficult question, the right of asylum, sentences and the definition of a political offence. Must terrorism always be considered a political offence? Must it be considered a criminal offence? Thus there are serious problems which deserve thought and thorough study, and that is our task for the future.

Today I am glad that we are joining in manifesting our solidarity with the Italian people, its Government and our Italian colleagues; I am glad that we are united in protesting against this terrible act perpetrated against Mr Aldo Moro, and I am also glad that we are voicing our determination to see concerted measures taken against terrorism. This much has been done, but we shall soon have to go more deeply into this terrible problem with which our civilization is faced.

**President.** — I call Mr Fletcher-Cooke to speak on behalf of the European Conservative Group.

**Mr Fletcher-Cooke.** — Mr President, this is the third time in three months that I have, on behalf of the European Conservative Group, had the sad task of speaking on this subject, and since it is so frequent that we have these resolutions and these speeches, one must ask oneself whether there is any real point in them, whether this torrent of words really does any good, or whether we are simply giving ourselves a moral glow of satisfaction, deluding ourselves that we are in fact doing something when in fact we are doing nothing. We must all search our consciences on this subject and decide whether it is worth passing such resolutions.

I have done so and have come to the conclusion that it achieves a purpose more than our own moral glow. I think it achieves this purpose: I imagine that those who are placed in the desperate position of having to decide whether to bow to blackmail, whether to rescue their friend, or their husband, or their child, or their colleague, in that awful agonizing decision they have to make, must on the one hand be supported by the thought that, as Mr Ryan said, the representatives of 250 million Europeans are urging them to decide in one way rather than in another way — that must surely give them some comfort and strength. On the obverse of the medal, they must also think twice, must they not, at the necessary disapproval, not to say opprobrium, that such representatives will cast if they decide in a way, no doubt with the best intentions in the world, contrary to the spirit of these resolutions. So it does seem to me that, so far from merely being a torrent of words, it will have an effect — an effect upon those who have to decide. For these, among any other reasons, we are delighted to support this motion.

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

**Mr Mascagni.** — (I) Mr President, Mr Andersen, Mr Jenkins, our vote in favour of the motion for a resolution on terrorism is not simply an expression of our anger and loathing for the terrorists' criminal acts, their kidnapping of Signor Moro and the murder of his bodyguards. What our vote also represents is support for positive collaboration between all the democratic forces in Italy, between the parties of the left and the Christian Democrats, who have all our sympathy and backing. Our vote symbolizes the determination of the people to rise up and crush these efforts to undermine democracy.

The events in Italy show that, whatever factors have spawned this brand of terrorism, its avowed and patent aim is to thwart the advent of the genuine democracy which the workers of Italy and their parties plan to create in order to tackle the nation's momentous problems.

**Mascagni**

It was not by accident, ladies and gentlemen, that this savage attack was perpetrated on the very day that a new, democratically-inspired government was formed with the backing of the Communists.

Quite apart from the wild ravings of these armed hoodlums with their obscene nonsense that passes for political thought, the despicable goal they are seeking is the destruction of a democratic system supported by the reforming zeal of the people. It is becoming more and more obvious to everyone, however, that the only way of eradicating political delinquency is for the people to offer a united and democratic front against the age-old injustices, the appalling class divisions and the intolerable corruption which can still be found in Italy.

The massive reaction which the workers and the decent people of Italy have shown to these events is the real guarantee that the insane dream of an evil gang will never be realized — an insane plan clearly indicated by too many factors to be coincidental.

The first significant result of the country's determined stand for democracy has been the isolation of the terrorist groups. This is the salutary outcome of the firm stand by the Italian people and their determination to pursue an active and relentless course in the cause of freedom and justice and the defence of democracy.

*(Applause)*

**President.** — I call Mr Christensen.

**Mr Christensen.** — *(DK)* Mr President, all of us in this Parliament condemn terrorism, and I am sure we have all given serious thought to the question of how we can combat it. I realize that the motion for a resolution before us is couched in very moderate terms, but I would like to add that, in my view, the war on terrorism must continue to be waged within the framework of the European Council. I am afraid that those who want to introduce a common jurisdictional area within the European Community in this field might be able to capitalize on this resolution, and this would, in my view, weaken the Danish legal tradition.

I realize that the President-in-Office of the Council of Ministers, Mr Andersen, stated that the condition which the Danish Government also intends to lay down for the extradition of terrorists, i.e. that each individual case should be considered on its merits, is compatible with a united stand against terrorism within the European Community, but I should like to point out that there are five parties in the Danish Folketing who are in favour of a second condition regarding the convention on terrorism. This concerns searching the homes and perhaps tapping the telephones etc., of Danish citizens. As far as I can see, this other condition, which is not being put forward by the Danish Government but by a number of

parties within the Danish Folketing, is not compatible with the Community policy on terrorism.

I shall therefore abstain from voting.

**President.** — I call Mr Joxe.

**Mr Joxe.** — *(F)* Mr President, the French Socialists are firmly opposed to the violence which threatens democracy, where democracy exists. We therefore unreservedly approve the condemnation of violence contained in the motion with request for urgent debate before us today. This motion echoes that of 17 March of this year in expressing solidarity with the people of Italy and with Italian democracy.

But the final paragraph of the motion before us contains — for reasons which I fail to understand — not only to the Community institutions but also to the governments of the Member States, a vague and therefore dangerous reference to a network reminiscent of the European jurisdictional area once proposed by the President of the French Republic. During the plenary session at Strasbourg on 15 November 1977 my colleague, Mr Lagorce, emphatically restated our position on this matter, which is that the fight against violence and crime must never be used as a pretext for restructuring individual or collective freedom.

We shall not look for examples of this among our neighbours, as they can be found on our doorsteps, so we shall only quote one: last year, under the pretext of defending freedom, the government appointed by Mr Giscard d'Estaing tried to pass a law violating certain individual liberties; the law, which related to the searching of vehicles, was adopted last year by the reactionary majority in the French National Assembly, but was declared void by the Constitutional Council.

We have no faith in the French Government in this area, and we cannot therefore approve the text before us today, the penultimate paragraph of which makes an appeal to that government and reiterates one of its proposals, which we regard as a threat both to freedom and to national sovereignty. The French Socialists cannot therefore approve the fifth paragraph of the text before us, especially in view of the statements just made by the representatives of the conservative and liberal groups in this House.

**President.** — I call Mr Ansart.

**Mr Ansart.** — *(F)* Mr President, a brief explanation of vote on behalf of the French section of our group: our condemnation of terrorism is unequivocal and we express once again our solidarity with Italy's democratic forces and with the Italian Communist Party engaged in a difficult struggle against terrorism and for democracy. We condemn these criminal attacks, which have nothing to do with the confrontation of ideas, nor with the defence of the people, its rights and its political aspirations.



**Ansart**

But, whatever the country, this struggle against terrorism may on no account and on no pretext be used to reduce individual or collective liberties or to undermine the privileges of our National Assembly and the guarantees laid down in our Constitution, i.e. in France, regarding the independence of the judiciary.

From this point of view, and in line with what Mr Joxe has just said, we consider Article 5 of the Resolution before us to be disturbing and cannot support it. For this reason we proposed to our colleagues from the other Groups the following amendment to the wording of Article 5: 'Asks the Council of the Communities, the governments of the Member States and the European institutions to pursue the struggle against terrorism while reinforcing democratic rights by respecting the liberties, the independence of the judiciary and the guarantees laid down in each Constitution'.

We want no part in the concerted efforts to take 'practical, swift and effective steps', as provided for in Article 5. This article calls the future into question and is far too reminiscent of the European jurisdictional area proposed by Mr Giscard d'Estaing, which has not yet been debated by our National Assembly and with which we do not agree.

I am sorry that our proposals were not accepted; consequently, my French friends and myself shall abstain. This abstention shows our rejection and our abhorrence of terrorism together with the demand that the democratic liberties and rights and the independence of the judiciary laid down by our Constitution be strictly respected; moreover, we consider that both these things are perfectly compatible.

**President.** — I call Mr Ripamonti, who had put down a question on this topic for Question time.

**Mr Ripamonti.** — (I) Mr President, in making my explanation of vote, may I say that the question I submitted to the Foreign Ministers of the Nine Member States meeting in political cooperation was intended to provoke some firm political action to follow the expressions of solidarity with President Leone? Italy has been sorely beset by the kidnapping of one of its most eminent politicians, the chairman of the Christian-Democrats, and by the tragic killing of his bodyguards. I hoped that the answer to my question would reveal a determination to combat on a Community basis the terrorism that threatens our democratic institutions.

In his message to the President of the Republic, Mr Jenkins said that only the firm solidarity of all the democratic forces in Europe would be able to combat successfully international terrorism operating on this scale. What we expected after this tragic event — if I may now address the President-in-Office of the Council — was an immediate meeting of the Commu-

nity's Ministers for the Interior, who would also have looked at the possibility of inviting their colleagues from Austria, Switzerland, Spain and Greece, i.e. the countries bordering Italy and the Mediterranean democracies. We also feel there is an urgent need to call a meeting of the Committee of Senior Officials, which was set up after the first meeting in Council of the Ministers for the Interior of the Nine Member States, in order to adopt concrete measures for cooperation in the fight against terrorism.

In view of the international structure of the terrorist groups which have been operating for some time in Italy and other Community countries, it is imperative that we take strong measures to curb them, to defend and strengthen our democratic institutions, and to buttress the faith of our citizens in a system based on freedom and democracy.

Obviously, I am not suggesting that the reaction has been one of indifference, but any delay — however much this is dictated by the difficulties of achieving some kind of cooperation — only plays into the hands of the terrorists, whose aim is to destroy the credibility of the order. This is the threat hanging over the countries of the Community, and the European Council has recognized it. In expressing solidarity with the people and Government of Italy, the Council has underlined the determination of the Member States to do everything they can to protect individual rights and the foundations of our democratic institutions. The motion for a resolution tabled by all the Groups in the House is proof of Parliament's solidarity and determination to intensify European cooperation in the fight against terrorism, at a time when we are about to adopt a new plan for increased economic growth, to curb and reduce unemployment, and to eliminate regional and social disparities.

Mr President, ladies and gentlemen, our debate on the problems of Europe today and tomorrow is drawing to a close. But let us not forget Mr Aldo Moro, who has constantly championed the cause of European unity and international détente, and whose political aspirations and efforts have been towards a future of peace and collaboration among the forces of democracy, so that the generations to come can inherit a society characterized by solidarity and based on the increased participation of the people and all social classes in the control of power and on the ideals of justice and freedom. Since the day before the close of our last part-session in Strasbourg, Mr Moro has been in captivity, under physical and moral duress, unable to fulfil his duties as leader of a major democratic party, deprived of the warmth and solace of his family. The dramatic inability to restore Mr Moro's human and social dignity to him is a harrowing experience for all of us, but at the same time it strengthens our determination, and the determination of all who stand for democracy, to intensify the struggle for human rights

**Ripamanti**

and for the defence and support of our democratic institutions.

Mr President, with this debate and with our adoption of the resolution tabled by all the political groups, we reaffirm, both as individuals and as politicians, our solidarity with Mr Moro, with all victims of terrorism, and with the families who have been so harshly deprived. At the same time, however, we reaffirm our decision to promote concrete measures — without infringing democratic rights and the safeguards laid down in national constitutions — to eliminate all forms of terrorism and destroy its international links wherever they may be. I should like to express my heartfelt thanks to the Members of all Groups who once again today have shown their solidarity with Mr Moro and with the Parliament, Government and people of Italy.

*(Applause)*

**President.** — I call Mr Klepsch on a point of order.

**Mr Klepsch.** — *(D)* Mr President, allow me to make a very brief comment. I should like to point out that all the Groups in Parliament coordinated this text carefully before jointly submitting it. If one or other Member of this House now considers, contrary to the majority opinion of his Group, that the wording of paragraph 5 is unsatisfactory, I would expressly point out that paragraph 5 clearly states :

... while respecting the democratic rights and the guarantees embodied in the individual constitutions.

Since paragraph 5 contains these words, I can only interpret the objections put forward as meaning that those concerned do not want any joint measures at all to be taken to combat international terrorism, and on behalf of all the Groups I should like to reject this. I can see no reason for making any amendments to the text.

*(Loud applause)*

**President.** — I call Mr Andersen.

**Mr K.B. Andersen,** *President-in-Office of the Council.* — *(DK)* Mr President, when I spoke earlier about the European Council meeting, I expressed the Council of Ministers' views both on our common solidarity with the Italian people and their government, and the solidarity which we need in the fight against terrorism. I shall only add, therefore, that the Council of Ministers, in dealing with this serious problem, will continue to be guided by the principle that democracy must at all times be actively prepared to defend its freedom against both external and internal enemies, and must of course do so in such a way as not to undermine that very democracy which it aims to protect.

*(Applause)*

**President.** — I call Mr Jenkins.

**Mr Jenkins,** *President of the Commission.* — Mr President, I am glad to convey the Commission's full

support for the spirit of this motion for a resolution. As Mr Ripamanti was kind enough to call to the attention of the House, we immediately sent a message of solidarity and sympathy to the President of the Italian Republic on receipt of this news. Indeed, the violent kidnapping of Mr Moro and the brutal murder of his guards shocked and stunned the Community of Europe. The Community was born out of and stands for two fundamental democratic principles — those of individual freedom and the rule of law — and neither can properly survive without the other; terrorism places them both under threat.

What we are bound to consider as Mr Fletcher-Cooke said, is exactly what we can do in such circumstances. Is what we are doing worthwhile? I, like him and like others believe that it is. It so happens, I think, that I am probably the only person in this House at the present time who has had, in a previous and entirely different capacity, direct executive experience of dealing with terrorism and with hostage situations. Although Mr Scelba is a very distinguished former minister of the interior, I think his period of office was probably before terrorism took its modern manifestation, whereas I, as British Home Secretary, until quite recently had to deal with several situations, not quite as dramatic as this, but of considerable drama and importance, and difficult at the time. From that stems my conviction that, where one is in a position to make a choice, the only thing one should ever give to terrorists is patience. Patience, but nothing else. And from that also stems the conviction that motions for resolutions of this sort do have value. I agree with what has been said — that expressions of solidarity can be of moral significance. And I think this is a moment when the Italian people, government and Parliament deserve to feel that they are part of this Community, as in a very real sense they are.

It also means, I think, that anything compatible with human rights that can be done on an international level, should be done. I therefore welcome the European Council's decision last weekend to give the highest priority to close cooperation among the Nine to tackle terrorist violence. We should not delude ourselves or attempt to delude the government — we would not succeed if we attempted to do so — of any Member State, that the primary responsibility can be an international or Community one. The primary responsibility in a difficult and delicate task is bound to be that of the government of the Member State affected, whichever it may be from time to time. It cannot be the case that international action will in itself remove the threat of terrorism, yet the threat of terrorism is such that it would be intolerable if there were international action which we could usefully take, and did not take it. I therefore believe it is essen-

## Jenkins

tial that we follow up the decision of the European Council as actively as we can, and in the meantime we send our strongest expressions, not only of sympathy, but of solidarity of democratic purpose to the Italian people.

*(Loud applause)*

**President.** — The joint debate is closed.

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

*(The sitting was suspended at 1:35 p.m. and resumed at 3:05 p.m.)*

### IN THE CHAIR : MR COLOMBO

*President*

**President.** — The sitting is resumed.

#### 6. Agenda

**President.** — The authors of the oral question with debate (Doc. 571/77) to the Commission on the working languages of Parliament, which is on Friday's agenda, have requested that it be postponed to a later part-session.

Since there are no objections, that is agreed.

#### 7. Question Time

**President.** — The next item is the continuation of Question Time (Doc. 33/78). We start with questions to the Council of the European Communities. The President-in-Office of the Council is asked to reply to these and to any supplementary questions.

At the author's request, Question No 32 by Mrs Cassanmagnago Cerretti is postponed to the next part-session.

I call Question No 33 by Mr Nyborg :

Will the Members of the Council direct their national authorities to work zealously towards the rationalization and simplification of border formalities, in particular the rules governing the movement of persons and goods across internal frontiers?

**Mr K.B. Andersen, President-in-Office of the Council.** — *(DK)* The Council has reason to believe that its Members are doing everything in their power to rationalize and simplify the national border formalities referred to by Mr Nyborg in his question, and I am sure that the Members of the Council are aware of the administrative and practical problems which will have to be solved before customs union is finally achieved. Moreover, the many — and often technical — problems involved in achieving customs union are currently being discussed by the Commission and the heads of the national customs administrations of the Member States. Their next meeting is on 11 May, and one of the items on the agenda will be the European Parliament's resolution on customs union of 3

November 1977. The European Council agreed at its meeting that further progress must be made in removing these various barriers to the free movement of goods within the Community.

**Mr Nyborg.** — *(DK)* I should first like to thank Mr Andersen for his detailed reply, even though I do not fully agree with his conclusions. It was unfortunate that the debate on customs union was held yesterday in the absence of the Council. The Commission and several members of the Committee on Economic and Monetary Affairs expressed their regret that it had been impossible to hold a debate with the Council on this very subject. May I therefore ask the President-in-Office whether he does not feel that it would be useful for us to take up this matter some time so that all three parties — Council, Commission and Parliament — can hold a debate to the mutual benefit of all sides.

**Mr K.B. Andersen.** — *(DK)* I personally have no objection to such a debate, but I think this request should be made not to me but to the Bureau. I do not have a secretariat in Parliament, but I would have no objection to taking part in such a debate.

**Sir Geoffrey de Freitas.** — Is it not a fact that in many of the ports of entry to the United Kingdom special facilities are granted to holders of passports of the other eight countries, and could not the Council encourage the other countries to speed up the movement of people across borders, which was referred to in the question exactly in this way?

**Mr K.B. Andersen.** — *(DK)* At the risk that some Members may feel I am diverging from the question, I should like to make one point following on this morning's debate on terrorism which I feel is of relevance in this context.

As many Members will be aware, passport checks and, in practice, nearly all customs checks have been abolished between the five Nordic countries, but this does not make it any easier to prevent the other things we discussed this morning, such as terrorism, smuggling and so on. It is thus not just a simple matter of considering the points Mr Nyborg wishes to promote — and on which I agree with him. The fact is however, that the more we progress in this direction, the more difficult it becomes to fulfil other important functions of border checks.

**Mr Yeats.** — Having regard to the point made by Sir Geoffrey de Freitas, while I accept that some element of passport investigation and so on is necessary at airports, can the President-in-Office of the Council suggest any reason why some airports should be so much more careful, if that is the word, than others and why, for example — a matter known to many Members of this Parliament — it should be necessary to have interminable delays in Brussels airport at frequent intervals?

*(Applause)*

**Mr K.B. Andersen.** — (DK) After reading in today's newspaper what my Belgian colleague is capable of saying to the USA, I shudder to think what he might say to Denmark if I intervened in this question.

**President.** — Since the authors are absent, Question No 34 by Mr Osborn and Question No 35 by Mr McDonald will be answered in writing.<sup>1</sup>

I call Question No 36 by Mr Damseaux, for whom Mr Berkhouwer is deputizing :

Is the Council planning on taking initiatives at EEC level in the light of the intensified negotiations at IMF level ?

**Mr K.B. Andersen, President-in-Office of the Council.** — (DK) The question of the Community's position on the international monetary cooperation currently being debated in the IMF has been discussed on various occasions over the last few years in the monetary committee and in the Council of Economic and Finance Ministers. At its next meeting on 17 April, the Council of Economic and Foreign Ministers will be preparing the Community's participation at the meeting of the Interim Committee of the International Monetary Fund to be held on 29 April in Mexico City. This meeting will be discussing the seventh general quota increase and a possible new issue of special drawing rights. At its meeting on 7 and 8 April in Copenhagen, the European Council discussed the urgent need for increased monetary stability — as I said this morning, both inside the Community and at world level. In this context, the European Council also recognized the need to prevent harmful movements of capital.

**President.** — Since the author is absent, Question No 37 by Mr Howell will be answered in writing.<sup>1</sup>

I call Question No 38 by Mr Ryan, for whom Mr L'Estrange is deputizing :

Having regard to widespread disappointment at the lack of a common industrial policy, will the Council now make renewed efforts to formulate a progressive comprehensive industrial policy to give an injection of confidence to European industry ?

**Mr K.B. Andersen, President-in-Office of the Council.** — (DK) I think we all agree that an industrial policy has to be worked out in a consistent and pragmatic manner. It cannot be achieved overnight. An industrial policy consists of a number of extremely varying regulations and provisions, some of the most important of which have already been implemented by the Community. We have a common market within which goods can move freely without quotas or customs duties. I am aware that there are other problems such as the ones we were discussing a moment ago, but there are no quotas or customs duties.

<sup>1</sup> See Annex

There are a number of rules of competition which regulate activities on this market. There are regulations about State aid, there are regulations on the removal of technical hindrances to trade, and this work is continuing. This is also true as regards the legal and fiscal barriers to improved cooperation between companies.

I might also mention the opening up of the public works market, the measures approved to promote cooperation on advanced technology and the steps taken with a view to restructuring or adapting certain sectors of industry. You will be aware that the Council has devoted particular attention to shipyards, the steel industry and the textiles sector, and Parliament is familiar with the steps which have been taken in these fields. Moreover, on the basis of communications or proposals from the Commission, the Council has investigated the problems of the aerospace and computer industries.

There are many other questions of industrial policy — particularly as regards combating the serious difficulties caused by the present crisis — and the Council is making every effort to achieve results on these as well. As I said earlier today, the European Council meeting a few days ago stressed the need to re-establish the competitiveness of those sectors of industry affected by the crisis. In this context, the European Council pointed out the need to set up European bodies representing both sides of industry and capable of finding solutions to the structural problems of industry — in the light not only of the over-capacity in some sectors, but also with a view to re-establishing competitiveness on the world market. The declared objectives of economic growth and an improvement in the employment situation will, if they can be achieved, help to renew the confidence of European industry in progress on the basis of competitiveness.

**Mr L'Estrange.** — After hearing what the President-in-Office has said, may I ask whether he believes that more will have to be done immediately — if not overnight, then as soon as possible ? Bearing in mind that we have 6 million people unemployed in the EEC at the present time — 112 000 unemployed in my own country — with an estimated further 4½ million people in the EEC countries looking for work each year and only 2½ million people retiring each year in the EEC countries, thereby leaving a surplus of 2 million people looking for work, does he not believe that it is incumbent on the Council to move quickly and more expeditiously, since otherwise we may have a revolution in the EEC with the large number of people unemployed and the large number of people looking for work each year ?

**Mr K.B. Andersen.** — (DK) This is not a question which can be dealt with exhaustively within Question Time. However, my own view is that, with the large-scale unemployment we have now, there is naturally a greater need to achieve progress in industrial policy than elsewhere, but at the same time it is immeasurably more difficult to achieve this progress. As regards the restructuring of industry, many problems which could be solved fairly easily in times of low unemployment are naturally more difficult to solve when there is widespread unemployment. This is something of a vicious circle.

I am not sure whether I misunderstood the questioner, but what he said seemed to imply a certain distribution of existing jobs as part of the campaign against the current short-term unemployment. If this interpretation is right, I would point out that I stated this morning that the European Council is also aiming at a distribution of the work, and as a Danish minister I can say that my own Government — as reported in the Danish press — is considering early retirement as one way of spreading out the jobs. It is not a solution, but it would be a help in the difficult situation currently facing industry.

**Mr Cointat.** — (F) In order to help industry in Europe, does the Council intend to strengthen Community preference, which is one of the cornerstones of the construction of Europe?

Without Community preference, there is no Community, and if nothing is done in this field there is a danger that any Community action would have no effect on European industry.

**Mr K.B. Andersen.** — (DK) This is an easy question to answer, for while we are meeting here, there is a meeting in Geneva to discuss a world-wide reduction in customs duties — a meeting at which there is one spokesman for all nine Member States, who are agreed that the way to improve employment, growth and the economy is to do the opposite of what the honourable Member has proposed.

**Lord Bruce of Donington.** — In his progress towards the formulation of a common industrial policy, will the President-in-Office confirm that it is not the Council's present intention to reproduce arrangements similar to those in operation for the common agricultural policy, because if we have a guarantee section in connection with industrial policy, we may end up with mountains of skateboards and ladies' handbags to supplement those of milk powder?

**Mr K.B. Andersen.** — (DK) Yes, I can confirm that.

**Mr Ellis.** — Would the President-in-Office agree that a potential instrument in an industrial policy for the Community might well be a substantial loan facility such as that now being proposed by the so-called Ortoli fund and that such an instrument would be more effective if it were applied according to criteria a little wider and a little more flexible than those normally applied in conventional banking practice?

**Mr K.B. Andersen.** — (DK) Here again I can confirm that the Council is agreed on this.

**President.** — Since the author is absent, Question No 39 by Mr Herbert will be answered in writing.<sup>1</sup>

I call Question No 40 by Lord Reay:

In view of the urgent need to provide economic aid for Portugal and of the Community's undertaking to do so under the Financial Protocol of September 1976 will the Council state which Member States have not yet ratified the Financial Protocol, when does the Council expect them to do so and what action the Council plans to take to secure early ratification by all Member States?

**Mr K.B. Andersen, President-in-Office of the Council.** — (DK) To date four Member States, namely Denmark, France, Italy and the United Kingdom, have officially notified the Council of the completion of the procedures for the ratification of the Financial Protocol with Portugal. I can add that the usual procedures for ratification by the other Member States are on the way. As these procedures are naturally the responsibility solely of the Member States, the Council cannot predict the date on which they will be completed. The Council, is however, following the matter closely, and those Member States which are lagging behind on this matter are reminded at regular intervals of the importance of completing these procedures as rapidly as possible. I agree with the honourable Member that it must be disappointing to Portugal that this question has not yet been satisfactorily resolved.

**Lord Reay.** — I was pleased in particular by the closing words of the President-in-Office that the Council will do what they can to chivy up the Member States to get a conclusion soon to this matter. Does the President-in-Office not agree that the serious delay of the Community in getting this protocol off the ground has run the risk of being interpreted or represented in Portugal as showing a lack of interest on the part of the Community in the application for membership which Portugal has made to the Community? Does he not think that during such a period as this, when the negotiations with Portugal are bound to take time, it is necessary for the Community to make tangible indications of her concern for Portugal and to act more promptly and more imaginatively than she has done on this occasion?

**Mr K.B. Andersen.** — (DK) I have no intention of getting involved in other countries' domestic affairs, but one of the reasons why it is such a good thing that we occasionally change governments in our countries is that those on the opposition benches normally feel that the government is rather slow, and they thus have an opportunity to put things right when they themselves come into power. Having said that,

<sup>1</sup> See Annex.

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however, I would point out that I agree with what the honourable Member said. No matter what country is involved — Portugal, Spain, Greece, Yugoslavia, Cyprus or whatever — we must be extremely careful not to create a discrepancy between our political statements and what we can actually achieve in economic terms at a given time. There is a problem here, and on this point I agree with the honourable Member.

**Mr Berkhouwer.** — (NL) Having just returned from a visit to Portugal and seen how serious the economic situation is there, and having listened to what Mr Rippon said this morning about the possibility of a sort of European Marshall Plan for Portugal and other countries in southern Europe who are in urgent need of it, I should like to ask the President of the Council whether he will raise in the Council the question of providing some form or other of effective and large-scale aid to Portugal and other countries before they become Members of the Community — and that can take years.

We cannot leave it to the International Monetary Fund or other world organizations to provide Portugal with its urgently needed aid programme. This is a job for Europe, here and now.

**Mr K.B. Andersen.** — (DK) Let me say three things to Mr Berkhouwer. Firstly, I hope he will drop a friendly word in his own parliament about this — that would help us as regards one of the governments which has still not ratified the Protocol. Secondly, as regards the present situation, I think we should leave it to the International Monetary Fund — which is now in Portugal for talks — to try to solve the immediate situation in its own way. Having made these two points, I would add that I do not deny that arrangements of the kind mentioned by Mr Berkhouwer might be reached, but I feel we should leave the immediate situation to the current negotiations between Portugal and the IMF.

**President.** — At the authors' request, Questions No 41 by Mrs Ewing and 42 by Mr Cousté are postponed to the next part-session.

Since the author is absent, Question No 43 by Mr Patijn will be answered in writing.<sup>1</sup>

Question No 44 by Mr Pintat has been withdrawn. Since the author is absent, Question No 45 by Mrs Dunwoody will be answered in writing.<sup>1</sup>

We turn now to questions to the Foreign Ministers of the nine Member States of the European Community meeting in political cooperation.

Question No 46, 47 and 48 on terrorism will not be put since this subject was dealt with in a joint debate. I call Question No 49 by Mr Dondelinger, for whom Mr Prescott is deputizing:

Do the Ministers not feel that they ought, as a matter of urgency, to take vigorous and concerted diplomatic

action to protect the Jewish community in Argentina, where a quasi-official antisemitism is being practised which has already led 100 000 Jews to leave the country since the junta came to power and which places the Jewish community there in a situation of insecurity comparable to that obtaining in the early years of the Third Reich?

**Mr K.B. Andersen,** *President-in-Office of the Foreign Ministers.* — (DK) The governments of the nine Member States have been following with deep concern the situation in Argentina, as Mr Prescott is undoubtedly aware. A large number of Community citizens have either disappeared or are being held without charges or court proceedings of any kind, and the human rights situation in Argentina in general is such as to cause deep concern. For this reason, the nine governments made a joint approach to the Argentine Government a few days ago, on 6 April, and expressed their deep concern and that of the public in the nine countries over the current human rights situation in Argentina.

As you are aware, one of the fundamental human rights is that no-one shall be persecuted on the grounds of either race or creed.

**Mr Prescott.** — Mr President, Mr Dondelinger sends his apologies as he is moving four bills in the Luxembourg Parliament today. I am sure he will welcome the reply of the Minister, but I wonder if we could ask him whether the Council of Ministers have received any replies to the protests they have made, because Argentina is quite notorious for refusing to reply to people making such enquiries? Secondly, is the Minister satisfied that the safety of citizens of the Community visiting Argentina in the next month or so for the World Cup can be assured, and that none of them will go missing, as 20 000 other people have done so far?

**Mr K.B. Andersen.** — (DK) I would not dare to give Mr Prescott any such assurance.

**Mr Sieglerschmidt.** — (D) Mr President-in-Office, may I ask whether the Council, while speaking up on behalf of the persecuted Jewish citizens of Argentina, is similarly prepared to speak up on behalf of the persecuted Jews in other countries such as the Soviet Union?

**Mr K.B. Andersen.** — (DK) I would say firstly — and this may surprise some of you, but I would ask Mr Prescott to pass it on to Mr Dondelinger — that we have tried to have the specific question of the persecution of Jews in Argentina investigated as thoroughly as possible on the spot. Our findings produced nothing to indicate that there was any particular persecution of Jews. This does not affect the reply I have

<sup>1</sup> See Annex

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just given Mr Prescott, which referred to all the missing persons. We have no idea where they are, and we have no legal machinery for finding out. As far as they are concerned, my answer remains the same, but as far as we can make out, there is no particular persecution of Jews. The Jewish community in Argentina is so large that this could hardly happen without our noticing it, and we have not yet noticed it.

As regards your specific question, we are not in favour of the selective application of human rights. They must be applied everywhere — in this question as in all others. Some of those who talk about human rights fail to realize that this is a question which must be discussed in general terms and not selectively.

**Mr Dalyell.** — All of us must really be rather concerned when the President-in-Office says that there is no guarantee. Could I say to him that I am handling the case of my constituent, Mr Richard Grassick, of Krikliston in West Lothian, who, like many others, has been unable to get tickets for the Scotland games in Argentina? This means that he may well be denied a visa on the Paraguay or other borders on trying to enter. Because many young Scots are setting out at this time so that they can combine a visit to Argentina with learning something about Central and South America. Even though it is months ahead, they are setting out from Europe — I dare say that from Germany, Holland and Italy, it is the same — without any guarantee of being able to get into Argentina. Is he aware that the difficulties presented by the Argentinian authorities on visas are really quite considerable, and that we do not know how to get tickets even though we are a Member State with a team playing in the World Cup finals — and could the Council take this seriously?

**Mr K.B. Andersen.** — (DK) I am tempted to reply that, naturally, we can do something about this. Speaking personally, I might put my feelings on human rights above my interest in football in a case like this. We are faced with a very serious situation. We have sent a joint protest on behalf of the Nine. It is not customary to do this, but we have done so nevertheless. What else can we do about the internal situation in a country which is not a Member State? You must not ask too much of us. Perhaps one could give a few words of advice to those who are intending to travel there, but it is not for me to say whether they should go or not.

*(Applause from certain quarters)*

**Mr Scott-Hopkins.** — The President-in-Office must be a little more explicit following these last two replies. Is he saying he cannot recommend that Europeans should go to Argentina at this time to attend these football matches. If so, we should make this quite clear, because people will want to know what the recommendation of the President-in-Office is at this moment.

**Mr K. B. Andersen.** — (DK) I have a sufficiently high opinion of my fellow-men to think they are capable of forming their own opinion on a question to which I in any case did not refer.

**President.** — I call Question No 50 by Mr Siegler-schmidt :

Do the foreign ministers see no contradiction in the fact that, while they coordinate on their positions on the situation in areas of tension like the Middle East and Southern Africa, they neglect to coordinate the positions of the Member States on their arms supplies to such areas of tension, and what do the foreign ministers intend to do to put an end to this contradictory state of affairs, which calls into question the Community's political credibility?

**Mr K. B. Andersen,** *President-in-Office of the Foreign Ministers.* — (DK) I agree with Mr Siegler-schmidt that it may look as if there is an inherent contradiction in our policy, but if he takes a realistic look at where we have scope for harmonization and where we have none, I think he will grant that this contradiction becomes less evident.

Although they have not coordinated their position on arms supply policy towards the various areas of tension, ever since European political cooperation started the Nine have tried to achieve agreement on a common policy on the situation in the areas mentioned. In my view, it is a major step forward that the various Member States have, in a number of fields, managed to establish a better and a joint basis on which to draw up their policies. This applies also to the question of arms supplies. We have a better knowledge of the situation, the background and the circumstances.

As an example, let me just mention the exchange of information and the concertation of attitudes which takes place within political cooperation with regard to the implementation of the Security Council's resolution on the arms embargo against South Africa. In conclusion, I would say that I do not deny Mr Siegler-schmidt's contention that there is a link between the two aspects. I think we have made good progress in exchanging information and in our efforts to speak with one voice on some of these questions. We have not managed to achieve more, but there is no contradiction between the two aspects.

**Mr Siegler-schmidt.** — (DK) I appreciate that Mr Andersen has difficulty in giving me a satisfactory answer in his capacity as President-in-Office. I am glad that he at least recognizes and admits this contradiction. May I ask him whether he, as President-in-Office — and perhaps also as Danish foreign minister — can say whether the Council, or the Danish foreign minister in the Council, could at least press for this contradiction in the question of arms supplies to be gradually eliminated.

**Mr K. B. Andersen.** — *(DK)* There is only one thing I can add to what I have said to Mr Sieglerschmidt. As you know, the UN will be holding a special disarmament conference at the end of May. The Nine are trying — and I say trying, since I am not totally confident about the outcome — to coordinate their views on these delicate questions. I cannot at this stage tell Mr Sieglerschmidt to what extent we will manage to coordinate our positions, but the UN disarmament conference will at any rate provide us with an indication of how far we are going to be able to make progress in this field. I need not add that I personally hope we shall succeed in this, but I think it would be realistic to say that this is one of the more thorny problems.

**Mr Spicer.** — There is an assumption with this question that the Council have coordinated their thoughts on areas of tension. I wonder if the President-in-Office could confirm that there have been discussions about areas of tension such as Angola and Eritrea, and if these areas of tension have not been considered and policy has not been coordinated, will he undertake that there should be discussion of these areas of tension, and following such discussion, will he further undertake that, in line with the answer to the last question, where he said that a joint protest had been sent to Argentina, a joint protest will be sent to the governments of Angola and of Ethiopia for their inhuman treatment of their own populations and their use of Cuban mercenaries in exercising a policy of massacre, rape and pillage against their own populations?

*(Applause)*

**Mr K. B. Andersen.** — *(DK)* I must say first of all on behalf of the Foreign Ministers that we have of course discussed the situation in southern Africa, just as we have discussed the situation in Ethiopia — as was evident from what I said this morning about developments in the Horn of Africa. As President-in-Office, I would add that I cannot give any assurance as to what statements will emerge from our forthcoming meetings. The next meeting of the Foreign Ministers will be the unofficial one in Denmark in May, and there will be a further Council meeting in June. However, as the honourable Member knows, the Council meetings can be turned into meetings of the foreign ministers at any time should there be any need for this. As regards protests, I can say as Danish foreign minister that I once deplored the lack of a Community protest about fascist Portugal's activities in Angola. Denmark was not a Member State at that time, so I bear no responsibility for that. I can give no assurance about future pronouncements on these questions.

**Mr L'Estrange.** — Does the President-in-Office not agree, and is it not true, that EEC countries are giving

help and selling arms to countries who are training and financing terrorists and killers who afterwards move back into their own or other countries to maim, kidnap and murder the innocent, and does he not agree that if international tension is to be eased, we must have control of the sale of armaments and adopt a common approach to end this contradictory state of affairs?

**Mr K. B. Andersen.** — *(DK)* As I said before, there is no common Community policy on arms supplies.

**Mr Blumenfeld.** — *(D)* Mr President, would you not agree that it is high time the Council of Foreign Ministers finally clarified the term 'areas of tension'? We don't have the impression that there has ever been any definition of 'tension' or 'areas of tension' — quite apart from the question of arms exports, on which you have just spoken. Would you not agree with me that it is frequently right to provide arms to certain areas in order to avoid tension, whereas areas of tension are actually created by the Soviet Union's supplies of arms to these areas?

**Mr K. B. Andersen.** — *(DK)* I fully understand the serious point behind Mr Blumenfeld's question. To answer directly, I am somewhat doubtful as to how much a precise definition would help the nine foreign ministers in their discussion of these questions.

If we look at the areas of tension which have arisen over the last ten years and try to establish who supplied arms to whom — arms from both East and West — I think it is very difficult to find a standard definition, a standard model. Our duty as foreign ministers is to follow developments in areas of tension, and this is what we are doing. We also have the job of finding a common standpoint wherever possible. This we have managed to do on a number of these areas of tension — I need only mention Zimbabwe, which we discussed this morning. At the Copenhagen meeting, we all agreed that the illegal Smith régime's solution was not sufficient to ensure peace. Each case is studied individually. I do not know whether it is difficult to find a common definition; I do not know whether it would be of help, but I shall certainly bear Mr Blumenfeld's point in mind and reconsider whether this might be a useful approach.

**Sir Derek Walker-Smith.** — Having regard to the answer concerning Angola a few minutes ago, which came as a disappointment to many of us, would the Council of Ministers make a collective approach on behalf of the Community in regard to those British citizens who are held in prison in Angola under very unsatisfactory conditions indeed, and will the President-in-Office bear in mind that they are held in prison for being mercenaries, which is not a crime in international law, and which, if it were a crime, would



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have been committed to an infinitely greater degree by the régime which is holding them in prison?

*(Cries of 'Hear!, hear!')*

**Mr K. B. Andersen.** — *(DK)* This question has not been raised. As Danish Foreign Minister, I would add that I think it would be doing a disservice to political prisoners and the politically oppressed, when we want to help wherever they are, if we placed them on an equal footing with international mercenaries. I do not think this would help the political prisoners.

**Mr Dalyell.** — Could we come a little nearer home than either Zimbabwe or Angola and perhaps look at the position in the Irish Republic, since one of their representatives was strong on this subject just now, and look at the situation whereby money apparently is still coming in, as it has done in the past, from Canada and the United States to supply arms in Southern Ireland for uses that we all know in Northern Ireland?

**Mr Andersen.** — No comment.

**Mrs Kellett-Bowman.** — Would the President-in-Office accept that many British people would wish to dissociate themselves from the views he expressed this morning on the Rhodesian settlement, which he has repeated once more this afternoon?

**Mr K. B. Andersen.** — *(DK)* I reported what all those at the European Council had agreed upon on the basis of a detailed knowledge of conditions on the spot and with a view to establishing peace instead of finding solutions which are perhaps somewhat simplistic.

**Sir Geoffrey de Freitas.** — Mr President, may I say to the President-in-Office that since one of my constituents is in prison in Angola, I very much deplore the off-hand way in which he purports to treat this whole problem, and I will do what I can to see that at least my Foreign Secretary does raise this matter in the Council?

*(Applause)*

**Mr K. B. Andersen.** — *(DK)* That is the right place to raise the matter. If the Danes were faced with the same situation, I hope they would raise it with me, and I would then try to do what I could.

**President.** — I call Question No 51 by Mr Ryan, for whom Mr L'Estrange is deputizing:

What progress is being made towards achieving a common approach to the export of armaments, notably to developing countries and areas of international tension?

**Mr K. B. Andersen, President-in-Office of the Foreign Ministers.** — *(DK)* As I have already said, the Nine are naturally striving to harmonize their foreign

policy on areas of international tension as on other matters. As we have just heard, the whole question of arms exports is extremely important, but it is only one aspect — albeit a major one — of a more general policy. As things stand at present — and this is what I must base my reply on — each country decides on its own or on the basis of a joint attitude whether or not exports of arms or other military material can be allowed. When I say 'on the basis of a joint attitude', I am thinking of the joint attitude towards South Africa, but this is not frequent in this field.

**Mr L'Estrange.** — I would like to ask the President-in-Office what proof he has that what Mr Smith has done is not sufficient. Do he, or others, want the Russians and the Cubans in there to stir up international trouble? I would also like to ask him, for Mr Dalyell's information, what Member States are supplying arms to South Africa at the present time? Is it not true that the present British Government is even supplying arms? When he speaks about Ireland would he remember that as far as the present Irish Government is concerned, they are doing all they possibly can to put down terrorists and terrorism, and will continue to do so? Both this government and the past government have done it. I would further like to ask the President-in-Office: could we not do more to stop individual nations selling arms and causing international tension? If the EEC countries are giving credit to countries who are using the money to purchase the most sophisticated arms to use against us, and bury us in Europe, could we not call on those nations to stop the credit until the offending nations sign an agreement to stop re-arming?

**Mr K. B. Andersen.** — *(DK)* As far as Zimbabwe is concerned, I repeat what I have said several times — and this is not just a Danish view, but one which is fully shared by all nine Member States — that our information indicates that this solution cannot last. The view of the nine governments is as simple as that. We do not want a new civil war over Zimbabwe — a war which could hardly remain a civil war. Anyone who considers the situation realistically must share this view, and this is why the nine Member States were able to agree on this attitude without difficulty. As far as Great Britain is concerned, I am not the British foreign minister, but I must say that it is not true that Britain is supplying arms to South Africa. Apart from that I have no comment.

**Mr Normanton.** — While the question relates to the need for a common approach to the export of military equipment, would the President-in-Office not agree that the first step in this context should be to establish a common approach to the procurement of equipment for the more effective defence of the Community and the Member States?

**Mr K. B. Andersen.** — (DK) I cannot agree with this, since I have no wish to contribute to the complete disintegration of the Atlantic Alliance it would cause. We have no alternative to the Atlantic Alliance, and I have never understood the point of trying to destroy it by advocating military cooperation between the eight countries out of the Nine.

**Mr Ellis.** — Following that reply, would the President-in-Office agree that an alliance is all the stronger when the allied partners tend to be equal in size?

**Mr K. B. Andersen.** — (DK) If, as I assume, you are referring to the Atlantic Alliance, the answer is a clear yes, and I therefore repeat: I fail to understand the extremely vague and unrealistic idea of military cooperation between the Member States, the only result of which would be to weaken and destroy the Atlantic Alliance.

**Mr Scott-Hopkins.** — Is the President-in-Office saying that a common arms procurement programme would weaken the alliance? If so, then he does not seem to understand the questions at all, or anything to do with defence.

**Mr K. B. Andersen.** — (DK) No, that was not what I said. I do not think the honourable Member understood my answer.

**President.** — At the author's request, Question No 52 by Mr Osborn is postponed to the next part-session.

I call Mr Spicer on a point of order.

**Mr Spicer.** — Mr President, I think it is the first time that anyone has risen on a point of order at the end of Question Time. Could I say quite bluntly to the President-in-Office, that I find that the answer that he gave to my supplementary on question No 50 to be an affront to my intelligence and to the intelligence of Members of this House. I shall take every possible step I can to bring people together to have a debate on Angola, and I hope that he will do the courtesy of replying to that debate and putting in perspective some of the quite incredibly stupid remarks he has made this afternoon about Angola and the situation there.

**President.** — Mr Spicer, that is not a point of order but an excuse to continue the discussion.

I therefore declare the second part of *Question Time* closed.

#### 8. *Legal policy of the European Communities*

**President.** — The next item is the joint debate on: — the oral question with debate (Doc. 569/77), put by Mr Calewaert, Lord Murray of Gravesend, Mr Bayerl, Mr Hoffmann, Mr Broecksz, Mr Adams

and Sir Geoffrey de Freitas to the Council, on the legal policy of the European Communities:

With the expectation of the approximation of legislation concerned with trade, a considerable delay has become apparent in the work of the European Community on legal policy. Promising initiatives concerned with reform, particularly in the economic and social spheres, have not been followed up. We therefore ask the Council

1. What stage deliberations have reached on
  - (a) the third and fourth directives on company law
  - (b) the regulation on the European company
  - (c) the directive on collective investment undertakings for transferable securities
  - (d) work on the special rights of citizens of the Member States.
2. What progress has been achieved with the adaptation of the Convention on the Mutual Recognition of Companies and Legal Persons and the ratification of the Convention on Patent Law, and how does the Council plan to overcome the present obstacles?
3. How frequently has the Council of Ministers of Justice been convened and when will its next meeting be?
4. How does this procedure, in particular the number of meetings, compare with the other Councils?
5. How can the working procedure of the Council of Ministers of Justice be improved in order to cope with the particular difficulties of Community legal policy?
6. Does the Council see any possibility for accelerating the Commission's work on their preliminary drafts relating to legal policy in which government experts regularly take part?
7. When will the Council comply with the undertaking given by it to apply the information procedure to matters of especial importance connected with the Statute for European companies?

— the oral question with debate (Doc. 570/77), put by Mr Calewaert, Lord Murray of Gravesend, Mr Bayerl, Mr Hoffmann, Mr Adams and Sir Geoffrey de Freitas to the Commission, on the same subject:

For some time the Commission has not been making much headway with its initiatives in the field of legal policy. There is, however, a great need for progress to be made with regard to legal policy at this time to ensure balanced integration and to back up policy in other fields. In addition, with the imminence of direct elections to the European Parliament and enlargement of the European Community, some consolidation is needed in legal policy.

We therefore ask the Commission:

- I. What stage has work reached in the field of
  1. *Enforcement law*
    - (a) bankruptcy and composition law
    - (b) the liquidation of direct insurance companies
  2. *Civil law and consumer protection*
    - (a) protection against improper clauses in agreements with consumers

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- (b) consumer credit agreements and instalment financing business
  - (c) law on guarantees
  - (d) standardization of international private law in the field of the law of contract
  - (e) standardization of international private law in the field of the law of property
3. *Law on securities*
- itinerant sales of securities
4. *Industrial property, law against unfair competition and law of copyright*
- (a) trademark law
  - (b) employees' inventions
  - (c) the law against unfair competition
  - (d) law of copyright
5. *Company law*
- (a) the fifth, eighth, ninth and tenth directives on company law
  - (b) trans-frontier mergers of limited companies
6. *Insurance law?*
- II. On what point does the Commission intend to concentrate when examining special rights for the citizens of the Member States?
- III. How might the cooperation of government experts in the preliminary work for the Commission's preliminary drafts in the field of legal policy be intensified and accelerated?
- IV. Can the Commission describe the procedure for the issuing of legal acts involving legislation on the approximation of laws, from the stage of preparation to adoption by the Council, giving typical examples of the time required to complete the procedure and, if possible, suggesting ways of shortening it?

I call Mr Calewaert.

**Mr Calewaert.** — (NL) Mr President, representatives of the Commission and the Council, ladies and gentlemen, I thought it necessary to ask the House's attention for the question of legal policy.

The Community's legal policy has a threefold basis: first of all, we have the provisions of the Treaties, secondly the extra-Treaty agreement and arrangements, and thirdly — and this is one case with which the Community as such has nothing to do — we have the agreements and conventions of the Council of Europe.

These three pillars have so far been insufficient to support a serious legal policy, and legal policy has remained for all intents and purposes the preserve of the Council of Europe, which has indeed made progress. Although the Community itself is not involved in the legal policy of the Council of Europe,

experts from the Commission do play a part as advisers. The expansion of institutional structures, which goes hand-in-hand with the development of Community policy is thereby neglected — a point which I should like to stress.

This is again brought out by the fact that the Community's legal policy has so far mainly taken the form of supplementary international law agreements. I should like to give a few examples of what I mean. There is the agreement on the mutual recognition of limited companies and legal persons, which has not yet come into force because of the failure of the Netherlands to ratify. A second example is the treaty on legal jurisdiction and the implementation of decisions in civil and trade matters, which is in force in the Six, the European patent convention (ratified) and the Community patent convention (also ratified).

Those legal agreements which are still at a preparatory stage have a bearing on important matters, such as the introduction of a uniform trademark law, the trans-frontier merging of limited companies, bankruptcy and composition law and the law on contractual and non-contractual debts. Out of more than forty acts on which no decision has yet been taken, six are before the Council, six more are being dealt with in Parliament, specifically the directives on civil law, the statute on the European limited company, directives designed to protect the consumer by prohibiting misleading advertising and directives in connection with the law of copyright.

I think it is evident from this brief summary that most projects to do with legal policy get held up in the Commission and the Council. The Community's legal policy is characterized by what I would call a general standstill, four-wheel brake. This is worrying, because the interests of our citizens, the protection of the consumer, the interests of employees are not taken care of exclusively by agricultural, economic social policy, or in the regional sector, to which budgetary resources are in fact allocated, but also — and this is precisely what I am getting at — by legal policy.

At this point, though, we come up against a contradiction. On the one hand, the very nature of the law is such that little change is permissible. The appropriate legal structures must be maintained. On the other hand, however, we get worked up over the delays, the hair-splitting in civil law, and over the somewhat deficient and fragmentary legislation on consumer protection. To take a typical example, we read in the Luxembourg press that a Luxembourger had to pay a hefty fine in Germany for driving with a Luxembourg driving licence.

**Calewaert**

The Council is consequently undecided on whether to set up a special committee on legal policy, and this, we believe, is the reason that no progress is being made. On the other hand, the Council of Ministers of Justice has — in the absence of any tangible results in this field — so far met only twice to my knowledge, and this explains why no additional political pressure has been brought to bear.

By way of comparison- and like all comparisons, this one is also not entirely satisfactory — the Ministers of Agriculture meet every month. They have formed a special working party which has its own completely independent permanent representatives. One may deplore the large number of Council meetings, especially those concerned with agricultural policy, but so long as nothing is done about the excessive number of meetings, a balance can only be achieved by the Ministers of Justice also getting moving to some extent.

So far there has been practically no mention of a Community legal policy for the man in the street, the ordinary citizen, the employee or the consumer. The law — and I should like to emphasize this point — is regarded as an instrument for establishing a common market, but not for creating a Community policy, and this I think is the reason why what I might call a politically motivated legal policy has not emerged. Nor can the Court of Justice help here. Reference to national law means that the problems arising from the gaps in Community law are solved in a piecemeal fashion. Community law is applied and supplemented independently and differently in the various Member States. In these circumstances, the decisions handed down by the European Court of Justice must be based on a comparison of the case law of the Member States. This cannot take place of a concrete and detailed system, particularly since the legal systems of the Member States do not all share common roots.

As far as procedural questions are concerned, it is most desirable that the Community's legislative work in the field of legal policy should keep pace with the process of integration and with the existing forms of Community policy. In this respect, the Council has a central role among the institutions. National government experts have a decisive influence on the legislative work of the Community, and so the very first step must be to set up a tighter, more direct procedure. The preparatory phase is too cumbersome and complicated. Following a scientific study carried out under the Commission's auspices and which takes one to two years to complete, the Commission's preparatory activities begin with the government experts. This phase takes another two years, and delays of a similar order occur again later when — after Parliament has been consulted — the Council working parties start their work. During this protracted period, new experts are appointed, which frequently means that discussion has to begin again from scratch. In our opinion, the

instrument of the directive was created precisely because it could be brought into force quicker than an agreement, which first of all has to be ratified. I pointed out at the beginning of my speech that this can sometimes take a long time. At the moment, however, it sometimes takes between six and seven years for a directive to come into being, which is often longer than it takes for an agreement, or for a Council of Europe convention. We greatly deplore this state of affairs, but this is how things really are.

We feel it is up to the Council and the Commission to put an end to this situation, which is contrary to both the letter and the spirit of the Treaties. These two bodies must intensify and — above all — accelerate their work. They should be able to do this by focusing their attention on certain central matters.

In our opinion, these central matters should include first and foremost directives in the field of civil law and the special rights of citizens. In addition, the Commission could invite the competent government experts to Brussels for two or three meetings with the aim of working together for a time and doing some really effective work. The immediate cost of the meetings will be higher, but this should not be allowed to outweigh the value of more intensive work.

We believe that Parliament cannot and should not tolerate any further neglect of legal policy by the Council and the Commission. A citizens' Europe can only come into being as a result of progress in the field of legal policy. Slowing down initiatives in the field of legal policy can have a negative effect on progress in the economic and social spheres, and we believe that this interdependence is insufficiently recognized. This kind of foot-dragging may result in diminished interest on the part of the citizens of the Community in the direct elections to the European Parliament. I would therefore suggest that the Commission be tied to fixed deadlines for this work. I realize that this will create problems, but I believe that deadlines simply have to be set.

A second factor is the work of the Council. We believe that the Council must get on with the promised information procedure in connection with the statute for the European company as a matter of urgency...

**President.** — Mr Calewaert, your time is up and I would ask you to conclude.

**Mr Calewaert.** — *(NL)* ... Mr President, I am coming to the end. To back my question up, I shall table a motion for a resolution in this House as soon as I have heard the Council's and the Commission's replies, and any comments from other Members.

**President.** — I call Mr Andersen.

**Mr K. B. Andersen,** *President-in-Office of the Council.* — *(DK)* This is a highly relevant subject on

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which we must find a way of achieving results. Instead of replying in general terms, I should like to try and be as specific as I can as regards each individual point made. As regards the first question, I can say that the discussions at civil servant level on the third directive on company law, which deals with mergers, were broken off in 1974 because of differences in legislation between the new Member States and the original Member States. The talks were resumed in the second half of 1976 and have continued since then. The Council hopes to be able to deal with the proposal before this summer.

As regards the fourth directive, most of the difficulties in this directive on annual accounts have been settled in the Committee of Permanent Representatives, which is intending to discuss the proposed solutions to the few remaining questions in the near future. The draft directive will then be submitted to the Council.

As regards the draft regulation on the European company, the Council is aware of its significance and complexity, and it looks as if it will take a long time to deal with this proposal. Last year a Working Party went through the first four chapters, which deal particularly with the initial capital and management bodies of the European company. The Working Party is continuing work on the remaining chapters, mainly on the basis of the results already achieved in the discussions on the two abovementioned directives.

However, the Council reserves the right to discuss questions of a political nature itself, especially those questions involving worker participation in the running of companies.

As regards the directive on collective investment undertakings for transferable securities, work on the proposal, started in the second half of 1977 and is continuing. Work on special rights for citizens of the Member States is being carried out in an *ad hoc* group set up under paragraph 11 of the document drawn up by the Heads of State or Government of the European Community at their summit in Paris in 1974. The group is considering the questions of the right to vote in or stand for elections in Member States other than general elections. The group is also considering the other rights which the abovementioned voting rights would involve, such as freedom of speech and association. Finally it is also considering the right of abode in other Member States.

As regards the other questions, I should like to say that the Convention on the Mutual Recognition of Companies and Legal Persons of February 1968 has not yet been ratified by the original Member States. We hope that it will be possible for the talks on adapting this Convention to start very soon after work is finished on the adaptation of the Convention on the mutual recognition and enforcement of judgment in civil cases, including commercial cases, which will probably be some time this year.

It had previously been decided to give the Convention on judgment priority over the Convention on the recognition of companies referred to by the honourable Members, and it is pleasing to note that, after nearly six years, the work on the adaptation of the Convention on judgments for the three new Member States is nearly finished. We can expect it to be signed by the end of the year.

There are two agreements regarding Patent Law — the Munich Convention on the granting of patents, which came into force at the end of last year, and the Luxembourg Agreement on the Community patent, which will come into force when it is ratified by all the Member States.

As regards the third question, the Council of Ministers of Justice has met twice, once in June 1971, and once in November 1974. For the results of these meetings, I would refer you to the summary of the Council's activities in 1971 and 1974. However, I should explain that other Ministers also took part in these meetings, since in many Member States the Ministers of Justice are not responsible for company law. Matters which do not come under the competency of the Council of Ministers of Justice were also discussed at these meetings.

The next presidency, i. e. that of the Federal Republic of Germany, intends to hold a meeting of this particular Council at the beginning of October, provided the items for discussion have been adequately prepared by that time.

And now a few brief remarks on questions 4 and 5. Since there is only one Council of the European Communities, there is no reason to set up special working procedures for the work of this institution in its various formations. This does not necessarily mean that the Ministers of Justice discuss matters of legal policy on a regular basis. Regular meetings of this kind would seem a good way of promoting Community work within the field referred to by the honourable Members, but I should like to point out that in several Member States the four points mentioned in paragraph 1 fall under the competency of other Ministers. The two meetings I have just mentioned were convened on the initiative of the President of the Council after consultation with other Members of the Council and the Commission with a view to preparing the matters which could be expected to appear on the agenda of a meeting of these ministers.

As regards the last two questions, I should like to say that, at its two meetings in 1971 and 1974, the Council urged the Commission to submit various proposals on legal policy and to continue actively promoting the international work carried out under its auspices. The Commission consequently drew up two draft protocols to be added to the Treaties. These protocols deal with common regulations for the legal

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protection of the economic interests of the Community, the legal proceedings in the case of infringement of the provisions of these Treaties, and joint regulations regarding the responsibility and protection in penal matters of officials and other servants of the European Communities. These draft protocols were submitted to the European Parliament for an opinion. At the present stage, the Council does not see any possibility of accelerating work on these matters.

Finally, Question No 7. As it affirmed in its letter of 19 December 1975, the Council will in due course initiate the procedure referred to by the honourable Members. However, we cannot expect the major questions connected with the Statute for European companies to be solved in the near future. For this reason the Council does not feel that it is yet time to inform the European Parliament of the main conclusions it has arrived at in these important matters.

(Applause)

**President.** — The debate will now be suspended until after voting time.

### 9. Votes

**President.** — The next item is the votes on the motions for resolutions contained in reports on which the debate is closed.

I first put to the vote the motion for a resolution contained in the *Nyborg report (Doc. 557/77): Development of the customs union and of the internal market.*

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

We shall now consider the motion for a resolution contained in the *Spinelli report (Doc. 36/78): Decision empowering the Commission to issue loans for the purpose of promoting investment within the Community.*

Before dealing with the motion for a resolution, we shall vote on the amendments to the draft decision.

On Article 2 (3) I have Amendment No 6, tabled by Mr Müller-Hermann, Mr Aigner, Mr van der Gun, Mr Scelba, Mr Schwörer, Mr Ripamonti, Mr Ryan and Mr Klepsch on behalf of the Christian Democratic Group (Group of the European People's Party):

The third paragraph to read as follows:

'On the basis of this decision the Commission, after consulting the European Parliament, shall specify rules by which it will determine the eligibility of projects.'

What is Mr Spinelli's position?

**Mr Spinelli, rapporteur.** — (I) I would ask the authors to withdraw the amendment since we propose that the Commission, together with the Council and after first obtaining the opinion of Parliament, should participate in fixing the general objectives. Once these have been fixed, I think that the definition of eligibility should be a matter strictly for the Commission and that the latter should therefore be given a free hand. I ask the authors to withdraw the amendment, and if they maintain it, I recommend the House to reject it.

**President.** — I call Mr Aigner.

**Mr Aigner.** — (D) Mr President, I am speaking on behalf of the author of the amendment. I do not fully understand Mr Spinelli. It was he who wanted at least the Commission, with its proposals, guidelines, etc., to have preliminary discussions with us here. That was indeed your own view, Mr Spinelli. I would therefore ask the House to adopt this amendment.

**President.** — I put Amendment No 6 to the vote. As the result of the show of hands is not clear, a fresh vote will be taken by sitting and standing.

Amendment No 6 is rejected.

Again on Article 2, I have Amendment No 3, tabled by Mr Shaw and Sir Brandon Rhys Williams on behalf of the European Conservative Group:

The final paragraph of this article to read as follows: 'The Commission shall borrow on the markets, employing the European Investment Bank as its agent, within the limits of the amounts authorized. A single borrowing can be used to finance projects with different objectives.'

What is Mr Spinelli's position?

**Mr Spinelli, rapporteur.** — (I) I am against the amendment since, as has already been explained several times, when the Commission issues a loan, it chooses the credit institutes which it considers the most suitable. The EIB may also be among these, but there is no reason why the Commission should only use this institution.

**President.** — I put Amendment No 3 to the vote. Amendment No 3 is rejected.

On Article 2 I have Amendment No 1, tabled by Mr Ryan:

Add the following new paragraph:

'The Commission shall report annually to the Parliament and to the Council so that the budgetary authority may consider whether the ceiling of 1 000 million EUA now proposed, or such other ceiling as may from time to time be approved by the budgetary authority, should be increased and whether the policies governing the loan facilities and the operating procedures are appropriate.'

What is Mr Spinelli's position?

**Mr Spinelli, rapporteur.** — (I) Mr President, I think that there is no need for this paragraph to be added to the present form and wording of the article. I there-

<sup>1</sup> OJ No C 100 of 8. 5. 1978.

**Spinelli**

fore propose that the amendment be withdrawn and, if it is not, that it be rejected.

**President.** — I call Mr Ryan.

**Mr Ryan.** — Mr President, I am quite happy to withdraw, seeing the direction in which the vote appears to be going.

**President.** — Amendment No 1 is withdrawn.

On Article 5 I have the following three amendments :

— Amendment No 2, tabled by Mr Ryan and seeking to reinstate the text proposed by the Commission ;

— Amendment No 4, tabled by Mr Shaw and Sir Brandon Rhys Williams on behalf of the European Conservative Group and also seeking to reinstate the Commission's text ;

— Amendment No 7, tabled by Mr Müller-Hermann, Mr Aigner, Mr van der Gun, Mr Scelba, Mr Schwörer, Mr Ripamonti, Mr Ryan and Mr Klepsch on behalf of the Christian-Democratic Group (EPP Group) :

This article to read as follows :

'Loans made under this decision shall be granted by the Commission in accordance with the following procedure :

— Requests for loans shall be submitted to the Commission which, if it finds them eligible, shall forward them to the European Investment Bank ;

*The Commission shall lay down the guidelines for granting the loans in agreement with the European Parliament.*

The EIB shall examine the requests from the point of view of their financial soundness and shall decide, on the basis of the guidelines laid down by the Commission, whether to make the loans and, if so, on what terms.

*The Commission may, in its guidelines, reserve its right of final decision on the granting of the loans.*

The EIB shall be responsible for administering the loan on behalf of the Community.

The EIB's mandate from the Commission regarding the temporary investment of loans, the examination of requests for loans and the administration of loans shall be set out in a cooperation agreement between the EIB and the Commission'.

What is Mr Spinelli's position ?

**Mr Spinelli, rapporteur.** — (I) Unfavourable with regard to Amendments Nos 2 and 4, since they are totally contrary to the spirit of our proposal.

As for the amendment tabled by Mr Müller-Hermann and others, I understand that there is a printing error. The paragraph which reads 'the Commission may, in

its guidelines, reserve its right of final decision', should in fact read 'the Commission reserves the right, in its guidelines, of final decision'.

**President.** — Mr Aigner, can you confirm this printing error ?

**Mr Aigner.** — (D) The rapporteur is right. The sentence must read 'the Commission reserves the right, in its guidelines, of final decision', and I think that Mr Bangemann also agreed to it in yesterday's night sitting, and so he could also agree to this amendment with his Group.

**President.** — I call Mr Spinelli.

**Mr Spinelli, rapporteur.** — (I) I am nevertheless against this amendment since it is practically the same as the Commission's proposal, and yet it is much less clear.

**President.** — I call Mr Ryan.

**Mr Ryan.** — I withdraw the amendment in my name in favour of the very clear Amendment No 7.

**President.** — I call Sir Brandon Rhys Williams.

**Sir Brandon Rhys Williams.** — Mr President, the European Conservative Group is also willing to support the compromise Amendment No 7 in the name of Mr Müller-Hermann and will therefore not press the vote on Amendment No 4, which is, of course, further from the text as received from the committee.

**President.** — Since Amendments Nos 2 and 4 have been withdrawn, I put to the vote Amendment No 7 in the version specified by Mr Aigner.

Amendment No 7 is rejected.

**Mr Aigner.** — (D) Mr President, my visual impression was that there was a clear majority in favour of the amendment. I request a fresh vote by sitting and standing.

(Mixed reactions)

**President.** — Mr Aigner, unfortunately your impression is one which is not confirmed by the vote count which I have.

**Mr Aigner.** — (D) Mr President, whenever there was any doubt immediately following a vote, it was always customary to confirm the results by sitting and standing.

(Mixed reactions and protests)

**Aigner**

Of course this is only a request, and I am surely entitled to make a request on behalf of my group. Mr President, the Members on the left do not seem to be convinced by what I am saying.

**President.** — Mr Aigner, do not persist in your request, because in calling the voting result into question you are also calling into question the President's capacity to run the proceedings.

**Mr Aigner.** — (D) Mr President, I am sorry if I reacted too emotionally, but I must say that anyone can make a mistake. You did not count the votes yourself, they were counted by your officials. It is possible that there has been an error, Mr President. And our Rules of Procedure provide for a second vote by sitting and standing to settle the doubtful issue. Surely that is perfectly normal in every Parliament.

**President.** — Mr Aigner, after taking note of the vote count, I announced the voting result. I have absolutely no intention of doing it again. The result of the vote therefore remains as I announced it.

(Applause)

We shall now consider the motion for a resolution.

I put the preamble to the vote.

The preamble is adopted.

I put subparagraphs (a) and (b) of paragraph 1 to the vote.

Subparagraphs (a) and (b) of paragraph 1 are adopted.

On subparagraph (c) of paragraph 1 I have Amendment No 5, tabled by Mr Shaw and Sir Brandon Rhys Williams on behalf of the European Conservative Group and seeking to delete this subparagraph.

Since this amendment is consequential on Amendment No 2, which has been rejected, it becomes void.

I put subparagraph (c) of paragraph 1 to the vote.

Subparagraph (c) of paragraph 1 is adopted.

I put paragraphs 2 and 3 to the vote.

Paragraphs 2 and 3 are adopted.

I call Mr Dalyell for an explanation of vote.

**Mr Dalyell.** — Mr President, I ask for the floor to give an explanation of vote. May I explain that last night I spoke against the issue of the Ortolí facility; having spoken against it, I then learnt of certain specific uses to which it might be put which had not been clear either at the meeting of the Committee on Budgets or during the discussion in the House. When one learnt of possible specific projects, that then altered a number of other factors which determine one's vote. It is for these reasons that I shall abstain and suspend judgment on the whole issue.

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

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

I now put to the vote *the motion for a resolution on terrorism (Doc. 50/78) tabled by all the political groups.*

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

#### 10. *Legal policy of the European Communities* (continued)

**President.** — We continue the debate on the legal policy of the European Communities.

I call Mr Jenkins.

**Mr Jenkins, President of the Commission.** — Mr President, following on the reply which Mr Andersen gave before the voting adjournment, I will now proceed to reply on behalf of the Commission, and will do so as briefly as I can in view of the time restraints which you placed upon, and which were observed by the other speakers.

This oral question refers to a number of general points of policy as well as to a wide range of individual measures. All of these are designed to create a satisfactory common legal infrastructure in the Community. This, as the honourable Members posing this question themselves point out, is a major task and the Commission accordingly has to establish an order of priorities for action. In doing this, we endeavour to take into account two overall considerations: first, as the approximation of laws is instrumental in sustaining and underpinning the Common Market and not an end in itself, we should seek to harmonize to the extent necessary to achieve our aims and not to the fullest extent possible; second, we must recognize the amount of time and effort required in this often technical work and the limited human and material resources of the national administrations dealing with these questions as well as of the Commission itself.

Honourable Members will remember that I set out my general approach in this field for the coming year in the programme speech which I made to the Parliament on 14 February, and indeed in the supplementary memorandum annexed to that address. Now there are no less than 15 specific points of policy referred to in the first part of the question, and I believe that honourable Members will not expect or wish me to go through each one in the necessary amount of detail. If I did, it would make it difficult for others to participate in the debate. And therefore, on each of these 15 specific points contained in the first of the four parts to the question, I would prefer to write to all the

<sup>1</sup> OJ No C 100 of 8. 5. 1978.



## Jenkins

honourable Members concerned and to respond now in the limited time I have available to the major issues raised by the second, third and fourth parts of the question.

Part two of the question refers to the special rights of citizens of Member States. You will recall that in its report of July 1975, the Commission, basing itself on the preparatory work for the Paris conference, reached the following two conclusions: first, that each Member State is considering giving to nationals of the other Member States certain civil and political rights, on the basis of a similar principle to the one which underlies the Community Treaties — namely, that in the economic field Community citizens should be given the same treatment as nationals; and second, that the special political rights concerned would principal be the right to vote, the right to stand for election and the right to hold public office. The Commission, taking into account certain changes in connection with the direct election of the European Parliament, could in principle endorse the approach to be found in the resolution of Parliament of 16 November 1977 and modify the definition of special rights which was given in its report on the implementation of Section 2. The Commission wishes to stress that in this field its conception of special rights is a pragmatic one and that it wishes to take all opinions into account so far as possible.

The third part of the question refers to cooperation between government experts taking part in preparatory work on Commission preliminary drafts. The cooperation between such experts is, I believe, good, but the pace of work inevitably depends substantially on their availability and, indeed, upon the facilities available for organizing meetings. The Commission is endeavouring to proceed without too many preparatory meetings; but in our view work could be speeded up in the Council and the number of meetings of working-parties reduced if important issues could be dealt with more systematically at the political level in order to keep the technical discussions moving.

The fourth part of the question concerns the procedures followed and the length of time they take. The time taken in fact varies enormously, depending on the subject, its nature and its complexity, but in general it takes at least two or three years for the Council to adopt the act once the Commission has adopted its proposal. The Council may, indeed, take considerably longer to adopt acts in the form of inter-State conventions — for example, on patents on international mergers, or on the mutual recognition of companies. We would obviously like greater speed here, and will endeavour by all the means at our disposal to obtain it, but clearly the power to achieve this does not rest wholly or even principally with the Commission.

That, Mr President, I believe, deals with the main policy issues raised by the three latter parts of the

question and as for the 15 specific policy points, which it would require a great length of time to go into, I hope the House will rather that I leave time for further debate. As I said, I will write on each of these questions, not only to Mr Calewaert, who has raised the issue, but to all the Members whose names are on the oral question for debate, and clearly what is said in the letters will be freely available to any other honourable Member who may wish to have it.

## IN THE CHAIR: MR DESCHAMPS

### *Vice-President*

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

**Mr Sieglerschmidt.** — (*D*) Mr President, ladies and gentlemen, at one of the recent meetings of the European Council, the French President, Mr Giscard D'Estaing, proposed an 'espace judiciaire communautaire', in other words the creation of a European judicial zone. Even after hearing what Mr Andersen, the President-in-Office of the Council, had to say on this point today, I am still no clearer as to what the term means. There is only one thing I am sure about, and that is that the French President intended the concept to be related essentially to the fight against terrorism. So at best what we are talking about is admittedly an essential — but nevertheless, a European — makeshift. Mr President, let me at this juncture make the following point. We should adopt a cautious approach whenever it looks as if European integration is being pursued out of fear, no matter whether the fear is engendered by external or internal dangers. European integration must be a means of pursuing promising developments in Europe and not the result of fear. I feel that this European legal edifice we are working on must be seen in a much wider context. It shouldn't just be a building with a fine facade and cosy rooms; if it is to last, Mr President, it must have solid foundations and proper supports, and as such it is more a matter for the engineers of the construction of Europe than for European aesthetes. Without the legal statics, the building would remain nothing but a shell, the part that was standing would soon begin to show cracks in the masonry. Incorporating these legal girders and load-bearing walls is not an easy matter. The legal traditions in our Member States are so different. This should however, prompt us to redouble our efforts to create a European judicial zone in a wider sense. My Group feels that both the Commission and the Council have failed to do all they could to overcome these difficulties with all due speed.

The Commission must be criticized for failing to try every means of cooperating regularly with the experts

### Sieglerschmidt

from the Member States' Ministries of Justice in an attempt to create the right conditions for the necessary decisions to be taken by the Council.

Mr Jenkins, we must find a quicker procedure. I realize the difficulties, but we should not simply resign ourselves to them. The Council must be criticized for not making sufficient efforts to achieve agreement on the Commission's drafts, some of which have been awaiting decision by the Council for years. The Council should take care not to go on giving the impression that its own contribution to the creation of jobs in the European Community consisted in ordering new filing cabinets in which to let the Commission's drafts on matters concerning legal policy gather dust. After all, as has been said before, these drafts are not merely abstract legalistic exercises. What they are concerned with — although this may not be immediately obvious — is improving the legal status of the citizens of the European Community, especially in terms of labour relations and consumer affairs.

And it certainly does not seem to me, Mr President, to be a valid alternative — even in cases where there are contractual opportunities open to us — to have recourse to international agreements. This is something we should leave mainly to the Council of Europe. After all, we know from experience that the procedure under the terms of international agreements can be highly complicated and time-consuming and that, when all is said and done, it often only needs a few States not to ratify for the whole thing to be virtually useless.

Ladies and gentlemen, we should make full use of the Community's more effective arsenal of legal weapons, so that we can at last achieve a situation in which the unity of the European legal system is continuously and comprehensively strengthened. This is our ardent wish.

Let me make one final comment, Mr President, on one particular area of the law. The report on the meeting of the Heads of State or Government in Copenhagen contains the declaration that, in pursuing the aims of the Community, basic rights must be guaranteed, and that the maintenance of representative democracy and human rights in all the Member States must be a basic requirement for any State wishing to belong to the European Community.

Mr President, what we are talking about here are two of the cornerstones on which the European Community's basic political and legal systems are built, and this goes for all the Member States as well as for the Community as a whole. These cornerstones may in time become basic elements in a European constitution.

This Mr President, is the context in which we must view all the efforts being made in the field of the

special rights which have already been referred to, namely the civil and political rights of the citizens of the Community. I believe that, in the direct elections, the Commission and the Council will be judged in terms of what they can show in this field, and how much will and energy they show in giving the citizens of Europe a genuine feeling that they are no longer just citizens of their national States, but also have a home in the European Community.

*(Applause)*

**President.** — I call Mr Scelba to speak on behalf of the Christian Democratic Group (EPP Group).

**Mr Scelba.** — *(I)* Mr President, if I may say so, I am disappointed with the answers we have been given.

The proposals put forward by the Legal Affairs Committee go back years, not months. Four years have gone by since the decision to grant Community citizens special rights was taken at the Paris summit in 1974 — and in that time absolutely nothing has been done.

Last year, on 16 November, the European Parliament adopted a resolution concerning the protection of democratic institutions within the Community and the granting of special rights. This resolution went much further than the Commission report, 'A citizens' Europe', but Mr Jenkins has not said whether he has considered making any amendments to this earlier statement on the problem, or whether he has drawn up any concrete proposals for the Council of Ministers in order to bring the Commission's original proposals on special rights into line with the much wider-ranging resolution adopted by Parliament.

Mr President, the very title of the Commission's report on special rights highlights the essentially political nature of this subject. With elections just around the corner, the idea was to give voters, and especially young people, the image of a Europe which was not simply concerned with trade, but a Europe with a human face. It was a Europe which was to be achieved by granting special rights designed to establish the equality of Community citizens, to harmonize legislation affecting them and above all to safeguard and defend the democratic institutions of the Community and the foundations on which it rested.

Last November's resolution, Mr Jenkins, contained concrete proposals on how to achieve results, and no further amendments were needed. All that has to be done was to combine into a single article the proposal to be put before the Council.

Well, we are still waiting for Mr Jenkins to say something on this matter, and we are still waiting for something to be done. How can Parliament express any degree of satisfaction in the face of such behaviour,

**Scelba**

which indeed affects not only this issue but other wider-ranging issues which have been raised by Members?

We are very good at making resounding speeches about democracy in the European Community, but we do nothing positive to translate our political convictions into legal reality.

I should therefore like to call on the President of the Council and the President of the Commission to do something about these proposals during the run-up to the direct elections. In this way the Community will appear not as a Community concerned only with trade, but a Community with a human face.

*(Applause)*

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

**Mr Bangemann.** — *(D)* Mr President, there are three reasons why my Group regards the present state of legal integration in the Community as unsatisfactory. On numerous occasions, we have gone along with the Commission's suggestions and after comprehensive discussions — made the Council proposals which are important in as much as they represent an attempt to eliminate competitive advantages or disadvantages. The Commission has likewise put forward a series of regulations for harmonizing all kinds of minor matters, and these have been passed by the Council. We have recently, I believe, harmonized the running speed of hot-water meters and the distance between the filaments in electric light bulbs and all those kind of things which are allegedly essential to eliminate competitive disadvantages; but in the important matters of competition law, such as the law of copyright trademark law and company law, in other words where real competitive disadvantages exist, we are not making the slightest progress.

And the reason for this is simply that on these matters, the Council's deliberations are far too protracted. I concede that a statute for European limited companies cannot be rushed through; of course, a working party must try to incorporate all the experience of the national legal systems. But, Mr President, this House can no longer tolerate the Council's dilatoriness in dealing with all these important legal regulations. In the field of transport policy, we have discussed the need to force the Council to get a move on by accusing it of failure to act. I should now like to say on behalf of my Group that, as far as legal harmonization is concerned, we are beginning to think along the same lines.

There is a second reason why legal harmonization is an important matter and that is because it represents a means of integrating the Community, a means by which it can be made clear what the Community stands for, without our having always to fight for more resources to be devoted to the policy of integration.

A statute for European limited companies, Mr President, would not cost the Community one penny in additional expenditure. No new budgetary resources will have to be committed and there will be no national self-interest to be overcome, because this new statute will be at everyone's disposal equally. If we want to see progress made on the question of integration, and if we want to create a European identity based on a common concept of law, it is high time the Council stopped dragging its feet.

There is also a third reason — one which is of importance to my Group — and that is the fact that we can, by means of common legal provisions of this kind, create something which is still lacking in the Community, namely a Europe which means something in the day-to-day life of the ordinary citizen, a Europe in which each and every citizen knows he is in at least as good hands as in his own national State. If we succeed in creating a system of consumer protection on a European basis, if we succeed in introducing a concept of liability for defective products which goes even beyond what the national legal systems can offer the consumer, then we shall be justified in saying that this Europe does something for the common man — in fact more than he could expect from his own country. This is precisely what is lacking, Mr President; these are the kind of arguments which we as politicians need if we are to be able to answer the questions put to us by our constituents in the direct elections. We shall certainly not be asked whether we have standardized the distance between rear lights, but rather what we have done in this House to protect the interests of the consumer. The small and medium-sized undertakings, which are having a hard time in view of the variations in company law within the European Community — a much harder time than the multinational companies — will ask us what we have done to make what is supposed to be trans-frontier cooperation easier. For instance, we have in the pipeline a cooperation agreement which would facilitate cooperation between small and medium-sized undertakings, something which is lacking at present.

I shall try to be brief because this is, after all, a debate on an oral question. My Group feels that there are three reasons why we should ask the Council as a matter of urgency to get moving on this point. Firstly, this process of legal harmonization represents an important step towards the elimination of competitive disadvantages. Secondly it is a step towards integration which costs absolutely nothing at all and thirdly, it is a step towards integration which will demonstrate to the man in the street exactly how Europe can benefit him.

*(Applause)*

**President.** — I call Sir Derek Walker-Smith to speak on behalf of the European Conservative Group.

**Sir Derek Walker-Smith.** — I should like to start by saying a few brief but sincere words of congratulation to my colleague, Mr Calwaert, for his initiative in this matter, and then pass to a few words of analysis and comment on the position revealed by the answers given by the President-in-Office of the Council and the President of the Commission. I welcome the questions tabled and the interesting statements that they have evoked. The question to the Commission relates to matters which, so far as parliamentary activity is concerned, are still in embryo, that is to say, still in the gestatory processes of the Commission. The question to the Council relates to matters already dealt with by this Parliament, which await action by the Council in whom the Treaty vests the legislative function. To seek information and to spur action in respect of both these categories of matters is a proper exercise of this Parliament's advisory and supervisory function, conferred on it by Article 137 of the Treaty.

There is I would think, a tendency for this Parliament to lose sight of matters which have passed into the Council's sphere of action — or in some cases inaction — and to regard itself as *functus officio* once we have dealt with the matter in plenary. I think that is a pity, and I hope today's proceedings will mark the beginning of a new approach whereby this Parliament continues its interest and adopts a follow-up action, always within the advisory and supervisory powers conferred by Article 137. Meanwhile, each of the institutions of the Community, the Council, the Commission and this Parliament, should consider their position and review their procedures objectively and constructively, to see if improvement is possible in this context.

Since criticism, like charity, should begin at home, I begin with the Legal Affairs Committee of this Parliament. I checked the position in regard to the draft regulations and directives specifically mentioned in the question to the Council, and I find that though the third company directive had a long history, that was a long time ago. But in the other and more recent cases, there has been reasonable expedition on the part of our committee, taking account of the necessary logistical difficulties with which this Parliament is faced, having regard to the exigencies of the dual mandate. On the whole, I think it is a creditable record on the part of the Legal Affairs Committee but, as its chairman, I am certainly not complacent about the performance of the committee. Our main difficulty of course is time — a familiar difficulty. It is a long time since Napoleon said, 'Ask of me anything but time', and we are still making the same plea. But that is a position which should improve in a directly elected parliament with the opportunity for more frequent sittings.

The Council of course also plead difficulties of time, and on some matters no doubt difficulties of getting a general consensus, but while making every allowance, I think, as other speakers have said, that we are

entitled to expect quicker progress and a better performance from the Council.

As to the Commission, two things I think are required. First, greater expedition with those draft regulations and directives which are necessary and desirable to implement the objectives of the Treaty, and secondly, greater selectivity in the Commission's proposals for legislation. On the first of those matters, may I mention specifically one of the directives referred to in these questions, the fifth company law directive? This directive was considered on several occasions in our committee in close and constructive consultation with Mr Gundelach, who then held responsibility for these matters. In view of the criticisms of the committee, he very properly said he would withdraw the draft and issue a green paper for further consideration by the committee. This he did on 12 November 1975, and further constructive consideration ensued with the Commissioner in the committee, ending on 20 December 1976. For the last 16 months however we have awaited a revised draft from the Commission, and still nothing has happened and the position is unclear. This is a clear case for more expediency and clarity on the part of the Commission under the new directorate with responsibility for this matter.

I am grateful — as I am sure are our committee and the Parliament as a whole — that the President of the Commission has himself taken part in this debate. I would respectfully ask him to look personally into this very important directive.

I welcome what he said in regard to selectivity. The Commission should resist any temptation to use Articles 100 and 235 beyond their proper scope. They should avoid regulations and directives aimed at harmonization for harmonization's sake, and use optional harmonization wherever practical. They should not be carried away by bureaucratic zeal, but should confine their legislative proposals to the essential.

I conclude therefore by saying that there is scope for review and improvement on the part of all three institutions of the Community, and I trust that this short debate will do something to prompt appropriate action by us all.

*(Applause)*

**President.** — I call Mr Broeks.

**Mr Broeks.** — *(NL)* Mr President, I cannot deny that the answer we received from Mr Andersen, the President-in-Office of the Council, disappointed me somewhat. This is not the first time that the Council's indecisiveness has come up for comment in this House. If there is one thing which prevents us from achieving the underlying objectives of the EEC, it is precisely this indecisiveness. We have returned again and again to the same point; for instance, the fact that, if the European Council lays down dates for some-

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thing, the Council always finds some way of getting around them. I won't labour this point, as I have said it all before on a previous occasion.

We are now concerned with a number of specific cases in which the Council has refused — or was not yet prepared — to take decisions. I get the impression that there are often obscure political difficulties behind these delays. When the Commission submits proposals to the Council, this does not mean to say that the Member States are not fully acquainted with what is going on. No proposal is submitted by the Commission to the Council before the national experts have had their say. That is one of the difficulties. By the time the Council receives the proposals from the Commission, the latter has already consulted the experts, and then the Council starts all over again. I should think the President-in-Office of the Council knows as well as I do that if you ask experts for their advice, they always manage to disagree, and you could go on like that *ad nauseam*.

On the previous occasion, we asked whether anything could be done to get round this situation. I myself put forward the proposal that a report should be published every six months by the Commission telling us what progress has been made on those Commission proposals which had already made their way through Parliament. We not get that report every six months, but I am not sure whether the Members of the Council also get copies on the same basis. If this is not the case, I should greatly appreciate it if the President of the Commission would see to it that all the Members of the Council — and I am referring here not just to the Foreign Ministers, but also to ministers with other portfolios — got copies of these reports. If the Members of the Council of Foreign Ministers were to work out together how many years it takes before a report of really only minor significance is at last approved, they would realize that the result is quite disgraceful.

I also asked previously whether this was due perhaps to the fact that the Committee of Permanent Representatives could not keep up with the work. If it is too much for them to prepare all this work for the Council, would it not be possible to form additional committees and distribute the work over, say, three committees?

When I read the Minister's reply, there seem to me to be a number of points that the President of the Council has rather glossed over. Had he said: 'Everything was alright until the new countries joined, when we had to take a fresh look at everything', I would have considered it a reasonable excuse. But the three new countries have been members for quite some time now, and the time must surely have come by now for it to be possible to take a decision again. When I then hear talk of a restricted working party, I can't help thinking and fearing that all we shall get will be the experts again rehashing the subject they have already dealt with under the auspices of the

Commission. And they will be followed by more experts whose conclusions will be different again and so on and so on. If anyone tries to tell me that the statute for limited companies was dealt with last year, I shall point out to him that this extremely important statute was approved here a good few years ago. What was done before 1977 then? On page 2 the Minister says that a number of questions have to be dealt with at political level, for instance the participation of employees in the running of their firms. In the face of this, is it surprising that I cannot understand why this has not yet been done?

I would therefore ask the President-in-Office of the Council to consider some way or other of speeding up the work of the Council. A number of Members have made it perfectly obvious here today that the matters brought up by Mr Calewaert are important ones. The main difficulty, however, remains the Council's indecisiveness, and we have so far heard nothing to suggest any end to this situation. Nevertheless, for this House, for the Commission and for the whole EEC, this is an extremely important question.

**President.** — I call Mr Luster.

**Mr Luster.** — (D) Mr President, first of all, may I beg your indulgence for the fact that my maiden speech on behalf of my Group in this House happens to be on such a wide-ranging subject.

Having said this, I should like to say on behalf of the Christian-Democratic Group that we too are very grateful to the initiators of this oral question, as this gives us an opportunity to discuss the whole question of legal policy, and I may say that, as far as the heart of the matter goes, we are in full agreement with the motives behind this question.

The Christian Democrats are fully aware of the limits imposed upon the Community by the Treaties in the field of legal harmonization. However, when one considers the ever-tightening web of economic interdependence, these limits are constantly changing. Non-Community matters may — as a result of changing circumstances — come under the Community's jurisdiction overnight. A common law — and even a legal union — is a potent force in integration.

I should like to cite a few examples of what we feel could come under a *code européen*, over and above what has already been done in this field. One might mention, for example, the harmonization of the legal provisions concerning the competency to contract; the basic feature of the general law of contract, of legislation on breaches of faith, the effects of publicity, general business conditions, the law on sales contracts and family law (at least as far as the liability of married persons is concerned); the basic features of labour law, with special reference to the law on collective wage agreements and protection against dismissal; various forms of protective legislation, such as the protection of mothers; basic features of social

## Luster

welfare law ; basic features of the Rules of Civil Procedure (at least of the individual and collective enforcement law) and so on.

However — and here I should like to underline what has already been said by Mr Scelba — harmonization in the field of public and constitutional law is of particular importance. The report on special rights drawn up by Mr Scelba at the end of last year could — together with the Community institutions' solemn declaration on the protection of basic rights — be a cornerstone of any future European constitution. And in this spirit, we very much welcome the proposal to hold a round table discussion at the University of Florence this autumn under the chairmanship of Mr Scelba.

I should like briefly to comment on, and illustrate, the situation as at present. Out of four directives on the harmonization of company law which have been considered by the European Parliament, so far only two have been passed by the Council. But the Commission's present intentions provide for a total of at least ten directives, with the result that, in our opinion, and judging by the speed at which the Council works, we cannot expect the work to be completed until the year 2 000 — which is bordering on futurology.

The Community — if I may be allowed to say so — has a weighty competitor in the shape of the Council of Europe. Competition is a good thing. But the Community should not allow the Council of Europe to show it a clean pair of heels in terms of the effectiveness of its legal policy and the speed at which it puts such a policy into practice. May I conclude with an appeal to all of us, but especially to the Council and the Commission.

Let us make the law a cornerstone of the European Community, but let us at the same time make the question of legal policy an effective means of promoting the Community's ideals.

*(Applause)*

**President.** — I call Mr Andersen.

**Mr K. B. Andersen,** *President-in-Office of the Council.* — *(DK)* Mr President, I have listened with great interest to this debate and I am a little sorry to have to say that I agree with many of the points made. The reason why I am sorry to have to say this is that it constitutes an acknowledgement of the fact that we have not made the progress we might have wished and hoped for, and I am not going to waste your time making excuses. However, it is not quite true that nothing at all has been achieved as some people appear to have implied. Something has been achieved in certain fields, but we must perhaps admit that the subject of this debate is one of the fields in which progress has been, shall we say, modest — or perhaps you can find a better word.

Since several people, including Mr Sieglerschmidt, have raised the question of meetings of the ministers,

I should like to repeat what I said in Question Time, namely that the next presidency, i.e. the German Presidency, was intending to hold a meeting in October. I assume that Members will agree that one should not hold meetings until the time is ripe for them, but if anyone wishes to make the point that the very fact of holding meetings sometimes helps to get certain matters off the technical level and onto the political level, I cannot disagree.

Mr Scelba was also disappointed that no more had been achieved. I admit that the fields mentioned in this connection were the very ones in which not very much had happened, but this is, after all, because, as we all know, these matters involve a number of constitutional problems. We cannot use this as an excuse for ever, but there are fields which involve constitutional problems in nine different countries.

I should like to say in connection with the points made by both Mr Scelba and Mr Bangemann, however, that I will certainly inform my colleagues in the Council of what has been said here today. You have been so unanimous in making the point that it is the Council we are waiting for, that it is quite natural that I should inform the Council of this fact. I think what the Chairman of the Committee, Sir Derek Walker-Smith said, was addressed mainly to the Commission, and for this reason I will not go into details.

I should like to say in connection with Mr Broeks' proposal for some kind of half-yearly report that, as you know, there is already the Marlia report which deals with the various meetings the Ministers have held. As far as we in the Council are concerned, we strongly feel that this review should report what actually happened, and not merely note that such and such a meeting took place, and the more detailed we make this report — which, incidentally, as far as I know, will be discussed at the Council meeting in May — the better we can use it in cases where there have not been meetings of the Ministers, since it will enable us to see in what fields meetings have been held or not. As I have already said, there has not been a meeting of the Ministers of Justice since 1974, and I shall bear this in mind when we discuss the Marlia report at — if I remember rightly — the meeting of 2 May.

Mr Luster, who, I think was speaking for the first time here, made a number of interesting remarks in an attempt to define or specify what a European legal code should cover. I think the honourable Member will understand if I do not try and comment on this here today, since I am unable to seek advice and guidance from my colleagues or, more accurately, the Ministers of Justice. I have, however, taken due note of the elements which the honourable Member considers should be included in a legal code of this kind.

**K.B. Andersen**

Finally, I should like to say, in connection with what Mr Luster and others have said regarding the Council of Europe, that, in my view, it is important that in this field we should maintain good contact and a sensible division of labour with the Council of Europe, so that we will be able to avoid duplication of effort and rather relax in areas where the problems have been solved — and solved satisfactorily — and concentrate on achieving some progress with the many proposals already before the Council in other fields.

I should therefore like to say that I have listened to this debate with great interest. I shall inform the Council of what has been said, and I think I can rightly tell them that this Parliament is extremely impatient as regards the consideration of these questions.

**President.** — Thank you, Mr Andersen, for informing the Council of Parliament's attitude.

I call Mr Jenkins.

**Mr Jenkins, President of the Commission.** — I, too, have followed the debate with great interest and found it, from my point of view and that of the Commission, informative and worthwhile.

There have been a number of points raised to which I will respond fairly briefly. There was the broad point raised by Mr Scelba, which is that, in our response to the question, we concentrated perhaps too much on a detailed rather than on a broad human-rights approach, and I take note of what he said here.

I would, if I may, like to say to Mr Luster that it was a great pleasure to hear him speaking on the first occasion before this Parliament and speaking with such authority and ease about this complicated subject, and I am sure we look forward greatly to his contributions to our deliberations in the future. He referred to the decision to hold a round-table conference in Florence, which will be under the chairmanship of Mr Scelba in the autumn, and where the attempt will be to draw up a Community charter of citizens' rights in a broad sense. Let me say to Mr Scelba that I found Florence last autumn a rather good place in which to launch a new campaign and I hope that he will find the same this autumn. I can assure him that we shall pay the greatest attention to what emerges from that conference under his chairmanship.

Mr Bangemann was, I think, right in saying that, while it is important that in the economic field we take measures which are essential for the unity of the market and for the removal of artificial barriers and restrictions on trade, we should relate what we do here to the real interests of citizens, whether as entrepreneurs or as consumers.

Let me also assure Sir Derek Walker-Smith that I am certainly fully in accord with his view about selectivity. We do not, as I have said many times, wish to harmonize for harmonizations' sake. If we put forward proposals which are not necessary, merely because we

can find a field in which to do some work, we make it less likely that we shall get through the issues which are genuinely important from the point of view of the real unity of the market. But where we are seeking real unity of the market, then I would make no apologies for putting forward what may often be detailed proposals, because these are necessary in order to complete and deepen a proper common market. Let me say to him also that so far as the Fifth Directive is concerned, a communication from us is on its way at the present time and will be with him in the very near future. So I have already, as he asked me to do, given personal attention to this point. I do not think that my intervention has in fact speeded matters up so far, but I will make sure that they continue to proceed — I hope — satisfactorily.

I followed with great interest what Mr Broeks said about the idea of a half-yearly report, particularly in view of the great backlog of delays which often occur where the Council is dealing with Commission proposals I do not pretend that there are not sometimes delays in the Commission, there are also great delays where our proposals pile up over a period. It was indeed the case that, at the informal meeting of foreign ministers held under the Belgian presidency last autumn, I proposed — and this was accepted by the foreign ministers — that about half-way through each presidency we should submit a report on how far the various proposals which we had put forward had got in the Council's consideration of them. There would be nothing confidential about such a report and it would be entirely desirable to make it available to the Parliament, as far as I can see; I would certainly like to consider the procedure that each half-year we should inform not only the Council but also Parliament of the progress made by the Council in the consideration of the various proposals which we have put forward.

Mr Broeks also mentioned the question of the slow progress made in dealing with the European company charter. But, as he will be aware, while he was one of those who wished to push it along in the parliamentary Committee, the Parliament itself was a little slow, in fact very slow indeed, in declaring its opinion upon this European company charter proposal, which took a matter of several years. The fact is, of course, that this is a field in which there is great opportunity for every Community institution to blame every other. It is reasonable to defend oneself and say, well, sometimes we are not at all to blame, but I think the main lesson of the debate is that we should not just stand around for opportunities to level charges — the Parliament against the Commission, the Commission against the Council, the Council perhaps against the Commission and both against the Parliament — but that we should recognize that we do not live in a perfect world and that this is certainly a field in which there is a great deal of room for improvement so far as our activities in these matters are concerned.

**President.** — I call Mr Calewaert.

**Mr Calewaert.** — (NL) Mr President, ladies and gentlemen, I think we must express our thanks on behalf of all those who tabled these questions to the Commission and the Council and on behalf of all the Members who have spoken in this debate. The debate has shown that what we are concerned with is not a question which has been tabled because of some lawyer's hobbyhorse.

Lawyers are often accused of taking a legalistic view of everything, but that is not true at all. I think this debate has shown everyone clearly enough that one of the elements of a united Europe will have to be a European legal policy. The answers received from the representatives of the Council and the Commission have not adequately explained the long delays which have occurred. At any rate, I hope that this question has served to draw attention to these delays.

I have every confidence that the representatives of the Council — having given us an undertaking that they will do everything that is necessary — will genuinely try to make up this leeway. I shall look forward to receiving the written reply from the Commission, and I am grateful to the President of the Commission for providing us with a written reply.

To conclude this debate, we have tabled a motion for a resolution, copies of which have now been distributed, and the urgent procedure is requested on this matter. I would ask you, Mr President, to let me know which procedure you favour to enable this motion for a resolution to be dealt with as speedily as possible.

**President.** — The debate is closed.

I have received from Mr Calewaert, Mr Sieglerschmidt, Mr Broeks, Mr Adams and Mr Hoffman, on behalf of the Socialist Group, and Mr Riz, Mr Luster, Mr Bersani, Mr Alber and Mr Schwörer, on behalf of the Christian-Democratic Group (Group of the European People's Party), a motion for a resolution, with a request for immediate vote pursuant to Rule 47 (5) of the Rules of Procedure, to wind up the debate on the oral question to the Commission on the legal policy of the European Communities.

This motion for a resolution has been printed and distributed as Document No 52/78.

I shall consult Parliament on this request at the beginning of tomorrow's sitting.

#### 11. Fixing of prices for certain agricultural products

**President.** — The next item is the complementary report (Doc. 35/78), drawn up by Mr Hughes on behalf of the Committee on Agriculture on the

proposals from the Commission of the European Communities to the Council on the fixing of prices for certain agricultural products and certain related measures for the 1978/79 marketing year.

I call Mr Hughes.

**Mr Hughes, rapporteur.** — Mr President, during the lengthy discussions, both in the Committee on Agriculture and in this House, on the main block of Commission proposals concerning agricultural prices, there could have been no one who was left in any doubt that the problems facing the milk sector were among the most serious that we have in the whole of the agricultural area, and a major part of these supplementary proposals from the Commission are concerned with the milk sector. There are, additionally, important modifications to the beef and veal marketing arrangements, and interesting, through relatively minor changes to the marketing arrangements for starch.

Before turning to the arrangements in detail, I would like to comment very briefly on the amendments put down by Mr Caillavet on behalf of the Committee on Budgets, which the Committee on Agriculture as such has had no chance to discuss in detail, but, with which informal discussions with various colleagues on that committee indicate that there should be no difficulty. The first, Amendment No 10, suggests much more transparent budgetary arrangements whereby the resources arising under the milk non-marketing premium and conversion to dairy products should be more clearly noted for budgetary purposes. It is not altering the actual amounts involved *per se*: it is a budgetary amendment to the relevant article of the Regulation of 1977. Amendment No 20 is a simple consequential amendment to the motion for a resolution. I would recommend both those to the House, though as I say the Committee on Agriculture as such has not had a chance to discuss them, since the Committee on Budgets only dealt with these at their meeting last evening. Equally, I would have no hesitation in strongly recommending to the House Amendments Nos 11 and 12 from the Committee on Budgets calling for two new paragraphs to be added at the end to the motion for a resolution, although the same proviso must be made that there has been no opportunity for the Committee on Agriculture as such to discuss them in detail.

When we now turn from those to the substance of the milk proposals, the first point is that the measures that the Commission have previously undertaken for non-marketing conversion schemes and so forth have been, to put it bluntly, very nearly a disastrous failure. They have not produced worthwhile results. In fact, in some instances, it may well be argued that their meanness has meant that farmers have been even more reluctant to go in for conversion than had there been



## Hughes

no scheme at all. Therefore the amendments to these schemes proposed by the Commission are highly welcome, notably the removal of the upper limit of 120 000 kgs of milk for those eligible to apply for the conversion scheme.

The increase in the aid for smaller producers, the simplification of procedures and the modification to the rather stringent rules regarding application for these are all changes that, because of the clear reluctance to take up the existing proposals, can only be welcomed by this House. We trust that they will be considerably more effective than procedures so far, and that the need to reduce the dairy herd will be met by these improved procedures. It is against the background of this set of changes — extension and improvement to the special marketing measures for butter, school milk, special Commission availabilities for increasing internal consumption of skimmed milk and so forth — that the relatively minor decision of the Commission to suspend intervention buying of skimmed milk for the period 1 October 1978 to the end of the 79-79 marketing year should be judged.

There are those who would give the impression that this is losing the outer defences of the citadel, that only if intervention is available at all times, for all quantities, no matter what other facilities are available, can there be a common agricultural policy. I do not believe that the temporary withdrawal of intervention buying in the winter months of skimmed milk represents a major assault on the fundamental use of intervention buying as the support mechanism within the dairy sector, as in the rest of agriculture. What it does represent is that during the winter months, alongside the other measures and weapons that are being used, with these many more flexible methods to help dairy farms, the case for having intervention buying ceases very largely to exist. The quantities of milk involved are minimal; the number of farmers likely to be affected infinitesimal, and far from it being a matter of high principle that intervention is being abandoned, it is a relatively minor alteration of an almost technical nature to the way in which the support programme as a whole for the milk sector is being carried out. It is as part of the whole range of instruments I have already indicated that I would recommend to the House, as the report does, that for this coming winter we support the Commission's proposals.

But here we have a difference of opinion with the Commission and that is that in the existing proposals, while the Council shall be consulted on their effectiveness, there is no call that this Parliament should be. I would strongly urge that in the amendment to the text the effectiveness of these proposals *en masse* — not just the temporary abandonment of intervention — also be referred to this Parliament, so that we may judge as to the effectiveness of all the proposals.

May I now turn Mr President, to the problem of the beef and veal sector. Very briefly, over the last six or eight years the trends in the beef sector indicate two things: firstly, that the amplitude of the fluctuation in the beef cycle between the trough and the peak is getting greater in other words, size of the gap between the top price for beef and the bottom is getting bigger and secondly, that the cycle is getting slightly shorter in time. There are obvious genetic reasons why it cannot get too much shorter, but the beef cycle is intensifying, and at the same time the gap and the coefficients between various qualities of beef are also intensifying; the gap between prime cuts and some of the less favoured manufacturing beef cuts is widening, and while here also intervention must remain the principle instrument of ensuring both stability of market prices and an adequate income return to the producers, modifications to the way in which the beef regime is managed are required. Equally, the need to ensure that consumers can afford to buy the beef is also, I would have thought, of paramount importance. Therefore again, on this, although as the motion for a resolution indicates we have some minor doubts, we remind the Commission of our opinion that the proposals for a limited direct payment system should be introduced. That is by no means a unanimous view, I suspect, of this Parliament, but with that I would recommend that section of this report to the House.

When, finally, one turns to starch, Mr President, I would remind both the Commission and this House that over the two and a half years since I have been a member, the Committee on Agriculture has, on a number of occasions, indicated that the whole of the starch sector within the Community needs a much more thorough examination than this *ad hoc* arrangement which we accept but only as an *ad hoc* arrangement regarding one sector of the whole starch and starch-related product arrangements within the Community. Therefore I hope, while we support the Commission's proposals in this instance, that following this debate the Commission will undertake to bring a report on the whole starch area to the Committee on Agriculture and to the Council of Ministers with the requisite proposals for a much fuller treatment of the whole starch and related products sector. While we accept this relatively minor improvement for potato starch — I gather largely benefiting the Dutch industry — we cannot continue for ever on this sort of *ad hoc* basis. The whole starch sector need looking at carefully. With those few remarks, Mr President, I recommend this report to the House and will listen with great interest to my colleagues as they introduce their various amendments.

(Applause)

**President.** — I call Mr Früh to speak on behalf of the Christian-Democratic Group (EPP Group).

**Mr Früh.** — (D) Mr President, ladies and gentlemen, we have just heard the rapporteur, Mr Hughes, speak on the complementary report on the fixing of prices for certain agricultural products and related measures, and I should like to thank him. As always, he has delivered a superb speech, which was also brief and to the point. I should like to begin by expressing a view which supports what has been said by Mr Hughes and which I feel sure the Commissioner will not take amiss: namely, now that we are already discussing the third part of these pricing arrangements, my Group and I feel that this might just possibly be what we call 'salami tactics' — a ploy to inch forward bit by bit so as to make it impossible to assess the overall situation until the process is complete. I hope that this gradual pruning will not slowly transform the agricultural policy. Perhaps we would have viewed the situation differently if Parliament's decision on the overall proposals on prices had been taken.

However, the proposals before us also have their faults: they include a number of measures which are to be welcomed unreservedly, but which are combined with other arrangements which could possibly shake the foundations and negate the basic principles of the agricultural policy, which has hitherto been applied successfully. We therefore feel that the arrangements should not be bundled together overnight into a third proposal and then discussed, as it were, in passing. This would be acting too hastily, and we think it important, Mr Gundelach, that a process entailing fundamental changes should be discussed more fully. I should like to comment briefly on the various proposals. It is proposed to continue to grant premiums for the non-marketing of milk and the conversion of dairy herds, and an increase in this aid for smaller producers is also proposed. This is indeed a welcome step, but I wonder whether we should grant increased aid to smaller producers now and penalize those who applied to join the scheme some time ago. Perhaps the aid should be increased retroactively.

Secondly, the Commissioner has added to the proposals an interim report on the results achieved so far in non-marketing, on which I should like to comment. This report is not encouraging, especially for one member country, as the report shows that this country accounts for nearly 15 000 applicants — in other words 75% — and two-thirds of the cows to be slaughtered.

You are no doubt aware, Commissioner, that roughly the same ratio applied to an earlier scheme, and you can imagine the reactions of people in that country — as you know, I am referring to my own country — who suspect that their cattle stocks are to be reduced while those of other countries are to be increased. I would ask you to consider whether this scheme can be applied more widely in the other member countries. Attention has been drawn to school milk, to which we

are expected to give our full support — and we do in fact support this proposal. We welcome any move to extend the range to include other milk products. We also favour the proposals affecting the butter market, namely that 50 million units of account should be spent on measures to increase consumption, although these measures have not yet been specified. However, we have one small request to make, as we have been disappointed in the past. In my country the so-called 'Christmas butter' production raised excessively high hopes and led to queues outside shops and to butter being sold only to regular customers. This kind of thing happens only in times of shortage, and so it was believed that butter was in short supply. I would therefore ask you, if possible, not to over-publicize this measure so that there is no recurrence of this situation.

We are fully in favour of your proposal on starch.

However, Mr Gundelach, we now come to proposals which in our view affect the very substance of the common agricultural policy, the market organizations. We need to be extremely cautious here, and we want to know whether this is the first sign of a *volte-face* in agricultural policy. We know how difficult it is to overcome the problems affecting the milk sector and, in particular, the skimmed-milk sector. We share your view that we should consider incomes, social questions and the fact that many farmers cannot produce anything except milk. We have already dealt with this problem several times, wondering whether more milk could be disposed of via food aid, or whether equilibrium can be achieved by means of an overall policy on fats or by opening up the USA market for our dairy products. But all these possibilities have been found to be inadequate. It is now clear that, by opening up the market and putting skimmed-milk powder into feeding-stuffs, the problem may be overcome, and these measures have been applied recently.

I should now like to ask a very simple question. In the past few years an encouraging trend has emerged: as the report shows, intervention purchases of skimmed-milk powder amounted to 875 000 tonnes in 1975, 640 000 tonnes in 1976 and 470 000 tonnes in 1977. This rapid decline is a notable success for the Commissioner.

Perhaps it would be wise to apply this policy consistently and on a long-term basis. I believe that if we keep chopping and changing in our approach to agriculture — and also to other policies — farmers will become restless and discouraged and lose confidence in us, and we must not allow that to happen. For this reason, we believe that the policy which the Commissioner has successfully initiated should be continued together with the measures aimed at increasing consumption — this is also contained in the proposal — without the need to make the serious proposal to discontinue intervention purchases.

**Früh**

If the measures to boost consumption have the effect of reducing intervention purchases, I believe it would do no harm if we used the intervention system only as a safeguard. If we discontinue the system, even just for a short time, buyers would force the Commission to grant increased aid, since they know that they can reduce purchasing prices as they are not safeguarded. Mr Gundelach, I am sure it is wiser to continue the intervention system, especially as it would not be used to such a great extent as before because of your measures to boost consumption. We have tabled motions for amendments to this effect, and I hope that these will be adopted.

I should like to comment on the uncertainties of the present situation by quoting part of the rapporteur's explanatory statement. The rapporteur makes it quite plain that: 'Before the Committee on Agriculture can give its full approval to the proposal to interrupt intervention buying of skimmed-milk powder, it must be assured that the alternative means proposed for maintaining producer prices will be successful'. So the rapporteur also has justified doubts. We therefore ask the Commission not to suspend intervention buying and to try out the measures to stimulate consumption. We are convinced that these will be just as successful and that they will remove the uncertainties from the agricultural policy, which should be applied continuously.

*(Applause)*

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

**Mr Baas.** — *(NL)* Mr President, we are called upon to give our views on the latest Commission proposals, on the basis of Mr Hughes' report. We thank the rapporteur for his report, although it is similar in tenor to the report which we discussed at the last part-session. I do not wish to comment further on the policy and price fixing, as these were dealt with at a previous part-session, but should like to consider the new Commission proposals from the point of view of how we can improve the transparency of the market situation as it affects major agricultural products. I do not believe that the proposals provide added support for production and pricing: in my opinion they are to be seen more as measures to restore normality to the market.

Mr Früh has proposed that intervention should be maintained. I feel that this is completely contrary to the Commission's aims, which are to improve the structure of the market. The entire system is really based on two products — butter and skimmed-milk powder. There are the pillars on which the markets rests and it is in terms of these that farmers will judge our policy.

I fully support the way Mr Gundelach tackled the problem of skimmed-milk powder, a subject which I

have often discussed with Mr Mansholt. He was more in favour of implementing a series of measures than of re-establishing a number of essential characteristics of the market. It would be most gratifying if we could succeed in realizing Mr Gundelach's aim of reducing the whole problem of skimmed-milk powder, on which milk prices are to some extent based, to one of cattle fodder. We have so far not dared to attempt this, as it was too expensive.

This was always Mr Mansholt's argument, but Mr Gundelach had the courage to make this proposal despite the cost. Mr Hughes did not applaud his courage. I may have been rather over-critical at the last part-session, but even parliamentarians are bound by circumstances. It is now proposed that aid for skimmed-milk powder should be increased by almost 20%. The proposed increase from 33-43 to 38-48 units of account is a real effort to put an end to all the complicated arrangements in which nobody believes any more, and to place the market on a firm footing. I consider that Mr Gundelach deserves praise for this, and I should like to say how much I appreciate it. Of course, we must realize that the non-marketing and conversion premiums are all temporary solutions which must not be allowed to operate for longer than is strictly necessary, otherwise things will begin to go wrong and people will become very adept at avoiding the regulation.

I accept the extension of the temporary period, but I call upon Mr Gundelach then to have done with it. Non-marketing and conversion premiums are emergency measures and can only operate temporarily. We shall subsequently have to adopt a different approach, as I have grave doubts, in fact, whether the implementation of these measures can be properly supervised.

I am somewhat perplexed, Mr Gundelach, by your assertion that the co-responsibility levy should be linked to certain projects. This is extremely dangerous, as it may be argued that a certain project may require more money and that the levy would thus be increased. The co-responsibility levy should in my view never be tied to such projects. I hope, Mr Gundelach, that you will reconsider this matter, as I fear you are treading on very dangerous ground. I should like to ask you what is the cost of milk powder offered in small packs at the intervention agency? What is the cost of storage and administration, if these small packs nevertheless end up as cattle fodder? If this were known, Mr Früh, the Christian-Democrats would probably not have tabled their amendments in their present form.

I should like to know what it costs to store and denature skimmed-milk powder in small packs, and to sell these in small and large packs or pass them on to the cattle fodder industry.

**Baas**

Then we have the problem of school milk, where I think the approach is merely marginal. However, I suppose there are sufficient reasons for giving it a try.

But there is also the problem of the butter market. Does Mr Gundelach think it will be possible to offload surplus butter to industry in large packs?

During a visit to a biscuit factory I was struck by the very large packs of butter which are used for industrial purposes. I was very much impressed by this. It is therefore possible for a very small group in the Community to benefit from the measures. This is a much better idea than making butter available in December, a point to which Mr Früh also alluded. That's more a question of public relations, of giving the customers a Christmas present. I have always maintained that the purposes of measures affecting the market should be obvious and acceptable to the general public. I came from the biscuit factory laden with pastries and all sorts of other delicious goodies. I hadn't been able to buy goods made in this way for years.

We can of course try to restimulate butter sales and discuss price reductions, but we must remember one thing: we should not under any circumstances allow the agricultural policy to result in compulsory consumption. My political convictions are such that I would categorically reject such a solution in a country where we are all free to buy the goods we want. It would be a most welcome step if we could reduce the butter mountain by transferring it to industry, as with skimmed-milk powder. This may be expensive, but it would be far less troublesome than all the bother which has arisen so far in connection with milk production and the processing of dairy products.

As far as beef is concerned, I can be quite brief. The proposals seem to me to be acceptable, but I should just like to say one thing which I have said many times — Brussels cannot be held solely responsible for the surpluses. If there are really 300 000 tonnes of boned meat in Germany, Ireland and Denmark, these countries should be taken to task, to put it bluntly. They should shoulder their own responsibilities as the responsibility is not exclusively that of the Council of Ministers. The countries themselves have duties of their own, even if they declare the financial consequences in Brussels. Have you any other information, Mr Gundelach, on the surpluses of boned meat in Germany, Ireland and Denmark?

I do not find the arguments in favour of the proposals on starch very convincing. The Commission proposes that the minimum price should be increased somewhat. Has the link with maize starch been aban-

doned? Does this represent additional aid for the starch industry? We have always considered starch prices in relation to the price of maize starch. I would therefore ask Mr Gundelach whether the only justification for the proposals is the relatively low incomes of potato producers. Or is there a different motive? If the link is abandoned in the starch price, then there is no proper basis for the aid. This leads to a process of give and take, and the decision becomes a political one. This matter should be viewed in an objective light, and the proposals on prices should not have too many political overtones. For the rest, I think that we should congratulate Mr Gundelach, as we feel that the Commission's approach is a sound one.

I would therefore like to offer my compliments on this complementary proposals.

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

**Mr Power.** — Mr President, while this report deals with a number of proposals, I feel that two of them are of fundamental importance. These relate to the proposed changes in the intervention prices for skimmed-milk powder and for beef, and I would like to concentrate my remarks principally on these two proposals.

The fact that Mr Hughes spent so much time on these two items today indicates to me that he too must feel that he has a case to make as far as milk powder and beef are concerned. First let us have a look at the proposed changes in the intervention system for skimmed-milk powder. The Commission is proposing the suspension of intervention from 1 October this year, to the end of the 78-79 marketing year. This proposal appears to be based on the belief that the market can be adequately supported without providing for sales to intervention. My group neither agrees with the Commission's proposal nor with the supporting arguments. We regard this proposal as another effort at what is so obviously a concerted plan gradually to undermine the common agricultural policy. In the past two years we have noticed a great diminution of the principles on which the common agricultural policy is based. Dairy farmers in particular have been seriously affected by these changes, which have been implemented as so-called necessary reform. We have witnessed the imposition of the co-responsibility levy, and more recently we have seen the Commissioner's proposal for a mere 2% increase for the coming marketing year. We are now expected to accept a whittling down of the intervention arrangements, which provide the support necessary to maintain the very price levels that are agreed to at the annual price review.

## Power

Access to intervention at all times of the year when prices are weak provides a stabilizing effect which is of benefit to everybody. To withdraw the guarantees that are provided by intervention is to pull the carpet out from under the feet of the market. I believe that Mr Früh appeared to have this very fear too today when he said that proposals were threatening the whole basis of the common agricultural policy. The Commission's argument in producing this proposal is that intervention is not necessary during the winter months.

This very argument defeats itself, because if intervention is not necessary, then the manufacturers of skimmed-milk powder will not sell into intervention, as presumably higher prices can be obtained on the open market or through the alternative schemes available. But when you close access to intervention, that means that more skimmed-milk powder is going to come on the open market, and these extra quantities will certainly depress the market price. How then will producers be given the prices that are supposed to be guaranteed to them?

We feel that a much more attractive alternative to the present Commission proposal would be a private storage scheme for skimmed-milk powder throughout the summer months. This would divert skimmed-milk powder from intervention and it could be sold on the open market at a later date. Not only would such a scheme keep intervention stocks at a low level, it would also prove much cheaper than intervention buying. The previous speaker also dealt with this. A system of private storage is much more attractive to the manufacturers of skimmed-milk powder because it allows them to maintain control over their product and to sell it in their own traditional and established markets as and when they feel like it. This allows supplies to be maintained on the market in a balanced way, and it also avoids the heavy administration of selling stocks out of intervention. So I would ask the Commission to consider seriously the introduction of this private storage scheme for skimmed-milk powder. To me anyhow, its advantages are quite obvious, and it carries none of the ill-effects that go with the present proposals to suspend intervention buying.

The Commission has also made some very significant proposals regarding intervention arrangements for beef. While these amendments are of a technical nature and would appear to be fairly harmless, I am convinced that the effects they will have be quite dramatic. Basically, the proposed amendments will restrict sales from intervention and this will reduce the system of guarantees available to producers. This is a principle that we cannot accept. Under the Commission's proposal every category of beef is to be treated separately for intervention purposes, and

should the market price for a particular quality be equal to or higher than the buying-in price in a Member State, intervention buying will be suspended. This is a change from the present system where intervention buying is stopped when the market price is equal to or higher than 95 % of the guide price. The consequences of the new system are that intervention buying will be seriously restricted. At the present time only two Member States are in a position to have intervention buying suspended. But under the new system, intervention buying would be suspended in six Member States. This despite the clear fact that the average market prices for beef are well below the Community guide price. This further restriction in access to intervention would clearly affect the price to producers. As meat factories would no longer be able to sell their meat into intervention, the price they would pay to farmers would be lower than the intervention price. Such a reduction in prices for producers cannot be accepted. This proposal, we feel, would interfere with the continuity of supply and with the even flow of cattle to factories, because you must remember that the beef production line cannot be switched on and off at will. It takes an average of about two years to produce beef, and we believe that these proposals could cause redundancies in our meat factories if intervention is suspended. The result of a lowering of income from beef farming would be a conversion to dairy farming, and this is something I think that the Commission will not think desirable in view of their attitude to milk powder.

I would like to point out particularly the effect of the new intervention suggestions and intervention buying in Ireland. Intervention buying of beef in Ireland applies to only three categories of beef animal out of a total of 11 categories. This in itself is one restriction. A second restriction is that meat factories may not sell more than 50 % of their kill into intervention. On average the 50 % is rarely reached. But as the Irish categories eligible for intervention are of the best quality, the new system would mean that intervention buying, of these categories could very easily be suspended, as the market price for such categories is the highest of all the categories. This would effectively eliminate all intervention buying in Ireland and thereby eliminate any method of providing guaranteed prices for producers. In the week ending 22 March, the average market price for beef in Ireland was 78.14 % of the Community guide price, one of the lowest in the Community. To allow the suspension of intervention buying in Ireland under these circumstances would be catastrophic for the market prices in Ireland. Therefore, Mr President, we cannot accept this proposal.

In general may I remark that it is our considered opinion that the Commission and many Members of this Parliament are so concerned with their pursuit of a cheap food policy that they do not realize the harm that they might do eventually to the whole Commu-

## Power

nity. When Mr Mark Hughes was winding up his remarks as rapporteur on the agricultural prices debate, he stated that it would be very wrong if the Committee on Agriculture of this Parliament became the mouthpiece of the farming organizations. I am convinced that it is much more incongruous for that committee to be so blatantly consumer conscious that it is completely unconscious of the just demands of the producer. In a world where one-third of the population is permanently hungry, why is it that we spend so much time and effort and money in trying to suppress the growing of food that could be used to dispel this very hunger? We surely have our priorities wrong, not only in the Community, but in the world. Money can always be found it, appears, for armaments and for oil, and for the production of energy, but it always seems that when we debate the price of food here, there is a continuous squabble.

These then are the reasons which have led my group, including the French and the Irish and particularly the Danes, to put down our amendments on the proposals relating to skimmed-milk powder and beef. I trust I have explained our reasons for these amendments quite clearly, and I hope that they will be approved by the House.

**President.** — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

**Mr Scott-Hopkins.** — Mr President, I must start by congratulating the rapporteur, Mr Hughes, on the clarity of his report, and indeed on the brevity and the clarity of the way he presented it to this House. It is one of the best I have heard done for a long time, and I would like to congratulate him on it. And if I may follow approximately the same sequence that he did. He mentioned at the start of his speech the various amendments and particularly those coming from the Committee on Budgets. Unhappily, the Committee on Budgets' rapporteur does not seem to be here, and so we have not had those ones presented. I happened to take part, Mr President, in the discussion on these issues last night and I am delighted that the rapporteur has seen fit to recommend to this House that we should adopt these particular amendments, because I think they are worthwhile — particularly Amendment No 11 which notes that the proposals contained in this will not cost anything extra on the proposed budget. That is what is being said: that is in the document. It should be noted, and it is splendid. I see the Commissioner looking anxiously at his papers now, and I hope he is right, because we in the Committee on Budgets took his word for it.

If I may now be rather more unpleasant to the Commissioner — it grieves me greatly to be so —

Amendment No 10 from the Committee on Budgets does underline what was incredibly shoddy work by the Commission in presenting its document to this House for its consideration. I refer here to the proposed Council regulation on non-marketing of milk and milk products. As the Commissioner knows, if he turns to page 10 of this document — to Article 1 (5) (a) which refers to Article 9 of Regulation (EEC) No 1078/77 — the Commission actually had the nerve, Mr President, to want to change the amount of 263 m u. a. to an indefinite figure, to an unspecified number of million units of account — which is incredibly sloppy. Quite rightly, in the Committee on Budgets this was pointed out, and we were doing the various sums with the help of the Commissioner's officials there. These eventually came out at 315.6m u.a. and that, quite frankly, should have been done in the first place. But having said that, I am glad that the House is being recommended to accept these amendments, because I think they are on the right lines.

If I may turn now to the various issues I would congratulate the Commissioner on his bravery, because he has been brave in proposing what he has done, certainly concerning the suspension of the intervention on skimmed milk — as we have heard from two or three honourable gentlemen in their opposition to this. I think on the whole that what he has done here, in the circumstances, is acceptable. I have said, time and time again, Mr President — I will not weary the House by going over it — that I would not have particularly advocated this course. I would much rather that the Commissioner had come forward with a much more flexible intervention system, based on 50 % and 60 % of guide price in the spring, when the spring flush comes, gradually going up. But this has not been adopted and so there is no use in crying over spilt milk for this year. So in this particular instance, in the situation we are in, I think that what he is proposing is acceptable. Whether he will get it through the Council of Ministers, in view of the kind of opposition which he is obviously being shown already in this House here, who knows? But I personally, and on behalf of my group, would wish him well in this particular proposal. I wish he had become a little bit more specific when he was talking about the disposal of butter. He wishes to use 50m u.a. which was mentioned by our rapporteur, but the actual use of that is not specified, because he has not made up his mind exactly what subsidy he is going to give, and who to. But I hope it will be along the same lines as it was in the past because I would say once more to the House and to him: the biggest butter consumers in the Community are in the UK, and if the relationship and the balance between butter and margarine gets out of step, then the butter consumption in the UK will drop drastically, and this will affect the total level of consumption in the Community. As I said, we are the biggest butter consumers. I will not go any

## Scott-Hopkins

further; those remarks are pointed enough. I welcome also his recommendations on school milk.

If I may, I shall turn now to the skimmed-milk side — I have already said that we accept that — and to the proposal for taking farmers out of milk production. I was looking very carefully through the Commissioner's document, and in point of fact 150 000 cows were taken out of production in the last six months of 1977, spread over the various countries. From what I can see of Mr Früh's anxiety, a large proportion of them came from Germany. We said in the debate on the agricultural proposals that it is the Federal Republic of Germany, bless their little toes, who are the main culprits in creating the surpluses, not only in the milk sector but in the beef sector too. There is no doubt about this. Mr Tugendhat laid it quite clearly on the line what the figures were. It is the Federal Republic who have been the main culprits in creating these particular surpluses. But nevertheless, Mr President, we are talking about inadequate attempts to correct this. Our rapporteur said that we tried in the past to get farmers out of milk into some other forms of production, and we have not succeeded. We have been too timid. With the greatest respect to the Commissioner, I think he is being too timid here too. His action have a marginally increased effect, but this is the wrong time to do it. It should have been done in the main proposals, not like this. Nor do I think it will be anything like dramatic enough to deal with the two million surplus cows which are in milk production at the moment.

There is no getting away from that figure. That is how it stands, and if the Commissioner thinks he is going to achieve a reduction by more than a small amount by doing this, I am sure he will be disillusioned, I hope he will not be, and I will certainly support what he is doing, but, Mr President, that in itself is not enough, because a lot of these small farmers — particularly in the Federal Republic and certainly in other part of the Community too — have very little alternative to milk. I am sad that further, more comprehensive plans have not been put forward. This is not the time for me to weary the House by talking about the rural fund which I am particularly interested in trying to promote, as the House and the Commissioner know, but I really do believe that unless you build an infrastructure in the rural areas — unless you bring in the social side of it, for re-employment, for retraining and so on — you are not really going to make the impact on these small farmers who are on non-viable dairy farms with very little alternative. I really do ask the Commissioner to examine much more closely over the coming months the question of whether something more comprehensive and dramatic cannot be initiated by him in this particular field, as I am sure it is necessary.

Turning to beef, I do not understand Mr Power's anxiety over the beef proposals. I accept them and I

support them. He said that the price in Ireland was 70 % of the guide price. Then he need have no worry, for the proposal is that until they get to 90 % of the guide price, there is no question of intervention stopping. It is not for me to defend these proposals. The Commissioner can do it much better than I can. But I think Mr Power's worries are over-exaggerated, and I and my group would certainly accept what is being put forward by the Commissioner.

I do not want to start a large controversy about starch but I strongly recommend the plea which has been put forward by our rapporteur that during the coming months the Commissioner should initiate a much deeper study of starch production throughout the Community. What he is proposing here helps the potato starch producers — basically, those who operate in Holland. But I have figures here — given to me, I must confess it to the House, by a large company called Tate and Lyle in my country — indicating that the amount of maize refined throughout the Community in 1977 was 3 673 000 tonnes. The glucose and starch equivalent derived from this amounted to 2 281 000 tonnes. Industrial potatoes processed were 5 520 000 tonnes giving 950 000 tonnes of starch. So he will see from those figures that although the quantity of industrial potato is larger, the starch equivalent is much less than the starch or glucose equivalent from maize refined in the Community. Therefore there is a great need not to get the balance out of phase between the two types of starch manufacture. I would hope that the Commissioner will examine this, because it would be quite wrong if the balance was upset throughout the Community, and one particular sector was over-favoured *vis-à-vis* another. But I will not pursue that any further. I hope he will adopt our rapporteur's suggestion.

Therefore on the whole, Mr President, my group is prepared to accept the proposals made by our rapporteur in the sectors. We also accept the amendment to Article 1 which he is proposing for the report back to this House, which I think is important. I hope the House will accept the amendments put forward by the Committee on Budgets — although I have no right to speak, and am not speaking on its behalf. I do hope they will be accepted, and I hope that the report as such will find favour with the House.

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

**Mr Eberhard.** — (F) Mr President, during the last part-session in Strasbourg I echoed the distress and anger felt by many farmers about the Commission's proposals and the absurdity of an agromonetary system which penalizes the weak and favours the strong.

**Eberhard**

The Commission is now presenting related measures which deal mainly with beef and milk. It is impossible to divorce these proposals from the general proposals on the increase — or rather non-increase — in prices. Moreover, all the proposals imply a direct or indirect retreat from the guarantees given to producers. Consider the inconsistency of a system which proposes beef conversion premiums in the dairy section and a considerable reduction in intervention guarantees in the beef section. Our beef producers are all too familiar with the slaughtering premiums which replace dairy cattle premiums, or vice versa. There again, if all the producers were really allowed to participate in the management of the market, that is if democracy was respected, as we French Communists demand here and in Paris, do you think that measures of this kind would be taken? In the case of beef, the scaling down on the intervention system means in effect that guarantees for producers will be reduced and that ultimately a direct payments system will be set up. Such a system is rejected by virtually all the producers, as it would make them dependent on assistance. Furthermore, the Commission itself, in its report on prices, observes that the slowing-down in the growth of available income in real terms affects food consumption, for example by reducing the growth of beef consumption. In other words, the policy of restricting purchasing power as practised by the national governments and supported by the Commission is one of the prime causes of the beef mountain. It is now socially and economically necessary to boost popular consumption. This is the most effective way of regulating the beef markets and of safeguarding purchasing power of producers.

As for dairy products, we are in favour of any measure which will effectively encourage market stability and the disposal of stocks. We therefore propose that agricultural research, including joint Community research should be encouraged, and that use should be made of research already carried out to use milk as a raw material. But what do we find? The bulk of the proposed measures will have the effect of worsening the situation for producers. While it is proposed to suspend intervention purchases of skimmed-milk powder from 1 October 1978 to the end of the 1978-79 marketing year, the co-responsibility tax is being retained and imported vegetable fats are still not taxed. Is there any need to remind the House of the opposition in France to the tax on milk, as testified by the fact that many dairies have been forced by farmers not to levy this tax? The tax was not justifiable when stocks existed, because these were due to imports from New Zealand and to vegetable fats imported without quota restrictions or customs duties. But today there are no longer any stocks in France, and French farmers are being asked to finance the absorption of stocks from West Germany. Mr Tugendhat gave us some interesting information on this point on 9 March. He maintained that 73 % of joint butter stocks, 61 % of milk powder and 37 % of beef stocks are at present stored in

Germany, a fact which is easily explained by the effects of the green currencies, which means that our neighbours receive higher guaranteed prices. Thus Germany is the effective distributor of food imports from America. In Germany it takes 47 600 kg of wheat to buy a 73 horse-power tractor; to buy the same tractor, a French farmer has to produce 85 000 kg. How can a common agricultural policy and — on a wider scale — international cooperation be founded on inequality of this kind? That is why we propose that compensatory amounts should be established immediately together with the tax on milk, while the intervention scheme as applied to beef should be retained. We have to point out again that, no matter what the official figures may say, agricultural incomes in 1977 fell for the fourth consecutive year (the COPA puts this drop at 7 %). According to a recent survey by agricultural organizations, if we compare farm prices with industrial prices necessary to agriculture, we find that the gap is constantly growing in favour of industry. In France, for example, it has grown from 8 % in 1976 to 16 % at present. For this reason we feel it essential to control production costs and to increase prices to a suitable level, while at the same time taking appropriate agromonetary measures, such as the abolition of monetary compensatory amounts, to which I alluded a moment ago.

Particular attention needs to be paid to milk and beef producers who, in many — sometimes neglected — Community regions, provide the backbone which is essential if rural depopulation, the social, economic and ecological effects of which are already severe, is to be halted. Family farms deserve to be helped. They do not want to die or live off charity. They merely want to derive a secure existence from the fruits of their labour by providing the consumer with high-quality foodstuffs.

It has to be said that the Commission's proposals run counter to these objectives. For that reason the French Communists cannot approve them.

However, we are not in favour of an 'all or nothing' approach. The beef and milk markets should be organized at Community level, but this should be done consistently in order to promote consumption, to guarantee that producers will not be uprooted from their land, to enable them to plan their work over the long term and to guarantee their purchasing power. This is the only way to reconcile the interests — some would say the conflicting interests — of consumers and producers. The common agricultural policy can only survive if the interests of those for whom it was devised are respected, and if it maintains and utilizes the full agricultural potential of each of our countries.

**President.** — I call Mr Gundelach.

**Mr Gundelach, *Vice-President of the Commission.*** — Mr President, at this stage of the debate, when all the group spokesmen and the rapporteur have spoken,



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I would like to intervene, first and foremost to thank the rapporteur for an excellent report and for an excellent *exposé* this evening, but also to thank the participants in the debate, who on the whole have shown understanding for the reasons why the Commission has made these proposals and for the policy it stands for. Some, however, have not, and those I shall, of course, have to address in the bulk of the statement I am about to make.

Before going into points of substance, I would like to underline to the House, in particular to Mr Früh, that the fact that these proposals are in front of the Parliament in the form of a third part of the price package is not — and I repeat, not — the beginning of a salami tactic by the Commission to deal in *ad hoc* fashion, step by step, with a number of fundamental agricultural issues; it is because as I announced to the House in December, owing to special political circumstances in our Community this year, a long period must intervene between the Commission's initial proposal of early December and the decision-making in the Council, which is only now beginning. This being the case, there were obviously certain things which I would have to put forward by way of supplementing the very early price proposals. I told the House that it was going to be so at the time. It consequently cannot come as a surprise; it cannot be taken as a new procedure, and I want to put the minds of Mr Früh and his colleagues, and of the House, at rest on this point. I have, in another connection, in particular with regard to monetary compensatory amounts, previously, both in this House and in the Council, underlined that the political significance of the price-fixing is being undermined by individual important decisions taken on a national level in the course of the year. What is right in regard to such national decisions must obviously also be right in regard to Community decisions, so I can assure you that no new procedures and no new policies are being pursued under this arrangement: it is part of an overall package and must be regarded as such, and no salami tactics are being sought by the Commission.

As regards the political impact of these proposals, as I shall try to demonstrate once again to those who are unfortunately sceptical about their value, they are not meant to be an attack — naturally not, how could they be? — on the safeguards of the common agricultural policy for our agricultural producer; but we must not forget the consumers either, because there would be no producers if there were no consumers. There are too many speakers in this House who continually forget this, whether they belong to the extreme right or the extreme left. What we are trying to do with these measures is to develop a broader market and a more market-oriented agricultural policy, and I am glad that several speakers have accepted that this is the purpose of this policy. Offering our agriculture producers an increasing market of a commercial nature will put them in a considerably better position than that of being pushed into the politically untenable

situation of having to rely exclusively on the crutch of the intervention system. If that were to happen in a few years' time, I can assure you that the common agricultural policy would no longer be acceptable in the eyes of the taxpayer, who has to contribute considerable amounts of money to the agricultural policy. It is therefore obvious that when we are trying to build, at a cost, a bigger market for dairy products, we must also be willing to ensure a saving for the taxpayer by avoiding the expensive route taken by dairy produce from the producer via the intervention system back to the consumer, whether human or animal.

Mr Baas asked about the cost entailed in this triangle. Roughly, one saves 40 % of the cost if one cuts out the intervention system. Therefore, when we are aiming to increase the market outlet for dairy products both inside and outside the Community to the best of our ability, it must be our obligation to save money where we possibly can, and it is in this light that the proposals we have made should be seen.

But let me begin by trying once again to paint the background both to the Commission's complementary proposals on farm prices and to our proposals for the development of agriculture in the Community's Mediterranean regions. Some important points must be borne in mind both in today's discussion on this so-called Volume 3 and in tomorrow's debate on the Mediterranean policy, since, of course, the two are in a deeper sense interlinked. Both sets of proposals are, as I have said before in this Chamber, part of a comprehensive strategy to restore the well-being and credibility of the common agricultural policy. This strategy has clear objectives, and the two that are most important today and tomorrow are the attack against unwanted surpluses and the attack against low farm incomes. These objectives are naturally of equal importance. There can be no question of solving income problems in the Mediterranean regions by encouraging farmers to grow products already in surplus: that is no way to build a sound long-term future. Equally, there is no question of jeopardizing farmer's incomes, when eliminating surpluses: that is not the message contained in Volume 3 of the price-proposals, and will not be their effect.

Reading between the lines of the motion for a resolution, I get the impression that some parliamentarians have misunderstood the aim of some of our proposals. They appear to think, for example, that the proposal to suspend intervention for skimmed-milk powder next winter is an attempt to reduce milk production, and they draw the conclusion that such a suspension aims at lowering farmers' incomes. The first may be right, but nothing could be further from the truth than the second, and I reject utterly the suggestion that this proposal is a back-door attempt to lower milk-producers' incomes. It is rather an attempt to diversify production and to increase the demand for milk products for animal feed. We are convinced that the measures we have proposed will bring this about without having an adverse effect on producers'

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incomes. In other words, the increased subsidy we have proposed will make it possible to maintain the agreed level of support price, where again we have to show prudence. If we had not been convinced of this, we should not have proposed the measure.

As I say, our strategy is not to solve surplus problems by jeopardizing farm incomes: surpluses must be eliminated, but there can be no question of abandoning our long-term objective of fair incomes to farmers. Members are obviously concerned that the market for skimmed-milk powder might collapse when intervention is suspended. As I say, we do not think this will happen, but I will give this assurance: if prices for skimmed-milk powder do markedly depreciate, the Commission will take action. We are not adopting this measure, I repeat, in order to lower farm incomes. I have elaborated this point because it is of great importance and because it illustrates the comprehensive nature of our strategy. It will not make sense to set about attacking farm incomes while our proposals for developing Mediterranean agriculture have as their essence the need to increase farm incomes.

At this point I must make it quite clear that Mr Power's suggestion for an alternative to the proposal for suspending intervention for milk powder in the winter months, a logical and natural consequence of the aid to the sale of the products on the commercial markets, will not work: it is certainly not an acceptable alternative to introduce private storage over and above automatic intervention in the summer months, because that would indeed lead to the need for increased intervention in the winter months. It goes in absolutely the wrong direction and I am very sorry that Mr Power has felt it necessary to argue for such a proposal; it is totally unacceptable to the Commission and is not in keeping with the realities with which we have to deal.

When I presented the 1978-79 price proposals to the Parliament, I announced that the Commission intended to submit related measures aiming, as I said, at improving the operation of some agricultural markets. Our object is to support our overall pricing policy by improving other policy measures and to act on consumption as well as production. I have already mentioned that in the milk sector we aim to increase the consumption of liquid skimmed milk through higher subsidies and the temporary suspension of interventions for skimmed-milk powder. Also on the consumption side, we propose, as you know, to extend the liquid-milk scheme for schools and devote additional funds to stimulating butter disposal, but I shall come to that in a minute when answering Mr Scott-Hopkins.

On the supply side, we want to continue the non-marketing beef conversion scheme, but we are making a significant number of changes. Notably, we are increasing the size of the premiums and making them much more attractive to bigger farmers by removing the aid ceiling.

At this point I should take up the question and comments by Mr Scott-Hopkins. Is this enough? A question is down for Question Time tomorrow by one of his political friends. It is a fair question and not one which can be answered with certainty. As I said previously, when one is trying to redirect the course of an ocean liner, one needs a certain amount of space and a certain amount of time. The honourable Member himself referred to the opposition shown in the House this evening to a very limited move, though well founded and connected with measures which made it well founded, concerning the intervention system for skimmed-milk powder. He has heard the fears expressed at some very important but nevertheless technical changes in the intervention system for beef. Quite obviously, the ideas he was expressing were a great deal more revolutionary and would wreck our chances of adapting the common agricultural policy in time and in space to new realities, which is now my aim. I think these steps here will be useful. They may not go as far as they should, and in that case we shall have to think again; but I think they will make a very meaningful beginning. I am absolutely convinced that if the amendments I have just referred to for the reconversion scheme were to be adopted by the Council we should see much more significant results of this policy in other parts of the Community than in Germany.

I would like, at this point, to say to Mr Früh that both in regard to the policy of aid for skimmed-milk products and other dairy products and in regard to this reconversion scheme, it is my intention that there should be permanent features and not a zig-zag course, not something one tries out for a short period, but something which farmers can rely on because unless we build up something which is reliable it will not be used and it will not have the effects expected of it. I wanted to give him that assurance here, but it is also an answer to Mr Scott-Hopkins.

Incidentally, we may have to make sure that those who have applied to benefit from the reconversion scheme under the previous levels of premiums will not incur a loss if we now increase the premiums. I therefore think they will have to be made retroactive in order that people do not feel that they have been cheated by acting earlier under the old scheme instead of under the new scheme. I wanted to make that intention clear to this House this afternoon, because I think it is important to get this right.

It is no great surprise, Mr Scott-Hopkins, that there have been more requests for reconversion schemes in Germany and fewer in other Member States, because the fact that there are a number of smaller farms in Germany makes it more attractive to them, and also because one of the conditions which you rightly put down for changing the agricultural environment is already present in the Federal Republic of Germany to a greater extent than in other parts of the Community. As to the alternatives to which you refer, a lot of the smaller farmers in Germany are part-time farmers.

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They already have additional incomes, or they have easier access to alternative activities because it is a more developed industrial society. Therefore from the outset the plan was bound to have a bigger effect in that country.

But in order to have an effect in other countries — the United Kingdom, Denmark, the Netherlands and France — we are bound to apply it to the bigger farmers. But if we apply it to the bigger farmers, and with considerably bigger sums, I am quite sure that we will, over the next year or two, get a fairly considerable decrease in the dairy cow herd. It is not without influence on the industry that in Parliament and in the Council we are continually discussing the existence of a structural surplus in dairy products. It cannot fail to have an impact on investment in that industry that the prospects from a commercial point of view are not all that bright, despite all our endeavours which we have been discussing today.

I welcome the endorsement in the motion of a proposal improvement in a non-marketing beef conversion scheme, because I think this is important, as I have just said, and also the proposals to enlarge the list of products benefiting under the school milk scheme, and our proposal to use 50m u.a. for additional measures to stimulate further consumption on Community markets. I can tell the Parliament that in spending this 50m u.a. we want to take account of the characteristics of different butter markets. In consequence we would envisage alternative schemes. These might, in certain cases, include social butter sales, in other cases aid for second-quality butter, or in other cases, possibly, other sales at reduced prices. This is an answer to Mr Scott-Hopkins, but to others as well.

I would like to emphasize that these measures, together with the new aid schemes for skimmed-milk powder for pig and poultry feed and for skimmed-milk itself do represent a major effort by the Commission to increase disposal. They do make it possible, in my sincere view, to maintain price supports, whilst lessening the need to sell for intervention. They are a big step towards putting our dairy industry on a healthier footing, at building on real market demand and not on the false demand of the intervention store, which is a danger. The present situation is entirely different from that of only a few years ago. You must recognize that we have developed several new ways of supporting dairy farmers' incomes. In view of this, we do feel justified in proposing the suspension of intervention for skimmed-milk powder during the winter months, and I hope those who have spoken this evening in the light of the assurances and explanations I have given this evening. It is a proposal I attach very considerably importance to.

Of course, we must keep this point in perspective. The quantity of skimmed-milk powder which might be affected is not very great, perhaps about one-fifth

of the annual variation in our disposal on external markets over the last two years, and we are convinced that with the new support measures in operation, producers' incomes can be safeguarded. But I do accept that we must closely monitor price movements if intervention for skimmed-milk powder is suspended for the winter months. The Commission will, as requested, present a report to the Council and to Parliament by 1 March 1979.

Parliament has also asked for a report on the co-responsibility levy. I can accept that such a report should be communicated by the Commission when we seek Parliament's advice on the level for the levy for the 1979-80 marketing year. In this connection, let me say that I see the sense of the amendment calling for a wider, more flexible *fourchette* for the levy. When the present range of 1.5 % to 4 % was fixed, the likely speed of expenditure of the Fund was not known. Now I think it would be a good idea, as the amendment suggests, to widen the range of the *fourchette* to 0 % to 4 %.

In regard to the beef sector, a thorough examination of possible improvements of the common market organization for beef and veal is still going on in the Council. It is being made on the basis of the analysis and suggestions put forward last autumn by the Commission on the respective merits of premium schemes and intervention systems. Here again is proof that we are not dealing with new, rash proposals from the Commission — you have had information and reports providing an early warning about them. In order to provide the time necessary for reflection and discussion on these important subjects, the Commission proposed to continue the slaughter premium and the calf premium already available for the year 1978-79. The modifications we are now proposing in the intervention system will introduce a greater degree of flexibility. It is not a matter of dogma, it is a matter of practicality, but it is important. Because it will provide the possibility of suspending the buying-in of particular qualities and cuts in a Member State or in a region where the market price is above the intervention price for a particular grade of animal. These changes will not affect producers' price support, but they will bring the advantage of fine tuning of the policy relating to the working of the intervention system more directly to market price levels. This will enable the market to react more readily to changes in supply and demand. At the same time, during periods when market prices are above intervention levels, it will be possible to release the stocks of frozen beef held by intervention agencies into the market. This will ensure that prices to the consumer are maintained at a reasonable level. As I said before, it must be one of our main tasks to restore a rising consumption curve, in particular for beef and veal, whenever possible. As in the last two marketing years, it is proposed to fix the maximum intervention buying price at 90 % of the guide price.

## Gundelach

These different measures should not be looked at in isolation, but rather as one system with many interlocking parts. The traditional intervention system of buying beef, combined with available premiums and complemented at certain periods of the year by aids for private storage will give the necessary support for producer incomes. This will also ensure a supply of beef to consumers at more reasonable prices than in the past.

I am happy that there has been general support for the starch proposal, but I think I should make it clear that I totally accept the views of the rapporteur supported by others, that we are badly in need of a long-term starch policy for the Community. The Commission has made that clear to the Council. We have provided a first study of the long-term aspects of such a policy. We have urged the Council to get on with discussing the papers we have put in front of them, shall go on doing so, and we are happy to get the support of the Parliament in this. Because while we do not have this long-term policy on starch, we are going to be confronted, year after year, with difficult choices in order to ensure a balance which we cannot deal with on a proper objective basis. So I accept these comments, I welcome them, because they are in accordance with Commission's policy, *vis-à-vis* the Council. But since we cannot expect the Council to take action within the next two or three weeks, we had to deal with an obvious *ad hoc* imbalance to the detriment of starch produced from potatoes, so we have suggested an *ad hoc* measure to deal with the existing imbalance in the market. That is in reply both to Mr Baas and to Mr Scott-Hopkins. We cannot implement a long-term policy to deal with an existing imbalance for the time being. We hope it will be the last time we have to deal with problems in this *ad hoc* manner, but hopes are sometimes evergreen.

In regard to the amendments by the Committee on Budgets, I would only like to say that it is true, as Mr Scott-Hopkins pointed out, that a figure was omitted. It may be a great mistake, it may be very sloppy, but it would have been worse if no figure had been available when it was pointed out that it was missing. Now the figure is there, and I apologize for it not being provided at the right time. It should naturally have been included when the package was submitted to Parliament. For that, I apologize. I have no other difficulties with the comments by the Committee on Budgets. They have come to me late but going through them quickly, I see no difficulties as far as the Commission is concerned.

I would only add before concluding that when one is talking about who is responsible for the surpluses in the Community, I think one is raising a very difficult theme. I think one has to regard the Community as a whole. The fact that the overwhelming part of some of

the intervention stocks are in the Federal Republic of Germany is not the only indication which is relevant. Because as a matter of fact this does not parallel the level of production, because a great deal of production from neighbouring countries — even from as far away as Ireland — is being sent into intervention in Germany to the value of the German mark cannot be held responsible, the picture is somewhat more complicated.

I would like to say now to the honourable Member sitting across from me that, when talking about the effects of devaluations and revaluations, I really must point out that we cannot take leave of all our economic senses. When a country decides to devalue, why does it do so? In order to put its balance of payments in order. It means that it wants its imports to become more expensive and exports to become more attractive. Consequently, a tractor will become more expensive in that country than it is in a country which revalues because its currency and its economy are stronger. Now to turn round and say that is bad, is turning things upside down. You might conduct a policy in a given country which makes it unnecessary to devalue, but once it is necessary to devalue, then one has to take the consequences of that devaluation, just as the revaluing countries have to take the consequences of revaluation. I therefore must say that I cannot accept the main points made by the representatives of the French Communist Party.

In concluding, I want to emphasize once again that the proposals we have made are not an attack on the main features of the common agricultural policy. They are not an attack on the maintenance of instruments necessary to maintain farmers' income, but they are proposals designed to increase the market availability of milk products and make it more easy to direct the beef markets in a way which is in the interest of the producers as well as the consumers. I am making these proposals because, frankly, as I said before, I am deeply concerned about European agriculture being forced into a corner where it will have to rely very significantly on only one customer called intervention, who is probably not going to be a very good customer.

**President.** — I call Mr Tolman.

**Mr Tolman.** — (NL) Mr President, what we are talking about at the moment are supplementary provisions in connection with the price policy. Although these are only supplementary provisions, this is still an important discussion. Our reaction to the provisions is — as you have no doubt noticed from Mr Früh's speech — partly favourable and partly unfavourable.

Let me begin with the point which I personally find hardest to accept, namely the suspension of the intervention buying of skimmed-milk powder until the

## Tolman

end of the milk price year. I am surprised that this provision, and the question — and indeed the extent — of intervention, have been played down in the course of this debate, because it will only involve a matter of 40 000 tonnes.

The point of intervention buying has always been to protect the producer from drastic falls in prices. This has always been the point of the policy, and if we now undermine intervention, the producer will be confronted with greater risk.

Secondly, apart from the principle of this move, there is a great danger that the report of 1 March may be taken as a basis for continuing this policy, and so the measures proposed are not really as harmless as some people would like to make out. This could lead to a new policy with unforeseeable consequences. Even Mr Gundelach admits that the consequences are unforeseeable. I am not getting all steamed up about an imminent collapse of the market, but should this occur, Mr Gundelach says that steps will be taken. To which I must ask the logical question: what steps?

I take a favourable view of the number of possible measures, although I would not go as far as my esteemed compatriot, Mr Baas, who in a previous debate on agricultural policy was extremely critical, but now seems ready to canonize Mr Gundelach.

I myself prefer the golden mean. I welcome the proposal to increase the support for skimmed-milk powder for use in cattle fodder. I think we are on the right path with this policy. Then there is the stimulation of butter consumption. This is not new; some years ago now, we took nine or ten additional measures aimed at boosting the consumption of butter, measures relating social institutions, bulk consumers, the production of butter oil etc. This was the right approach, and one which must be continued.

We also approve of the provision of school milk, provided that the range is increased, I am not claiming that this is a vital matter, but it is important.

I now come to the question of the extension and adaptation of various structural measures such as the continuation of the policy of reconversion premiums and premiums for the non-marketing of dairy products. For the time being, I shall defer a final judgment. It is sometimes claimed that it all makes no difference. I take the view that these measures will be effective in the long run and I believe them to be a step in the right direction. When it comes to committing funds from the co-responsibility levy for this purpose, I would not wish to reject this idea in advance, but I do not feel that too high a percentage should come from the Fund. Moreover, I should like to know the advice of the Commission, whose job it is to decide on how this money should be spent. I am also taking into account the possibility that a future co-responsibility levy in the milk sector will vary from 0 to 4 %, which would mean of course that the money could no longer

be put to use. Time is pressing, and so I shall refrain from any further comment on the beef and starch sectors policy. I fully endorse what was said by Mr Früh and I should like to conclude my speech with a few additional remarks.

In the follow-up debate, we must never lose sight of the fact that what we are talking about are paper prices and that indeed last year also perhaps saw some favourable developments. I nevertheless remain extremely worried that what we are doing is removing the cornerstones from the intervention policy that has been pursued hitherto. I fail to see how this can be anything but a negative development from the point of view of agricultural incomes. And while I am on the point, I would draw your attention to the fact that there has been a lot of fuss about various remarks made in both the Netherlands and Belgium. Here I would voice the feelings expressed by Mr Dewulf to the effect that it is an indisputable fact that agricultural incomes — and I am talking here of both farm-owners and labourers — have fallen behind and failed to keep up with those in other sectors. I should like to see this matter discussed exhaustively on the basis of hard facts. It is extremely difficult to draw comparisons when we are talking about incomes policy, including the agricultural sector. What is important is not simply the direct income or the pay packet but the whole question of social conditions. What matters is the time taken to earn the money in the pay packet. In some countries, the amount of time worked is double that in other countries. So we should not only measure but also evaluate the conditions in which these incomes are earned.

Reference has again been made this evening to the question of surpluses. Just for a moment I hoped that Mr Gundelach would answer a question of mine on surpluses. I believe at this moment — and let me say this quite clearly, so that it does at last elicit a reaction — that the total surplus in the milk powder mountain is of the order of 300 000 tonnes. It is true that we have stocks of 800 000 tonnes, but Mr Lardinois said some time ago that stocks are necessary. And the same has been said by Mr Gundelach. Well, what I should like to know is *what constitutes stocks and what constitutes a surplus?*

Mr Lardinois claims that 500 000 tonnes represents a normal level of stocks. Both in Brussels and in the Committee on Agriculture the matter came up, but without any conclusions being reached. So I have no option but to use the Lardinois yardstick, as there is as yet no Gundelach yardstick.

Let me make two final remarks. From all the discussion and from all the supplementary price proposals, it is evident that the new proposals will not take effect on the prescribed date. Various press reports have claimed that no agreement will be reached in April, and I too would regard this as highly doubtful. This means then that we have lost one or two months and

**Tolman**

that nothing will happen. Clearly this is a great waste. I think this must be said and that I should urge the utmost despatch.

All in all, my conclusion is that the supplementary proposals will have a negative effect on income trends in the agricultural sector because of the low level of prices proposed, because of the shift in intervention policy and because of the continuation of the co-responsibility levy. This is why I remain opposed to the projected fundamental change in intervention policy.

**President.** — I call Mr Hunault.

**Mr Hunault.** — (*F*) Mr President, once again the Commission has added a number of related measures to its proposals on prices. These include proposals on the intervention schemes applied to beef and skimmed-milk powder, and a joint policy on mutton and lamb, which we shall be examining later. Once more, we deplore the measures proposed, as they will further enfeeble the guarantees given to producers in many sectors of production.

A month ago we protested against the excessively small price increase proposed by the Commission, which were approved in the House by an adventitious majority.

The related proposals before us today form part of the policy for the gradual dismemberment — every three months a little more is hacked away — of the common agricultural policy.

In the sectors we are dealing with today, the process began with the arbitrary suspension of dairy exports to certain third countries. Then there were curious gaps in the adjustments of the monetary compensatory amounts, followed by the co-responsibility levy; now we have these supplementary proposals.

What is being proposed? Quite simply that certain milk-producing regions should be made less competitive, because non-marketing premiums are proposed for the entire Community; furthermore, it is proposed that the intervention facilities, the permanent nature of the facilities which took ten years to acquire, should be abolished. In short, one of the mainstays of the common agricultural policy is being attacked. It is a gradual process of nibbling away at the edges, but it is relentless and in keeping with the Commission's general objective of destroying the common agricultural policy.

We strongly protest against the proposed measures, which are ill-suited to the situation and to the needs of livestock farming in the Community. Their adoption would lead to a drop in farmers' income.

As far as the dairy sector is concerned, intervention is one of the main elements in the price guarantees given to producers in the common market. This guarantee must at all costs be maintained intact. We cannot therefore accept proposals aimed at gradually abolishing the intervention system, at replacing it

with measures which do not provide equivalent guarantees and at allowing market prices to sink still further. Besides, the suspension of the intervention system is likely to encourage speculation with intervention supplies before and after suspension. As regards the denaturing premium, we call upon the Commission to examine and implement measures to eliminate the persistent cases of fraud in levying the aids in question. As for school milk, an idea which we have always favoured, we want the total Community contribution to be set at 75 % of the target price, which would make it possible to increase the total Community and national subsidy to 100 % of the target price.

To return to the present, we feel that the Community financing of a subsidy for butter consumption is a necessary compensation in the scheme of an overall Community policy on fats. We protest, once again, against the co-responsibility levy which we find unacceptable both in principle and in its application.

As far as beef, the intervention price should be re-established at 93 % of the guide price. We are against maintaining the clause which provides for the suspension of intervention buying when the market price in one Member State is equal to or higher than 93 % of the guide price. We are opposed to the system put forward by the Commission, as will weaken the permanent intervention system now in force in that intervention will no longer be applied to all categories of beef and veal. Its application would therefore result in a reduction in the producers' guarantee. The fact that the coefficients are to be modified and will assume a bigger role in the proposed system does not allay the producers' fears. Indeed, the coefficients have been modified to their detriment several times over the past few years. As for potato starch, which is also dealt with in the complementary report, we feel that the 2 % increase in the minimum price which starch producers have to pay to potato producers is insufficient.

We feel that the other proposed measures should be applied permanently rather than just temporarily. With respect to the modification of the non-marketing and conversion premiums, it is inconceivable that these premiums should be applied throughout the Community. This would result in our awarding premiums to regions which are competitive in dairy production in order to make them less competitive; it would be better to grant the premiums on a regional basis.

The Commission has a habit of proposing fragmentary and inadequate measures in order to overcome the difficulties of the moment. The real solution to the present situation — and we have always said this — is to strengthen the common agricultural policy and to concentrate our efforts on observing the principles laid down for the original market organizations: the expansion of production in the face of a foresee-

**Hunault**

able and impending period of shortage, guaranteed fair prices, a stockbuilding policy and the establishment of an incomes policy.

**President.** — I call Mr Klinker.

**Mr Klinger.** — Mr President, I think Mr Gundelach has taken on a little too much at once. We find certain parts of his proposals completely acceptable, but as far as the arrangements for intervention and beef premiums are concerned he is making excessive demands on the understanding of those involved in the market, without any guarantee that the consumer will also benefit. In the final analysis — and this is a point which was made a great deal of at the last part-session — the agricultural policy must not be allowed to become too costly for the consumer.

Market regulations are legally binding and entail obligations with regard to intervention. The Council is therefore sure to discuss whether these latest Commission proposals are not contrary to applicable law. My own political judgment is that the countries with strong currencies will certainly not be able to agree to the three sets of Commission proposals — particularly as regards price levels — but that those with weak currencies will find it easier to do so because they are already at a certain advantage as regards prices. In the subsequent talks much will depend, Mr Gundelach, on your willingness to compromise and face realities. If you had seen, when submitting your first proposals, how the gross value creation at factor cost in real prices was developing in the Member States — these are the Commission's own figures published only three weeks or so ago — you would certainly not have stuck at 2% but would have taken advantage of the bridge which we Christian-Democrats tried to build for you, and we would have adopted 5% as a basis. This would have been a compromise for compensatory amounts, which could then have been recalculated at higher or lower levels.

The figures must be considered, as they indicate quite clearly that the biggest drop — about 8% — occurred in Germany. In Belgium the figure was 6.7% and in the Netherlands 5.2%. In Denmark, Ireland, Great Britain and France the situation has improved somewhat — as is in fact the aim of the common market. But as I have already said, market regulations are legally binding, and producers have a right to expect them to be administered in such a way that they do not have to bear all the costs.

When you say, Mr Gundelach, that you want to save money while at the same time not jeopardizing incomes, you are of course treading on very dangerous ground. As you want to try to scale down intervention as applied to skimmed milk powder, you cannot have very much faith in your other proposals, although consumption of skimmed milk powder and butter have improved. As I said at the beginning, you should

not take on too much at once, and you should also be prepared to strike a political compromise. I also believe that today's debate and the numerous motions for amendments to all three sections of Mr Hughes' report show that opinions in this House are very divided.

I hope that my country's press does not persist in its assertion that the Commissioner is concerned only with consumers. I do not believe this myself, but you have market regulations to administer which serve the interests of producers and consumers, and these regulations have in the past been shown to safeguard consumers as well as producers. They have led to a trend in which living costs in the Community have risen less than all other costs. That is another point which needs to be made. Therefore the regulations, as they are now administered, are not excessively costly, and neither is the policy on stocks, if it is properly administered. I believe that it is not unreasonable to expect that part of the national products of the nine member countries should be used to finance the agricultural policy and to provide security with regard to food supplies.

My colleagues in the Christian-Democratic Group have already gone into the details. I am very grateful that you chose to mention the question of intervention in Germany. A lot of misunderstandings have in fact arisen. Of course, goods tend to go to countries with the strongest currencies. This is true in the case of Germany, and I think we should all be pleased that there are at least some countries trying to combat inflation, as this is the only way we can achieve a sound agricultural policy in the future. I would emphasize this point to those countries which are always devaluing their currencies but persist in criticizing the countries with strong currencies, without ever accepting criticism themselves.

I think that you spoke convincingly on this point today, Mr Gundelach, and I should like to wish you every success in the subsequent talks. From the political point of view, I do not believe you will be able to get the proposals through as they now stand. You must be prepared to compromise. You will have to back down here and there, and in particular you must be willing to compromise on prices for the countries with strong currencies. This would calm the unrest which has emerged in certain sectors of agriculture, as we would then have a basis on which to reason with the farmers. But if the farmers conclude that costs will increase and their incomes will drop as a result of these proposals, friendly cooperation will be out of the question. This situation occurred when one of your predecessors Mr Mansholt, tried to implement his rationalization policy. Farmers were up in arms throughout the Community, and for this reason I hope that your political sensitivity will prevent you from pushing measures too hard which you will find economically impossible to implement.

**Klinger**

In my opinion the amendments tabled by the Committee on Budgets are more significant than you think, as they provide a certain brake and restraint on the possibilities for action. You have to comply not only with the market regulations, as these are legally binding — this point cannot be overemphasized — but also with your obligations with regard to intervention. I therefore think that you should have the courage to oppose the ideas of your fellow Commissioners, such as Mr Tugendhat and others, who deliver great speeches about agricultural policy without, in my view, being sufficiently qualified to do so. I would be pleased if you could comment on this point this evening.

## IN THE CHAIR : MR HOLST

*Vice-President*

**President.** — I call Mr L'Estrange.

**Mr L'Estrange.** — Mr President, if Irish farmers are to maintain even their present low standards of living they need at least an 8 % increase in prices, taking into consideration the Commission price increase and the green pound adjustment. As I have said before, we also seek a common agricultural policy for sheepmeat and potatoes, and we hope to see it included in this year's price packet. We are strongly opposed to any change in the EEC intervention system which is detrimental to Ireland's 175 000 farmers. We are deeply concerned and believe that any interference with intervention beef and milk could have disastrous effects for Irish farmers, as 65 to 70 % of their income comes from the production of beef and milk. Ireland's 71 500 dairy farmers are losing 3.5 million this month because of the delay in fixing this year's farm prices. So we hope that prices are fixed and that we have not to wait another month and lose another 3.5 million. MCA anomalies are costing Ireland 30 million a year, and regional funds received in 1977 were more than cancelled by what we lost on MCA anomalies. We have indeed in Ireland one inestimable resource — the land and the people that live on it. And, more important for Ireland today, the people on the land are lively-minded, hard-working people who have proved their capacity for endurance and hard work. The farmers in my country have, indeed, been in the front-line trenches in every war in our country — national, social and economic. I for one now believe that they are entitled to justice, to fair play and a fair return for their labour.

In our five years' membership of the EEC, undoubtedly the economy has improved in strength in spite of the recession of 1973 and onwards. But one unfor-

unate aspect of this growth in the economy is that it has tended to give more to the richer, rather than to the poorer areas. Statistics in a survey that we have show that in Hamburg the standard of living in 1970 was five times higher than in the West of Ireland, and in 1977 — last year — it was six times higher. So the gap is widening instead of narrowing. The common agricultural policy may not be perfect — we all know that it is not — but at the same time I think that we should be slow in interfering with it or tampering with it. It has given continuity of supplies and reasonable prices to the producers. I want to say that I also agree with the last speaker that this has been at reasonable prices to the consumers, because we know even in Ireland that a few years ago, when potatoes were scarce, they went to £ 200 per ton. This year, when there was a plentiful supply of them, they went to as low as £10 per ton, and they are rotting in the fields of Ireland at the present time. Many of us are surprised at the shouts, the howls and the screams at a rise in the price of milk, or of any food from people who are getting a 10 to 15 % increase in wages. But when the price of drink increases, there does not seem to be the same howls. They all go along in their merry way, drinking and consuming more. But we are surprised that they are not prepared to give the farmer, who works and produces, a reasonable price, and yet many people object to giving him this reasonable price increase.

In this year's annual farm price review — when other sections of the workers are getting, as I said, a 10 to 15 % increase — I still believe that our priority must be to provide farmers within the Nine with an equitable income and to ensure that agriculture is in a position to continue to make its contribution towards solving the urgent problems facing the Community today, and in particular to achieve greater economic growth and, above all, a reduction in the unacceptably high and growing level of unemployment. We all know there are over six million people unemployed in the EEC today. A prosperous agriculture and a prosperous agricultural community can help to solve that problem, but a depressed agricultural community can add further to the problem. The farm price review is once again complicated by the monetary disturbances which make it increasingly difficult to fix common farm prices. This problem is caused by the lack of a common monetary policy within the Community, and it must be recognized that until progress is made towards economic and monetary union, Irish farmers firmly believe, exchange rate fluctuations will continue to be a threat to the common agricultural policy. We have closely followed the endeavours of the Commission to find a solution to this difficult problem, but although we consider the Commission's proposals to be a step in the right direction, they are unsatisfactory if there is to be a return to the single price in a single market as well as an equitable development of farming in all regions of the Community.



**L'Estrange**

The proposals of the Commission on common farm prices and certain related measures for the 1978-79 marketing year are inadequate, since they bear, in my opinion, no relation to the economic conditions which farmers have to face and, in particular, to the development of their costs and incomes. They do not take into account the longer-term interests of Community agriculture. As a result, the Commission's proposals will have a depressive effect on the agricultural industry. Combined with a weakening in the guarantee for certain products which is being proposed, and which we reject, the price proposals will seriously affect farmers' incomes and cause a cutback in investments. This can but reduce still further employment opportunities in rural Ireland, and in related industries.

**President.** — I call Mr Gundelach.

**Mr Gundelach, Vice-President of the Commission.** — Mr President, I think I owe an answer to a few points which have been raised with me, and which were maybe not totally covered in my previous statement. First I would like to take the question Mr Tolman put to me concerning what I consider to be the standard acceptable level of stocks of milk powder and butter. I did answer that question at the last part-session. You just happened not to be in the Chamber when I answered it, so I will repeat my answer. The level of the stocks in themselves is not all that important. My friend and predecessor Mr Lardinois put it at 500 000 tonnes on some occasions; he put it at 600 000 tonnes when he was less optimistic and at 400 000 tonnes when he was more optimistic. For butter, it is 250 000 or 300 000 tonnes. But whether it is a bit more or a bit less, Mr Tolman, is not, what is important. What is important is what one can expect in regard to the future. With all available data, how does the production curve relate to the consumption curve, taking into account the effects on consumption of the policy which we have improved by increasing commercial outlets inside and outside the Community with increased common financial aids? Even when you take this into account, then you will find, as you will see in the papers we have submitted to you, that the production curves continue to show a fairly strong increase and the consumption curve is a fairly flat one. It is the distance between these two curves which is important, not whether the stocks are a bit higher or lower at any given moment. It is a matter of concern how the production curve will relate to the consumption curve in the future.

My concern is that the gap is too big and is widening. The proposals I have been making here today, following upon what I introduced last year, is to try to narrow that gap by acting principally on the consumption, by increasing aids for the use of liquid skimmed milk and other dairy products, and that is also what one is trying to use the co-responsibility funds for — to get that consumption curve to increase and narrow the gap.

Another part of our action will have some effect on the production curve, namely the reconversion premium, because it will limit the number of dairy cows. But we also know that productivity in the dairy sector is not yet exhausted. Therefore, even with a reduced number of dairy cows, we may still have a continued increase in milk production. We cannot expect to change that pattern in the foreseeable future, because we all know that a main element in European agriculture is animal production; dairy production is a fact of life which we cannot escape. All we can do is to try to have some effect on the production curve through reconversion schemes, while realizing that there are limits and that it takes time. We can try to increase the consumption curve with the type of measures which are before you.

To Mr Klinker I would say that with regard to the budgetary aspects, I did not mean that I was making proposals to save money, because obviously what I am proposing will cost money. That is reflected in the budget we have submitted, and has been taken into account. That is why I can say that these measures will not need an additional budget. It should be clear to the Committee on Budgets that this has already been taken into account in the budget proposals we have made. I was not saying that I am trying at the same time to save money and to maintain incomes. Obviously, that would be meaningless. I am saying we have to spend more money in order to increase the consumption curve, because we have to realize the social and political importance of agriculture in our Community, in particular the importance of dairy and meat production. Therefore we have to spend money, but in my view the money should be spent to commercialize in a broader way the products from that industry, in other words to help rechannel dairy products into fodder or into human consumption. I agree with you, Mr Klinker. I am not saying we are saving: we are spending more money. But in spending that much more money for these purposes, thereby taking action which will maintain and secure the revenue of the producers, we should be seen to be credible and save where we can. As a counterpart to the increased expenditure for these measures, we should save where we can and try where possible to prevent milk powder from going through intervention and back into commercial transactions — that is a very expensive detour. That is what I am trying to avoid, at least to a certain limited extent, by proposing as an experiment that we suspend milk powder intervention from 1 October to 1 March. I stress that this is an experiment, with certain guarantees I have given. If we have not got the courage to try to make that work, to see whether we cannot cut out the intervention and achieve the same results, then we are in my view being too conservative. I think, Mr Klinker, your political instinct will tell you that the taxpayers and those who represent them will get a little bit impatient with us — if I may offer that advice again.

### Gundelach

The discussion then broadened out somewhat to cover the price policy again. I do not really want to reopen that plenary discussion this evening, because it is not on the agenda, and because arrangements have been made for discussion between the Committee on Agriculture and myself tomorrow, about the prospects for reaching an agreement on the price package. Let me only assure Mr Klinker that we are operating under some restrictions. If, like me, you had sat through the Council session last week, you would understand that this issue of prices is not all that easy. Three major powers in Europe are insisting that the price increase be no more than the 2% proposed by the Commission; others are showing some flexibility. Nobody is saying 5%. The tension between the snake-currency countries and the others is obviously considerable. Here I must say to the last speaker that all the strong language about the income situation for farmers in Ireland is a little bit lost on me. Price increases overall are of the order of 25%, because the Irish green currency has been devalued very considerably over the last year, and will be again in this year. There has been a considerable increase in relative incomes in agriculture in Ireland. Let us therefore take this a little bit more calmly.

The dilemma in this price fixing, as I said before, is that a number of countries, namely the ones with floating currencies, can add to the price increases in unit of accounts, by what has become nearly a free-for-all in devaluation of green currencies. That has to come to an end, it has to be brought into the same political ambit as all the rest, for otherwise we will not be able to deal with it in an even-handed manner. The difficulty with this price review is therefore quite evidently — and I agree with Mr Klinker — the effects on the snake-currency countries as matters stand at the present moment. Even with the flexibility the Commissioner responsible must show, because he is the only one who can bring a package about in the end, the situation is tight, because of the other demands made on the snake currency countries — recalculations of MCAs, the Mediterranean policy, etc., etc. Therefore, I think one has to beware of not seeing the right profile of this price-fixing exercise. There are not, at the present moment, any serious income problems in the floating currency countries, but there

is some difficulty in the snake-currency countries, where income development has not been overly favourable in 1977 and because these countries are confronted, as I said, with demands in other areas from the floating countries. The right balance, therefore, is not an easy one to find. But I would want, in concluding, to assure Mr Klinker, as I have done before, that within the confines which economic realities impose upon the Commissioner responsible for Agriculture, he can be assured that action will be taken with a sense of realism, and a sense that the greatest responsibility in the end lies in the maintenance of the common agricultural policy and in its importance to the European Community as such.

**President.** — I note that there are no more requests to speak. The motion for a resolution and the amendments which have been tabled will be put to the vote during voting time tomorrow. The debate is closed.

### 12. Agenda for next sitting

**President.** — The next sitting will be held tomorrow, Thursday, 13 April 1978, with the following agenda:

#### 10.00 a.m. and afternoon:

- Decision on urgency of the motion for a resolution on the legal policy of the European Communities
- Ligios report on the development of the Mediterranean regions of the Community
- Joint debate on an oral question to the Commission on shipping regulations and a motion for a resolution on the 'Amoco Cadiz' disaster
- Lezzi report on the accession of the Republic of Djibouti to the Lomé Convention
- Oral question with debate to the Commission on the ACP-EEC Convention
- Oral question with debate to the Commission on regional development programmes
- Motion for a resolution on unemployment

3.00 p.m.: *Question Time* (questions to the Commission)

3.45 p.m.: *Voting time*

The sitting is closed.

*(The sitting was closed at 8.20 p.m.)*

*ANNEX*

*Questions which could not be answered during Question Time, with written answers*

*Question by Mr Osborn*

Subject: Duty free imports

What proposals has the Council received from the Commission about the value and nature of duty free imports which travellers may bring into EEC countries from other EEC countries and non-EEC countries respectively? How long have these proposals been before the Council and what issues have delayed a decision and when is one now likely?

*Answer*

On 31 December 1976, the Commission submitted to the Council a proposal for a Directive adapting Community rules relating to exemption from turnover tax and excise duty applicable in international travel, in order to take account of price increase over the last few years and fluctuating exchange rates.

An initial technical examination of the proposal for Directive has already been made.

The delay in proceedings on this matter has mainly been due to the fact that the Council bodies gave priority consideration to the problems posed by the Regulation implementing, for own resources from VAT, the Decision of 21 April 1970 on replacement of financial contributions from Member States by the Communities' own resources.

*Question by Mr McDonald*

Subject: Driving licence and driving tests

Will the Council make a statement on the introduction of a European driving licence and of common rules for driving within the Community?

*Answer*

At its meeting on 20 and 21 December 1977 the Council agreed in principle to the introduction of a Community driving licence. This is an aim which cannot be achieved without radical changes in the national systems of several Member States. The Council has therefore decided to give priority to the mutual recognition of national licences and to the question of a Community model for national licences.

It will endeavour to act on these matters during the first half of 1978, since they would constitute an essential first stage for the eventual introduction of a real Community driving licence issued on the basis of standardized criteria.

*Question by Mr Howell*

Subject: Marketing and production of milk

Will the Council give urgent consideration to establishing marketing authorities in each of the Member States for regulating the marketing and production of milk?

*Answer*

The Council considers that regulation of the marketing and production of milk and milk products in the various Member States of the Community does not *a priori* pose any major problems at present. However, the Council received on 31 December 1977 Commission proposals aimed at

- amending the provisions for the organization of the milk product markets to enable the Milk Marketing Boards in the United Kingdom generally to continue their activities ;
- providing for the possibility of creating similar bodies in the other Member States.

The Commission considered that since the expiry of the transitional period of the Treaty of Accession, i.e. 1 January 1978, the compatibility of the 'Boards' with the Treaty could be disputed even if it considers that they had made a positive contribution towards regularizing the British milk market, especially with regard to liquid milk.

The Council would like to have in the near future the European Parliament's Opinion on the Commission proposals and possibly on the problem raised by this Oral Question. In any case, it intends to act on this question shortly, if possible at its meeting on the fixing of prices for the 1978/1979 marketing year and the establishment of certain connected measures.

*Question by Mr Patijn*

Subject : Negotiations with Yugoslavia

It is most desirable that the Commission, in its negotiations with Yugoslavia, should be able to discuss problems concerning the migration of Yugoslav workers.

Does the Council not agree that the Social sector should now be included in the Commission's negotiating mandate with Yugoslavia, as is already the case in the negotiations with Portugal ?

*Answer*

When, on 17 January 1978, the Council authorized the Commission to open negotiations with Yugoslavia for the conclusion of a framework co-operation agreement to replace the present agreement, it drew particular attention to the problems relating to Yugoslav workers in the Community.

In this connection the Council was careful to give the Commission directives which took account of the particular case of Yugoslavia.

As President-in-Office of the Council I have already had occasion to forward to the President of the European Parliament, at the beginning of February,<sup>1</sup> a confidential memorandum for the attention of the relevant parliamentary committees on the content of the negotiations currently underway with Yugoslavia, and the problems relating to Yugoslav workers were raised in this memorandum.

*Question by Mrs Dunwoody*

Subject : Delay in the adoption by the Council of Directive concerning the progressive implementation of the principle of equality of treatment for men and women in matters of social security.

Can the Council explain the reasons for the delay in the adoption of the Directive on equality of treatment in social security which was approved by Parliament on 14 November 1977, and state when it expects adopt this Directive ?

*Answer*

The proposal for a Directive mentioned by the Honourable Member poses very serious problems on the technical level and as regards the scope of the provisions under examination. Account must also be taken of the financial implications which the proposed provisions may have for the Member States in the present, particularly difficult, of social security systems.

The Council, which is continuing its work and is taking particular account of the Opinion given by the European Parliament in November 1977, hopes to be reach a positive result before the end of this year.

<sup>1</sup> Under cover of a letter dated 8 February 1978.

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## IN THE CHAIR : SIR GEOFFREY DE FREITAS

*Vice-president*

*(The sitting was opened at 10.00 a.m.)*

**President.** — The sitting is open.

1. *Approval of minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Documents received*

**President.** — I have received from Mr Bangemann, on behalf of the Committee on Budgets, a report on the European Parliament's guidelines on the budgetary and financial policy of the European Communities for 1979 (Part II: Sectoral and basic problems relating to budgetary and financial policy — adoption of a position on the communication from the Commission of the European Communities containing a global appraisal of the budgetary problems of the Community) (Doc. 54/78).

3. *Resolution pursuant to Rule 47 (5)*

**President.** — The first item on today's agenda is the vote on the request for a vote without reference to committee on the motion for a resolution tabled by Mr Calewaert, Mr Sieglerschmidt, Mr Broeks, Mr Adams and Mr Hoffmann, on behalf of the Socialist Group, and Mr Riz, Mr Luster, Mr Bersani, Mr Alber and Mr Schwörer, on behalf of the Christian-Democratic Group (EPP), on the legal policy of the European Communities (Doc. 52/78/rev.).

I call Mr Calewaert.

**Mr Calewaert.** — (NL) Mr President, ladies and gentlemen, at the end of my speech yesterday I asked

Parliament to deal with the motion for a resolution by urgent procedure and to adopt it without referring it to committee.

I think that yesterday's debate showed that everyone agrees that we need a European legal policy and that there is a considerable backlog in this area. This was admitted both by the Council and by the Commission. The motion which we are tabling contains a number of urgent measures concerning the Commission and the Council. Here I am thinking of, among other things, the rights of citizens, and the motion contains some target dates for this. We think that this resolution really is so urgent that it should not be referred to committee.

This is why the motion for a resolution has been tabled jointly by the Christian-Democratic Group and the Socialist Group, on the understanding nevertheless that we table a minor oral amendment. It concerns paragraph 7 and is in answer to a question by the chairman of the Legal Affairs Committee, Sir Derek Walker-Smith. He rightly pointed out that the wording of paragraph 7 is too categorical and peremptory. After the words *Decides to convene a Round Table on the granting of special rights to Community citizens for autumn 1978 in Florence, at which under the chairmanship of its draftsman, Mr Mario Scelba, the rest of paragraph 7 should read as follows: representatives of the Institutions of the Community and the Parliaments of the Member States shall meet to draw up a draft 'Community Charter of Citizens' Rights'.*

We thus fully agree with the chairman of the Legal Affairs Committee, Sir Derek Walker-Smith, on this amendment to the text.

*(Applause)*

**President.** — Are there any objections to the request for a vote without reference to committee on this motion for a resolution?

That is agreed.

The motion for a resolution will be put to the vote during the next voting time.

#### 4. Agenda

**President.** — The enlarged Bureau, which is meeting now, proposes that Parliament include the following items on the agenda for tomorrow, 14 April:

- the report by Mr Bangemann, on behalf of the Committee on Budgets, on the European Parliament's guidelines on the budgetary and financial policy of the European Communities for 1979 (Doc. 54/78); and
- the report by Mr Baas, on behalf of the Committee on External Economic Relations, on fresh lemons originating in certain countries in the Mediterranean region (Doc. 41/78).

These two reports would replace the oral questions by Mr Fioret and Mr Spicer, which have been postponed until a later part-session.

Are there any objections?

That is agreed.

I call Mr Dalyell.

**Mr Dalyell.** — Will the Hamilton report on the political affiliations of officials still be taken as the first item of business tomorrow morning?

**President.** — I have had no further indication of any change.

#### 5. Development of the Mediterranean regions of the Community

**President.** — The next item is the report (Doc. 34/78) by Mr Ligios, on behalf of the Committee on Agriculture, on the

communication from the Commission of the European Communities to the Council on the guidelines concerning the development of the Mediterranean regions of the Community, together with certain measures related to agriculture.

I call Mr Ligios.

**Mr Ligios, rapporteur.** — (I) First of all, Mr President, I feel that it is only right to say that, on the whole, I am happy with the first series of concrete proposals which the Commission has submitted to the Council to improve agriculture in the Mediterranean regions of the Community. I am also generally happy with the guidelines announced by the Commission in this connection.

We feel that these proposals, known as the Mediterranean package, represent in particular a recognition by the Commission of the glaring inadequacy of the measures hitherto adopted for the purpose of eliminating, or at least narrowing, the tremendous gap between rich and poor regions in the Community. We are referring in particular to the three reform Directives of April 1972 and the 1975 Directive on mountain and hill farming and farming in certain less-favoured areas. In addition, these proposals can be taken as evidence of the Community's growing awareness of the economic and social problems of the Medi-

terranean regions. The problems and — often justified — protests in these regions must be dealt with properly, if we want to remove the barriers along the road to European union and enlargement.

People have at last realized that a price and market policy is incapable of solving the problems of the differences in income which are typical of the agricultural sector in the Community. They have realized that the required increase of incomes in this sector cannot be achieved by a price policy alone, since there are other factors to be borne in mind — the requirements of the consumers on the one hand and the need to eliminate structural surpluses on the other.

In addition — and this is now generally recognized — the typical products of the Community's Mediterranean regions, such as fruit and vegetables, wine, olive oil, tobacco and so on, are covered by Community regulations which offer less support and protection than that accorded to 'northern' products. For these products there are intervention and safeguard measures which not only protect the producer but also give rise to the serious commodity surpluses which pose further problems for the Community when they have to be disposed of.

As a result of the lesser degree of support and protection for these Mediterranean products, their role in satisfying Community requirements has been limited, in spite of the fact that Community imports have increased overall.

The reason for this is to be found in the agreements, perhaps a little over-generous, which the Community has signed with several non-member countries, together with the introduction of measures, such as reference prices, which have proved inadequate safeguards of Community preferences.

In the sphere of external relations, it is now absolutely vital to establish genuine cooperation between the Community and non-member countries in the Mediterranean. Quite apart from its trade implications, such cooperation must cover mutual commitments on the planning of production and trade, especially where similar products are involved. In this way, any agreements which are drawn up will not have an adverse effect on agriculture in the Mediterranean regions of the Community. In our view, this should be the basis and objective of the Community's global agricultural policy with regard to non-member countries in the Mediterranean.

Although my time is restricted, Mr President, I should nevertheless like to mention the obvious conflict between the political and the economic factors involved in the accession to the Community of Greece, Spain and Portugal. We all realize that it is extremely important, in political terms, to have these newly-established democracies as members of Europe. Economically speaking, however, we must make every effort to ensure that the enlargement does not come about, either completely or partially, at the expense of the poorer, i.e. Mediterranean, regions of the Commu-



## Ligios

nity. If this were to happen, I am afraid that the construction of Europe would become slower and more difficult, if not impossible.

These problems, which I have briefly outlined, lie behind the Commission's proposals for structural reform in the Mediterranean regions. The purpose of the proposals, which are the subject of today's debate, is to employ structural policy as a means of curbing the trend towards an ever-widening gulf between the rich and the less-favoured regions of the Community. This will have to be done in conjunction with other Community instruments — in particular, the Regional Development Fund and the Social Fund.

Particularly noteworthy is the proposal for an irrigation programme in the Mezzogiorno. This region suffers from adverse climatic conditions; low rainfall, about 600 mm per year, concentrated into a very short period, usually running from November to March; the frequency and strength of the never-ending winds; the roughness of the terrain. Anyone who knows the South as well as I do cannot but realize how much even an auxiliary irrigation scheme would help to increase considerably agricultural production there. The proposal to irrigate 200 000 hectares of land over a five-year period, with the Community putting up 258.5 million u.a. towards the cost of the programme, will undoubtedly be a shot in the arm for these regions.

We fear, however, that it will be particularly difficult to get this programme under way. Before we start, there remains the problem of how to consolidate the holdings into agricultural units of adequate size. These problems of land tenure date back to the time when the land in the South became fragmented by the feudal laws of ownership. These laws came very late to the Mezzogiorno, unlike other part of Europe, and in some regions arrived only a century ago.

Of course, this is not the place to go into these aspects of the problem in detail. What I want to do here, ladies and gentlemen, is to take a careful look at how the sometimes extreme fragmentation of agricultural holdings in the South can create practical difficulties for the proposed irrigation scheme. In our opinion, these difficulties are often the root cause of the failure to complete irrigation projects financed by the State. The only way to get round these difficulties is to develop simultaneously other sectors of activity, in order to absorb the tremendous surplus of agricultural labour. It is as a result of this surplus that we get the social phenomenon in our country known as the 'longing for land'.

Another important proposal concerns the improvement of rural infrastructures by building access roads to isolated farmsteads and connecting them to the electricity and water supplies. I can only hope that this proposal is implemented as soon as possible. I cannot see any practical difficulties in this connection, since the Commission has changed the draft directive

into a draft regulation. It will thus become directly applicable.

Lastly, I want to mention the proposals relating to fresh and processed fruit and vegetables. In the case of fresh products, we have to give a further boost to producers' associations, so that they get a bigger say and more powers in their own operations, and we must modify the method of reference price calculation.

Until now, these prices have been calculated on the basis of parameters which were not always sufficient, which could not always be applied swiftly, and which in any case proved to be inadequate in the face of the evasive tactics used in connection with third-country imports. In the case of processed products, however, we have an extremely interesting proposal, one of the best that the Commission has come up with in recent times. I say this not only because of the resources to be devoted to the operation — 120 million u.a. per annum — but also because of the quantities involved, over 750 000 tonnes of processed fruit and vegetables.

Under this proposal, aid is granted to the processing industry by means of contracts with producers drawn up on the basis of a price calculated from prices in the three preceding marketing years. The obvious effect of this aid will be to eliminate the differences in production costs in these sectors between the Community and non-member countries. In this way producers will be assured a guaranteed minimum Community price for predetermined quantities while the processing industries are assured of being able to compete with firms which process products imported from non-member countries.

Mr President, I should like to say one or two words about the proposed new system for the market organization in olive oil, we found this proposal unacceptable, and the Committee on Agriculture rejected it. It was also rejected unanimously by various professional organizations, both in Italy and elsewhere. Our opinion has not altered. We all agree in asking for the present market system for this product to be changed, so that subsidies are paid rapidly, and in order to eliminate distortion and irregularities. We have often heard about these, although official evidence has never been forthcoming. Subsidies ought to be linked to crop production, the replanting of trees for the production of table olives and other structural reforms.

The Commission's proposed modifications are too vague and fail to deal with a number of important points. As a result, the proposed mechanism is unclear and at the mercy of future decisions by Community committees.

It is right to want to stimulate olive-oil consumption, which is currently going down, but this measure ought to have been considered together with a review of the vegetable oils which are produced in the Community or imported. We cannot approve the

**Ligos**

Commission's proposal on marketing aids. In our opinion, apart from the risk of irregular dealings, this system would cause bureaucratic difficulties when it came to controlling operators at the bottling stage.

In our view, price control in the olive-oil market could be made the responsibility of Community intervention agencies, under the direct supervision of Community institutions.

To sum up, Mr President, we approve of this Mediterranean package — apart from the proposal on olive oil — not merely on account of the extent of the Community's financial commitment to solving the agricultural problems of the Mediterranean regions, considerable as it is, but because the Community seems to have become aware of these problems and thus adopted a new approach. These provisions are the first in a series of measures, other have already been announced concerning forestry and the establishment of an agricultural advisory service. As time goes on, we shall be called on to give our opinion on these, especially as some of the measures — for example, the proposal on the common organization of the market in wine — will undoubtedly not gain our complete approval.

That is all I wanted to say about these proposals, Mr President. Let me say again that, generally, these proposals are basically positive. In our view, they indicate a change of policy and a new awareness of the problems of the poorer regions of the Mediterranean.

*(Applause)*

**President.** — I call Mr Scott-Hopkins, to present the opinion of the Committee on Budgets and to speak on behalf of the European Conservative group.

**Mr Scott-Hopkins, draftsman of an opinion.** — Mr President, my first pleasant task is to congratulate Mr Ligos, not only on the report, which is a very comprehensive one, but also on his introductory speech, which explained with clarity, the points of importance in the proposals from the Commission. I speak at this moment entirely as the draftsman for the opinion of the Committee on Budgets and do not deal with the merits or otherwise of the particular issues raised. Our committee adopted this report unanimously, having given study to the guidelines because of the budgetary costs. The House will realize that these proposals are very significant, not only now but even more so in the years ahead. I shall come to that in a brief moment.

Let me turn first of all to one item. We propose an amendment to Article 9(2) which asks that Parliament should be consulted during the revision stage of the regulations concerning the rural areas. This has been taken up by the Committee on Agriculture, I am glad to say, and has been incorporated in their proposal. I hope the Commissioner will be able to accept this amendment. After all, it is along the lines which the President of the Commission, Mr Jenkins, has been

putting forward since he has been in the presidency, that Parliament should be consulted.

Turning now, however, to the more general budgetary aspect, everything the Commission says about agriculture in the Mediterranean area has to be considered as provisional because of the enlargement question. The House is aware of this. We are asking the Commission to present a memorandum on the possible financial implications of enlargement as soon as possible, since the costs of the policy designed to improve Mediterranean agriculture are bound to increase quite massively when and if Greece, Spain and Portugal accede to the Treaty. Secondly, we found there was no serious attempt by the Commission to comment on the employment and social effects of its policies, and our main concern here is to deal with the absence of adequate financial information. House will realize that when this document was presented to us we sought all the relevant documentation and the necessary financial calculations, and they were not available. The Commission subsequently submitted a much more complete financial statement, but really, Mr President, I would ask the Commissioner — and I am sure he takes the point — that in future, when a document as important as this is presented, it should be accompanied by the necessary financial statements.

From the financial information we received, however, it appears the extra expenditure for the Guarantee Section of the EAGGF arising from these proposals will be somewhere around 77 million EUC. In a full year, the expenditure would be round about 170 million EUC. Although we have not had information from the Commission on this point, we do understand that a supplementary budget will probably be necessary this year. Now I do not have to bore the House by re-stating what the House is fully aware of: the hostility of the Committee on Budgets towards this practice of supplementary budgets. I would ask that we attempt to group all the changes on the agricultural side into one supplementary budget, if this is necessary, including this item. That would seem to me to be a reasonable request to the Commissioner. Of course, the figures for 1979 and beyond are even larger. In 1979, the cost of the agricultural measures would be something in the order of 168 million EUC, with the total cost of several years amounting to no less than 1 000 million EUC. This is a major increase in spending on agricultural structures, and it would contribute to providing a better balance between the two sections of the common agricultural policy: the guarantee section on the one hand, and the guidance section on the other. It would be quite wrong to discount the impact on the regions of these particular proposals from the Commission. Nevertheless we have to bear in mind that own resources of the Community are finite, and this imposes on us the job of being very critical in examining very carefully what these proposals are, because they could, as I said, become massive.

### Scott-Hopkins

If the Commissioner would do me the courtesy of turning to page 54 in the English version of Mr Ligios' report, he will see that we ask certain specific questions of him, which I will not weary the House by going over now, regarding these proposals. In general, however, Mr President, we do give a favourable opinion on this package of proposals. They are in line with the priorities outlined by Parliament and its Committee on Budgets. It is a breakthrough, on which I would congratulate the Commissioner, in moving towards really dealing with those areas which are in greatest need throughout the Community. We are, however, concerned about the control aspects of the Commission's proposals, particularly in view of the problems that have already arisen in certain sectors. I do not need to go into the difficulties concerning olive oil which Mr Ligios underlined in his speech just now.

The last point of detail I would like to mention was the number of qualified advisers which is being asked for — 280 of them — as being necessary to advise the farmers in the Mezzogiorno. This does seem rather a lot, and I wonder whether the Commission would compare this number with what already obtains in other regions. In general, however, we do concur with what Mr Ligios, the rapporteur of the Committee on Agriculture, and the Committee on Agriculture itself have said in supporting these proposals and in recognition of the urgency of the social and economic proposals faced by the Mediterranean district.

I wish now to move the amendments standing in my name. I welcome these proposals as a spokesman for the European Conservative Group. As I said just now, I believe they are brave and they are needed. Having said this, it seems to me the definition of the Mediterranean area perhaps needs going into a little more carefully — not that I am going to do it now. But I would suggest to the Commissioner that the designation 'the Mediterranean' is a little loose, and that one ought perhaps to examine whether this is the best approach, or whether or not one should include incomes in this definition. A pragmatic solution might be to draw up a detailed list of communes and areas with similar problems. Perhaps to have a little more detail would be advisable, because the existing method of definition is loose.

Secondly, it does seem that what is being proposed here is very closely in line, though on a minor scale, with the proposal by my honourable friend, Mr Rippon, for a massive Marshall Plan for the Mediterranean area. This is the beginning of it. We in the richer areas of the Community are more fortunate, and we have got to do what we can to help those in the more backward areas. This is the beginning, and I welcome it on those grounds. But we are going to have a massive expenditure when Portugal, Greece and Spain come in, and this must be gone into in

great detail. What is also very clear, both from the Committee on Budgets, is that it is not only through the guidance section of the EAGGF or the guarantee section of the EAGGF that something worthwhile can be done to help these particular regions. We have got to combine it with the Regional and the Social Funds as well, and I come back again to the proposal, which was shot down, unfortunately, by the Commissioner last night, for the establishment of a rural fund combining all these. That is the purpose of one of my amendments.

I turn lastly, Mr President, to the amendment concerning tomatoes, also mentioned by Mr Ligios. This is a small but important field, I do not want to over-exaggerate its importance. Preference must of course be given to Community produce in tomato concentrates and so on, but until there is harmonization up to the highest health standards along the lines of the amendment proposed, and accepted, by Mrs Dunwoody and the Committee on Agriculture, I believe it would be very injurious to many industries, particularly in my country and in the Federal Republic, if a minimum import price were to be imposed on tomatoes and tomato concentrates from third countries. What we are trying to do is bring up the standards within the Community, particularly in the Mezzogiorno and other growing areas, up to the health standards on which the large users of these raw materials insist. Until that happens, I do suggest that we do not want to impose cost increases which will only reflect back onto the consumer. That is the purpose of the other two amendments which I have put down in the name of my group.

So, Mr President, I welcome these proposals. I welcome Mr Ligios' report on behalf of my group. We shall support it, and I hope we shall also get sufficient support for the three amendments standing in my name and in that of my group.

*(Applause)*

**President.** — I call Mr Gundelach.

**Mr Gundelach, Vice-President of the Commission.** — Mr President, I previously dealt with this subject in some detail when I introduced the Commission's proposals at the December part-session. I do not want, therefore, to go into all the fundamental philosophies which underlie these proposals today. But I would like to express gratitude to the rapporteur, Mr Ligios and to Mr Scott-Hopkins, draftsman of the opinion of the Committee on Budgets for their interventions today, which have clearly demonstrated that they, and the committees they represent, hold similar fundamental views to those that underlie the Commission's proposals. There is no disagreement between what they have set out in their documents on the various fundamental changes and the broad objectives behind the Commission's proposals. I think it is important to establish at

### Gundelach

this stage that we are all in agreement on the necessity of dealing with the subject, broadly in agreement on how to deal with it, and broadly accept that it is going to cost a considerable amount of money. Consequently, we have a serious responsibility to see to it that the money is spent in the right manner.

It is gratifying that we find ourselves in this situation. Naturally, in the course of the debate, there will be some disagreement about the particular means to use to achieve the ends. But it will be clear from my statement that on a few points I disagree with Mr Ligios, and maybe agree a bit more with Scott-Hopkins. I also have a couple of points to make on what Mr Scott-Hopkins said, and I hope that will be clear in the course of my statement. Mr Scott-Hopkins asked about some very specific things, like the number of advisers in various regions of the Community. You will understand that I cannot give the figures here today, but I will supply them, and information on any other concrete points raised.

I did speak yesterday about some of the background to these proposals and I indicated that they are part of a comprehensive strategy. I will not go into that again but I think it must be kept in mind by the House that this is part of an overall strategy for agriculture, and cannot be seen in isolation from other proposals which have been discussed by the House.

It must be emphasized briefly again that many regions of the Community suffer from retarded economic development. The problems are particularly serious in the South. The Italian Mezzogiorno and parts of Southern France need urgent attention. Gross national product in these regions is less than one-third of the Community average. The present recession has stopped the emigration of surplus labour. Unemployment in non-agricultural sectors and under-employment in agriculture are extremely serious. Agriculture remains the basic activity of two million workers; they produce 18 % of total agricultural production. Mediterranean agriculture provides great potential for complementary produce to Northern agriculture. But obsolete infrastructures, obsolete agricultural structures and insufficient water supplies are hampering development — and, I would agree with Mr Ligios, so, undoubtedly, are outmoded legal structures. He underlined that today, and I rather agree with him.

At this point I would like to make it clear that, whilst this is a priority task, an obvious social and economic problem which the Community must deal with in the name of the solidarity without which the Community cannot survive, this does not mean that the Commission is saying that all developing regions in the Community lie within the Mediterranean area. There are others, and we have said so to the Council and made proposals to that effect. There are other such areas in Northern Europe — one glaring example is Western Ireland. We have made certain proposals for

development in that region, and we shall very shortly make further proposals. I want to make it clear that, although there is a priority task in the Mediterranean areas, other areas of the Community in a similar position must not be excluded from similar treatment. Because otherwise that concept of solidarity on which I am trying to build my house will founder; there should not be any doubt about that. I have not left the Council in any doubt about this point, and you will see that we will take further action.

Let me further underline that agriculture alone cannot solve the problems of these regions, be they in the South or elsewhere. They need immediate and long-term action.

The solution will be an integrated development of all activities, with agriculture as a core where that is important. This means a combination of Community, national and regional action, of policy measures, whether agricultural, regional, social or industrial, and of human and financial resources, and a clear priority status for the regions most in difficulty. So you see, Mr Scott-Hopkins, I did not shoot down your fundamental ideas yesterday evening: as often happens in this House, when I was coming to this point, you for a short while were not with us. I feel very strongly that, while there is something which has to be treated as a priority for agriculture, because some of these regions are at present heavily dependent upon agriculture, we have to accept that reality. We should be harbouring an enormous illusion, and be heading for disillusionment, if not something worse, unless we realize that if we do not create a more active and dynamic overall economic social and industrial environment, we shall fail. And therefore it is the intention of the Commission and I hope that the proposals now in front of you, which deal with priority problems in the agricultural sphere, are followed up by broader solutions to what is a fundamentally a very general social problem.

On the demarcation of areas, I would like to say that when one moves into this kind of broader solutions to which I have just referred, the question of demarcation becomes more acute than it is when dealing with problems and solutions of the kind which are at present before the House. Some of these proposals obviously need clear demarcation: where do you undertake irrigation or other structural measures of that kind? In such cases, we have given a clear demarcation. In other areas, we are trying to introduce a broadened market operation, with some assistance from Community resources, to make the agricultural producers in these areas competitive, particularly in the field of processed goods. Here we must be more careful to avoid an iron-clad definition and to operate on the principle of equal treatment in equal circumstances, and we do not have them in the Mediterranean area: maybe elsewhere the situation is black and white, deep despair alongside great prosperity, but there are grey zones. In all our studies and in our

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visits to all these regions, we have been made quite definitely aware, as has been made clear by a number of Members of this House, that there are in between cases which cannot expect the full treatment under these proposals, other where some help might be called for; and therefore on this point, whilst agreeing with the necessity of demarcation in the framework of a broader social, economic and industrial scheme, for the sake of agricultural structural actions, I think we must be more careful in other respects: otherwise we shall commit injustices, or create systems which do not function very well in practice.

Now the specific project for agriculture. With the comments I made on the necessity to follow up in other fields, we must do something straight away in regard to agriculture, which is a priority item. The proposals have been formulated to cope with existing problems, and here I want to emphasize that, whilst enlargement is there and must be in our minds, these proposals have been made in order to deal with an existing imbalance in the present Community. That is not without importance for the problems of enlargement, but let us not go overboard. We are already dealing with an imbalance in the present Community, whose problems should have been dealt with rather earlier. First we propose to transfer within the next five years, if you take market and structural measures in their broadest sense together, about 2 000 u.a. Second, we propose to transfer professional know-how, and thirdly, we want to adapt some parts of the common agricultural policy to the specific needs of these regions.

These measures will be of immediate use, and will provide support for more general development in the future. On this point I must turn to the Committee on Budgets and say, yes, it does cost a lot of money, I regret that the financial data were once again not there in time, but this was an enormously big exercise: I regret it, and it shall not happen again. I have given my indication of what I think it is going to cost over a longer period of time, and it is a substantial sum of money. I think it is necessary, but on the other hand there is no point in hiding that it will cost a substantial sum of money. I accept the other comments made by Mr Scott-Hopkins on behalf of the Committee on Budgets — the consultation of Parliament, adequate finance and information and so on.

We know that developing agriculture in the South means developing agricultural production in the South, and the motion for a resolution refers to the difficulty in improving agriculture in these regions and at the same time avoiding new structural services. As I said yesterday, there can be no question of solving income problems in the Mediterranean regions or elsewhere by encouraging farmers to grow products already in surplus; that is no way to build a

future. It is this concern that has determined our whole approach to the problem of development. To us, a sound future can only be built on market needs. This applies just as much to producers in the Mediterranean regions as it does, for instance, to Community milk producers, whom we discussed yesterday. We have not therefore based our approach on so-called firmer market regulations, because all too often, we see that so-called firm market regulations divorce producers from economic reality though we do want to update some regulations, for example, those concerning the reference price for fruit and vegetables, which no longer give the protection they were intended to give.

In other words, we will naturally uphold Community preference, but we will not go the protectionist road. We have not based our approach on import replacement, on greater protection. This would violate our international obligations and, anyway — I must emphasize this — when you look at the trade statistics, you will see that it would not provide enough scope for development in the Mediterranean areas and their production. There is not all that much to be got from treading on the toes of others with whom we have agreements in the Mediterranean area. But — and this is more important — greater protection means higher prices, and therefore strikes at the very heart of a concerted attempt to develop bigger, healthier markets, which could also absorb Mediterranean products — that is the key element of these proposals. Both these approaches would have been hopelessly short-sighted. Today we would be saying to farmers in these regions: expand! Tomorrow, when the surpluses had become unbearable, we would be saying: contract! We would have been playing with people's hopes and expectations: we would not have been fulfilling them.

The set of proposals that Parliament is now discussing aims at two fundamental things. It aims to expand the markets for Mediterranean products by maintaining reasonable prices to consumers and by putting the emphasis on quality. That is why we have used direct subsidies to producers and processors, and not proposed greater protection. The proposals also aim at building a competitive Mediterranean agriculture, an agriculture that has a modern farm structure, is adapted to market demands and is closely linked to a viable processing industry. An agriculture of this type will give Mediterranean producers a chance to aim for and realize an increasing share of a market which is not decreasing, but which is growing. That is why we propose, for example, to amend the olive-oil market regulation in a way that will maintain returns to producers, yet will offer the product to consumers at prices they are prepared to pay.

I do not think it is right to refer, as does the motion for a resolution, to 'dismantling the old system'. We

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are not doing that. The mechanism of intervention will be unchanged. We are proposing only that we should be ready to put in more money, and to do this in a way that enables the market for olive oil to be sustained or increased. The aim of achieving a competitive agriculture and an expanding market also explains why there are no specific aids for the intensive production of early fruits and vegetables in irrigated areas — another point from the motion for a resolution. We believe that the market itself will make this production worthwhile, and there will be no need for specific aids.

We are convinced that agriculture in these regions can be improved without aggravating existing market imbalances, but we do not propose to introduce formal restrictions on the production of surplus products, except in the case of wine, and possibly sugar, in irrigated areas. Here we are trying to stem demands from some of the Northern areas for a rigid approach to the Southern areas, but in the name of equity we do not think we should do more than we have proposed. We want the Member States concerned to identify the most suitable types of products, taking into account present and future outlets, as well as local production conditions. This would encourage the creation or development of the necessary marketing and processing ventures, and ensure the desired response at farm level. Mediterranean producers must know that the Community recognizes their natural advantages in the production of certain fruit and vegetables — citrus fruits, olive oil and wine. On the other hand, these farmers must also realize that the Community's consumers want quality produce. Our proposals clearly go in the direction of helping them to provide just that on terms of fair competition.

This is illustrated by our proposals for the wine-growing areas of Languedoc Roussillon. The Commission has taken account of the need to present real alternatives to low quality, high yield wine production. It is convinced that the combination of reconversion premiums and the provision of irrigation, together with payment of a Community grubbing-up premium, will be a strong enough incentive. As to the restructuring, it should be kept in mind that, even if in the longer term it might result in some increase in production, this increase would be restricted to better quality wine, with better market outlets. The *plan viticole* which the Commission is preparing will bring further assurances in this respect. We realize that the proposals we have made on the wine market regulations are delicate and controversial, but we feel that they may be necessary as a purely temporary measure to carry us over the period until this *plan viticole*, to which I attach the greatest importance, enables us to bring about a new balance in the Community wine market, but no more.

Agricultural development in the Mediterranean area cannot be limited to these products. The Community has an increasing deficit of animal fodder. There is room for expansion of, say maize, peas, beans and soya. If some of this fodder were transferred to farms in internal dry zones it would help the feeding of cattle and lead to a better balance in development.

I am also, as I previously said to this House, strongly in favour of afforestation, and proposals to this effect will also be made. These measures are now financed by the EAGGF only. A global development scheme will draw priority resources also from the Regional and Social Funds. That is the financial counterpart to the political answer I gave a little while ago to Mr Scott-Hopkins.

Let me conclude by repeating that the actions the Commission is now proposing, are not, of course, sufficient to solve the serious problems of our Mediterranean regions. Indeed, only time will show how much these proposals will increase the competitiveness of agriculture in the Mediterranean areas, thereby diminishing the development gap. But it must be underlined that they are a very important start. They are not just a timid pilot plan, they are a substantial step in the right direction, and I am glad that they have been qualified as such this morning. They are an indication of our firm intention not only to provide expanding markets for Mediterranean products, but to make it possible for producers to compete for an increasing share of these markets. That we believe is the only way to a really secure future for the farmers in the Mediterranean area.

I will end by saying that I hope these proposals will on the whole be enacted by the Council in the framework of the price review this year, however complicated they may make this price review. Because they constitute that important step towards realizing the coherence and collective responsibility of the Community without which I do not believe that we shall be able to solve the more fundamental problems we are confronted with in the field of economics, in the field of enlargement, in the field of negotiations with third countries.

*(Applause)*

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

**Mr Hughes.** — Mr President, on behalf of my group, may I first welcome the Commission's proposals very warmly as a major first step towards solving one of the most difficult problems facing this Community? May I also thank Mr Ligios for the enormous work he has put into preparing this report, and the clarity and excellence of it?

## Hughes

Late last evening I had put into my hands a research document from the Directorate-General for Research and Documentation of this Parliament, at the moment only available unbound and in French, containing a number of fascinating new pieces of information relating to aspects of the problems of Mediterranean agriculture and rural life, and to the backwardness, if one can call it that, in many parts of the South. If I may, I shall just give three examples of the sort of information that it brings to light. If one compares the value added in the processing of agricultural products as a percentage of the value of the actual agricultural products themselves, then in Germany the processing of agricultural products is 165 % of the value of the actual product of agriculture itself. In the Netherlands it is 97 %. In my own country it is 336 %. In Italy it is 51 %. When, within the Mediterranean zone as a whole, one looks at the province of Molise, one finds that the value of processing of agricultural products is only 13 % of the value of the actual products themselves. I do urge Members of this House to look at these figures at the earliest opportunity, because this clearly illustrates one of the major difficulties: that it is far too crude an agriculture. The absence of the processing facilities causes difficulties, and these proposals of the Commission for assistance to the processing sector clearly form a crucial element in raising the incomes of farmers in those areas.

A second and, I found, an equally fascinating point is the instability of production, and consequently of incomes. The research department has produced a coefficient of instability. The map clearly indicates in its variations that in the southern parts of Italy and in parts of France the size of the variations in farm incomes from one year to the next is much more considerable than the size of variations one would commonly expect to find in Northern Europe. In southern parts of Europe the size of variations which we, in the North, endured during the great drought are too common. Take the farmers in the North who, under the pressure of the drought in 1976, saw their incomes very nearly collapse, and then recover in the following year. For too many people in the southern part of Europe, catastrophes of that sort, with the size of their incomes falling rapidly and then coming back up again, are too common. The instability of Mediterranean farmers' incomes is another factor of which we need, I think, to take very careful account.

Finally, this research document provided comparisons, based on actual farm account returns, of labour income in 1970. One sees within the Mediterranean zone — and this is a point that has already been touched on — the need to be rather more precise than we occasionally have been. If one takes vineyards of between five and ten hectares, in 1975 in the Rhone-Alp region, income, in EUA, per person employed was 6 862. In Tuscany it was 2 062. These

are both within the Mediterranean zone, but the gap between vineyard incomes per person employed in the Rhone-Alp region, or even in Languedoc, Provence or Côte d'Azur, is of one order of magnitude, while in Tuscany, Campania, Molise and so forth, it is of a totally different order of magnitude. Whether you take the small vineyards, the small horticulturalists or the small growers of fruit — either apples or citrus — the gap between the incomes in one part of the Mediterranean for farms of the same size and those in other parts is enormous. If I may take fruit — this is predominately apples and citrus fruits — in Languedoc, Corsica, Provence and Côte d'Azur, the figure for labour income in 1975 is 4 539. These are holdings under 5 hectares. In Campania, Calabria and Molise the figure is 1 430. It is the size of these gaps that has been highlighted in this quite excellent research report, and I hope both the Commission and Members of this House will take the earliest opportunity to look at it.

Clearly then, there is established without any doubt the need, not merely for an agricultural policy dependent on changing the price of agricultural products in the short term, but, as Mr Ligios said in his introduction, for changes in the legal structure, in the infrastructure and the whole formation of rural life. Here we are in total agreement.

But I know it will come as no surprise to Mr Ligios that my own group finds the undercurrent of protectionism in his report unacceptable. Firstly, as the Commissioner indicated in replying to the preliminaries of the debate, it runs counter to existing obligations — both of the treaty type and otherwise — that we have with other countries. Not merely the three applicant, or potential applicant countries of Spain, Portugal and Greece, but also the Maghreb and Mashraq countries and Turkey. Take Turkey, for example, and the fears of the Turkish people at the extension of protectionism. If we follow this line, we may well do a major economic and an even more major political mischief in the Eastern Mediterranean. Already the Turkish Government has complained of the erosion of the privileges they enjoyed as an applicant member, and if one was to follow some of the hints of greater protectionism in the Ligios report, one would only exacerbate those fears. In particular, in paragraph 2, the report speaks of a need for decisive and effective support before enlargement takes place. It is to combat this hidden threat that my group has put down an amendment to modify that. In connection with enlargement, one clearly cannot pretend that enlargement will have no effect, but to argue that you have got to set up a protectionist fence in advance of enlargement is totally unacceptable.

Secondly, we object to the element of protectionism running through this report because it seems to be ultimately denigratory of the Mediterranean peoples

## Hughes

themselves. To argue that only by being forced in perpetuity behind a tariff-protected wall can they survive, is to think too little of their potential. They have the opportunities, yes. But, as the Commissioner said, to force consumers to buy inferior-quality products and to give producers the opportunity to continue to supply inferior-quality goods behind a protected tariff wall, would mean the perpetual pauperization of too many people in this Community. The object of these measures must be to enable, at the earliest time, Mediterranean agriculturalists to stand on their own feet commercially and to be competitive in the market-place with all comers. This is the object of the exercise, and this is what we hope these proposals will move the Community towards. Therefore, while we welcome the great bulk of these proposals — and I am repeating what has been argued in committee and previously in this House — the element of protectionism contained in them is unacceptable to the Socialist Group. Finally I would like formally to move the other amendments in the name of the Socialist Group, most of which are concerned with this protectionist element in the report.

The only other matters of detail not necessarily Socialist I wish to raise, are those which Mr Scott-Hopkins raised regarding tomato concentrates. If I may cease to speak, for a moment, on behalf of the Socialist Group and speak exclusively from the British angle clearly the problem of tomato concentrates, which we have debated a number of times in this report, remains extremely sensitive. The wording in the Ligios report is unacceptable to the British interest as it stands, and I trust, when we come to vote on that, Mr Ligios will understand why. We do not in Britain have a particular health standard in order to prevent the import of Italian tomato concentrates. We have had that health standard for a long, long time — since long before we joined the Community and long before there were equivalent health standards in other Community countries. It is a little unrealistic to suggest that we are only doing it either to erect a non-tariff barrier to trade or because we wish to maintain traditional supplies. We are already being asked to pay more for this product than would otherwise be necessary, and we hope, as stated in the amendment which I shall certainly support, to see the raising of hygiene standards throughout the Community to the highest levels. Do not ask the health authorities in Britain to put our population at risk.

*(Applause)*

**President.** I now call Mr Brugger to speak en behalf of the Christian-Democratic Group (EPP Group).

**Mr Brugger.** — *(D)* Mr President, ladies and gentlemen, in the time allotted to me as spokesman for the Christian-Democratic Group, I do not intend

to go into the details of the various measures contained in the Commission's package of proposals for the Mediterranean region. As we have heard, Mr Ligios' report on behalf of the Committee on Agriculture and the opinions of the Committee on External Economic Relations, the Committee on Regional Policy and the Committee on Budgets contain enough comments on the details expressed with sufficient clarity as to make any further comment virtually superfluous. In particular, though, I should like to thank Mr Gundelach for the clarity of his comments, and I think I may take this opportunity of addressing a special word of thanks to Mr Ligios on behalf of my Group for his knowledgeable remarks and for his untiring efforts in the cause of improving the quality of life of the inhabitants of the underprivileged Mediterranean regions, in particular the Mezzogiorno, in other words those areas in which the per capita gross domestic product — as the Commission's report will testify — is some two and a half times below the Community average. Special thanks are also due to the Commission for giving the planned measures the form of a regulation in order not to delay the implementation of the proposals, which would undoubtedly have happened had the proposals been made in the form of a directive. But there will also be delays in implementing the regulations because it is unfortunately a characteristic feature of the underprivileged regions that their institutions and organizations are less experienced, and hence slower-moving than those of the highly-developed areas of the more central and northerly parts of our Community. For this reason alone, the Commission should anticipate the initial and terminal phases of the proposed measures — which are restricted to a five-year period — being rather longer, especially as regards the structural measures.

Moreover, the economic and social problems of the Mediterranean region — in particular the Mezzogiorno — are, as we have heard, so complicated and multifarious — especially when we consider the additional problems which enlargement of the Community will bring — that these measures, restricted as they are to a period of five years, can be no more than a first tentative attempt at systematically applying Community funds. In view of the fact that in these areas it will be necessary to change the traditional rural mentality and overcome an outdated social structure, I regret the fact that no headway has so far been made on the proposal to set up an agricultural advisory service, particularly in the Mezzogiorno.

There are in these areas isolated examples of efficient and profitable agricultural holdings, which convince me that there is a real chance of an economic upturn. But first of all the inhabitants of these regions must be given guidance, and this would be the primary task of a expert and trustworthy advisory service.



## Brugger

History has shown that the farmers in these regions in particular — and this is something the rapporteur touched upon — were often duped, and because of this they are suspicious of anything new and of the activities of the local authorities. To my way of thinking, the most important thing is to regain these people's confidence. We cannot expect the large — all too large — agricultural population in these areas to have unreserved confidence in the European institutions if hard facts prove that, for example, the prices for the fruits of their soil and their labour are much less effectively protected by the Community than are the prices for agricultural products from the more central and northerly parts of the Community. Despite a climate which is not conducive to work, the farmers of the Mediterranean region are hard-working people so long as they are not harassed, and so long as the income from their work is sufficient to enable them to keep body and soul together and looks likely to increase in time to the Community average. This will not be possible until the Community's Mediterranean agricultural products are forced to compete openly with the same products from associated states in the Mediterranean region, in which agricultural labour costs are even lower by far than those of the poorest Member States of the Community.

For this very general reason, it naturally follows that the wealthier Member States have a duty to provide assistance to, and show solidarity with, the poorer and underprivileged Member States by way of the Community institutions.

The measures proposed in the Mediterranean package to support the prices of certain typically Mediterranean products undoubtedly represent a great advance on the situation up to now. But because of the package's deficiencies and limited period of effectiveness, I regard this as more of a praiseworthy experiment than a lasting solution. I could imagine that the experience gained in the 5-year period will lead to a more lasting and more comprehensive system.

The Common Agricultural Policy is based on the idea that the Community's agriculturally usable land should be devoted to the production of whatever is most profitable in a particular area, with care being taken to avoid structural surpluses. The Community's agricultural market would then be responsible for striking a balance between supply and demand in the range of produce from the various Member States.

The statistics show, for example, that in 1975 Italy imported 2½ thousand million dollars' worth of meat and livestock, with imports from the Member States of the Community accounting for 2 000 million dollars of this. In 1970, the Member States of the Community imported 230 000 tonnes of citrus fruit from Italy, compared with only 148 000 tonnes in 1975, which represents a fall of 35 % in the space of 5 years. Exports of vegetables fell by some 6 to 7 % between

1970 and 1975, whereas the same period saw a considerable increase in Community imports of the same produce from third countries. Perhaps this example will prompt the Commission to look for ways of regulating imports from third countries — in particular associated states — to give a reasonable amount of preference to products from the Member States of the Community.

There can be no doubt that the underprivileged state and the low level of profitability of agriculture in the Mediterranean region are due in part to the unfavourable agrarian structures and to the fragmentation of the land, resulting in excessively small agricultural holdings. For this reason, we welcome all the Mediterranean package's proposals to improve the structure of the region. The aim of these measures is to improve productivity and raise the level of income in agriculture by intensifying cultivation and by rationalizing holdings and working methods. But this aim can only be achieved if there is a drastic reduction in the proportion of the economically active population engaged in agriculture. Those people leaving agriculture must be able to find alternative employment in non-agricultural sectors of the economy, and for this — as we heard earlier — we shall need regional and social measures to supplement the measures proposed for the agricultural sector. Intensive farming — despite more efficient working methods — can undoubtedly provide employment for more people than can, for instance, the holdings devoted to non-intensive grassland farming. The important thing is to use the producers' associations and cooperative institutions to ensure that agricultural produce stays in the hands of the farmers' organizations right from the producer stage through storage, processing and marketing down to the sale of the finished product direct to the consumer. In this way, new jobs in the processing and distribution of agricultural products could be created in the agricultural organizations and institutions.

The structural measures for the agricultural sector should not necessarily be applied exclusively to full-time holdings. Efficient smallholdings have also proved their worth, so long as these small-scale farmers and smallholders have access to additional sources of income. Typical additional sources of income in the Mediterranean region are in the hotel and holiday trade, as well as in the craft industries and in small and medium-sized industrial undertakings in the vicinity of the village. In the underprivileged areas of the Mediterranean region, in particular the Mezzogiorno, the population's quality of life must grow organically from the roots upwards, making use of whatever openings are available, which means first and foremost agriculture.

It has become evident that the needs of the population of these areas cannot be satisfied simply by the

**Brugger**

creation of a few jobs in large industrial undertakings. The larger industrial plants are undoubtedly the best way of bridging the present gap in the standard of living by the creation of a large number of much-needed jobs. But these undertakings can only prosper once the infrastructure — in the widest sense of the word — has been fully established. I therefore fully concur with the Commission's decision to make a start with measures designed to improve the profitability of agriculture in the Community's Mediterranean regions.

**May I** be permitted finally to urge the Commission to submit a proposal for a regulation to the Council to prevent the further fragmentation of small agricultural holdings in the underprivileged areas.

*(Applause)*

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

**Mr Cifarelli.** — *(I)* Mr President, in my opinion, what distinguishes the work of the Commission and the rapporteur is the attempt, which I feel has been fairly successful, to bring some kind of order to this matter. It is an issue which is both urgent and complex, and it is time we made up our minds on some basic policy.

This is why I want to stress especially what we heard from Mr Gundelach earlier. He told us that there were underdeveloped regions other than those in the South, and that what was said about some other regions should not be confused with the argument concerning the southern regions. Furthermore, he added, the situation in the South of the Community is marked by a variety of distinctive features which must be taken together.

In a notable report prepared by experts at Parliament's request, we find that included among the southern regions of the Community — in Italy, at any rate — are regions which back home we consider to be highly industrialized, i.e. the industrial triangle comprising Piedmont, Lombardy and Liguria. The report also informs us — even allowing for the fact that lower productivity in the agricultural sector is a common phenomenon — that the difference between regions is greater in the agricultural sectors than in others. The productivity index in agriculture varies more widely than the index for economic productivity in general. In the case of agriculture, it ranges from 49 in some regions to 181 in others, 100 being the reference value. For the economy in general, the figures range from 53 to 135. I agree, the differences are great even for the overall economy, but they are worse when agriculture is considered alone.

This leads me on to say that, in the past, we have criticized the exclusively agricultural approach to the

problems of the Community's southern regions. There can be no denying that their weak economic position is primarily a function of their agricultural economy, but it is clear that we need more than agricultural solutions to solve the problems of these regions — we need solutions which are more comprehensive. In this connection, I should like to express my Group's approval of paragraph 5 of the motion for a resolution, where Mr Ligios underlines the importance of measures in non-agricultural sectors such as tourism, artisan trades and water control.

For twenty-odd years now I have been personally involved with development policy and its impact on the underdeveloped regions. I have been deeply involved, for example, with that vast underdeveloped region in the south of Europe and Italy known as the Mezzogiorno. In the light of my experience, I must say that, when it comes to planning and results in both the short and the long term, it is vitally important to distinguish between the various areas of this region. Nonetheless, taken as a whole, the region is extremely weak in comparison with other regions in Italy or the rest of Europe.

After these preliminary remarks, I should like to express our agreement with the conclusions of the Ligios report, and also with the points made by Mr Gundelach.

The Ligios report severely criticizes — and in some detail — the market organization for olive oil. I am bound to say that our Group echoes this criticism. At the same time, however, we have taken note of the assurances given by Mr Gundelach, who urged the scrapping of the old system, with all its faults, and the introduction of a new system, even though it may present other faults.

Mr Gundelach, I am not one for doing nothing, and I should like to advise the Commission to go into a number of basic points, such as olive oil policy in the general context of a policy for vegetable oils. Special attention must be given to production costs, in view of the special factors involved in the cultivation of this typically Mediterranean crop. I should have said it before and I shall say it again: we are not dealing here with a seasonal crop, but with one which is rooted in history. In our opinion, if these traditional olive-growing regions are hampered in their development, there is a risk that they could decay, both historically and physically. You could argue whether olive groves should be expanded, but we cannot allow nothing to be done in the regions where olive oil is already being produced, because that would lead to a whole series of economic, ecological and social problems. We also want to stress the need for suitable measures to direct production to table olives. There is a market for these, and they are a bonus for this fundamental product of Mediterranean agriculture.

## Cifarelli

We generally agree that the steps to aid Mediterranean agriculture have to be improved, but we must not transfer to these regions the whole series of measures that have been applied to major products such as, wheat, milk, meat and so on. What I mean is that, if the Community has misgivings about the failures caused by the present systems introduced as a result of earlier regulations, we have no desire to apply these regulations *en bloc* to Mediterranean products. However, we must not forget the fundamental fact that the weak position of these products is a result of the inadequacy of current legislation. This is of great importance. I am sure that Mr Gundelach, who knows the north-west of Europe so well, will realize how little these products from the South are aided by the Community preference scheme.

The profound measures envisage strengthening producer groups, encouraging agreements between different sectors and making market guarantees automatic so that imports from outside the Community are not dealt with only after they have disrupted the market. We approve of all these measures, and feel that they are an indication of the path to follow. We do not want any apple mountains or pear mountains, nor do we want the system to creak into action once the damage has been done. We do not want to increase the use of the mechanisms which make agriculture in Europe a kind of closed shop — which is the bitter criticism we hear from some people — but we want to make certain that enlargement will enable us to absorb new areas of production into the Community without any ill effects. Indeed, we ought to look to these new areas for an improvement in the system of supplying the whole Community.

Speaking as an Italian, let me just say that the problems which Greek, Spanish and Portuguese membership of the Community is going to pose with regard to olive oil, wine and a few other products, prompt me to highlight the need for the system to be set up in such a way that we can avoid economic upheavals which would rock the Community. In reconsidering the system, we should be foreseeing the shift in the economic weight and importance of Mediterranean products which is bound to come with the accession — which we certainly favour — of the three countries I mentioned a moment ago. In this respect, we fully endorse the criterion put forward by the Commission and backed by the Committee on Agriculture and by Mr Gundelach. We have to concentrate on quality products and specialization. This is why we want protection for olive oil and a proper updating of the register of vineyards. In this way things will be done properly, avoiding any hit-or-miss approach, and we shall be able to give some protection to the production of wine in the Community's Mediterranean regions. For the same reason, we approve the measures for the replanting of vineyards in the Languedoc region of France.

So much for products, Community preferences and the strengthening of producer groups. What I want to say now is that, very often, the faults in the system are the result of the industrial advantages we seek to the detriment of the Community's agricultural production. The Common Agricultural Policy came under pressure when difficulties started to beset the international monetary system which, since Bretton Woods, had ensured stable exchange rates. The Common Agricultural Policy has become more and more difficult to manage in the context of the world economic situation. However, if we take an overall look at the agricultural policy, we notice that the Community has frequently sacrificed agricultural production — just think of all the agreements we have signed with various countries around the Mediterranean — for the sake of industrial production, in order to sell machines or entire factories.

The problem really begins to widen here, but I am mentioning all this merely to point out that, in asking for significant action from the Community for the Mediterranean regions, we are asking it to meet the vital need for reform. In this sense, there is a decisive part to be played by the coordinated action of the Funds: the Regional Fund, the Social Fund and the Guidance Fund. If I may say so, I agree with those who insist that there should be a ceiling on the expenditure of the guarantee section of the EAGGF and a planned and increasing trend towards using the guidance section of the Fund.

I just want to make two more comments, Mr President, about the Community's immediate measures. We fully approve of the Commission's decision to go ahead with a regulation on the whole range of so-called structural measures, particularly in connection with irrigation. This will mean that they can be applied immediately. In this connection, too, I should like to reiterate what Mr Brugger said concerning land consolidation, in order to solve the problem of fragmental holdings which plagues many regions of southern Europe. I also agree with what Mr Ligios said in his report, namely, that the problem of irrigation must be set in the context of the problems of land conservation, with which it is linked. If there is one problem which is a source of tremendous concern in Mediterranean Europe, it is the problem of land conservation. The national governments are to blame if the problem has been neglected. As the sad result of other more immediate and often doubtful requirements, economic and financial resources have often been directed away from this basic need. The country I come from has the greatest number of areas where landslides are common. It is a country where flooding and natural disasters produced a certain amount of damage, but where they now produce ten times as

**Cifarelli**

much. In Italy there is a law on land conservation, but the necessary funds are still lacking.

Now, it would be ridiculous if the Community took over where the Member States were failing, but it would be a good thing if the Community could apply a bit of pressure, encouragement and support to instil a greater sense of responsibility and collaboration on these basic objectives.

Before I finish, I want to sum up our thoughts and the reasons why we agree with this report. We are in complete accord with the proposals put forward by the Commission and the opinion voiced by the rapporteur on behalf of the Committee on Agriculture. We agree primarily because these proposals are designed to establish, in the long term, a balance between the supply and demand in Mediterranean products. We also agree because their aim is to put quality before quantity, because they aim to ensure the development of trade within the Community, and above all because they are designed to eliminate the fiscal discrepancies which are the increasingly disagreeable legacies of former nationalistic and protectionist systems. Not only do we still have to put up with customs and passport checks within the Community, but we still have excise duty and other red tape, mainly for fiscal reasons, which hinder trade in products such as Community-produced wine.

With our vote in favour of these proposals, we are asking the Community to accept new responsibility and to renew its efforts. Mr Gundelach said earlier — and I agree with him — that this is not a sop, a half-hearted effort, on behalf of the Mediterranean regions. A considerable effort is being made, and it is going to grow. It is an effort which has to be matched with the proper awareness.

Let me give you an example. If we go and tell the farmers in these regions, 'We are going to help you with the arrangements for storage, distribution and use of water for irrigation purposes', we have to plan what these farmers are going to produce. Those who have any experience of these regions will know only too well how often production has been steered in a certain direction, only to be abandoned when failure followed.

I am very much against 'stop-go' policies in economics. It is all very well to aid successful products and to cut back on those where there is a surplus. But this will never bring about the radical changes which are essential if we are to eliminate the inferior economic and social situation of these regions of the Community. This is the thinking behind our approval of the proposals before Parliament today.

*(Applause)*

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

**Mr Liogier.** — *(F)* Mr President, ladies and gentlemen, the time has come to take stock of the European agricultural policy. A failing in the present agricultural policy is that Community preference has been progressively abandoned. EEC import policy, excessively tolerant in our view, has left the door wide open to speculation and fraud. And at the same time Europe's deficit in agricultural foodstuffs is increasing. This Community preference, which moreover operates to the advantage of EEC countries in deficit when there is a shortage on the world markets, must be strengthened as part of a dynamic trade policy. In view of this situation, we must give a great deal of thought to the main problem facing us at the moment, namely EEC Mediterranean policy, a crucial problem which Mr Ligios has very well outlined in his excellent report, the main principles of which we support.

In fact this is a major problem, particularly for our fruit production, vineyards and sheep rearing — which will be dealt with in a moment by my colleague, Mr Herbert — which are central elements in this Mediterranean policy for the economic balance of our region.

With regard to fruit, in order to protect itself against dangerous imports, and since levies are out of the question, the Community's chief weapon is customs duties, but there is also an additional system which was introduced for particularly vulnerable varieties of fruit; under this system reference prices must be adhered to, which is all too often not the case, the main culprits being certain countries of the Mediterranean basin, even though they have the advantage of an association agreement.

Over the last few years we have thus had to face very great problems in the sale of our peaches, pears and apples, resulting in withdrawals, sometimes of very considerable quantities, which were construed in various ways, often negatively. These withdrawals from the market, however, were intended to restore the balance between supply and demand and, even though they did not always succeed in adjusting prices, at least with regard to production costs, they doubtless helped to prevent any general and spectacular plummeting of exchange rates. Withdrawals, grubbing-up and discipline have thus brought us nearer to establishing some sort of balance between supply and demand.

These efforts have meant considerable strain and especially considerable costs for the sector in question. It is very likely that the delicate balance achieved will be jeopardized by the agreements which are being or will be concluded between the Community and the countries of the Mediterranean basin, or even simply by the enlargement of the present Community to include Greece and Spain, countries which have very much

**Liogier**

the same type of fruit and wine production as France and Italy.

Faced with these possibilities, and after a warning on this point, the Commission considers that the time is ripe to raise the question of adjusting Community arrangements not only with regard to third countries but also with regard to intra-Community trade. Specific rules must be laid down straight away to ensure that the system of Community preference is actually complied with. Intra-Community trade must be covered by adequate provisions designed to reduce the present Community's shortcomings and thus to put an end to distortions of competition resulting from monetary imbalances, inequalities in social security and welfare costs, and more or less suspect commercial practices.

The same arguments apply to wine: the causes of the crisis in the European wine market are primarily structural, thereby highlighting the failure of present Community mechanisms to adapt availabilities to requirements and their inability to curb production geared to quantity at the expense of quality.

This question of wine is obviously a European one since the two largest wine-producing countries in the whole world exist side by side within the Community. The foremost aim must be to establish an acceptable balance between France and Italy to ensure the optimum development of production in these two countries as well as genuine compliance with Community prices sufficient to guarantee the producers' incomes in both of them. A balanced Mediterranean policy begins at home in the Community; it follows from this that, to be accepted, the free movement of goods must be based on a Community price which is complied with throughout the EEC. And we are pleased, by the way, that the Commission has proposed a minimum price for the marketing of wine. But more is needed. A Community balance must take account not only of volumetric comparisons of resources and requirements and areas of a specifically wine-growing character, but also of the need to close the gap between production and demand in quality terms. Furthermore, the concern felt by European producers, and French producers in particular, might well increase if the overall Mediterranean policy were to open the way to large-scale market penetration by wines from Spain, Greece and the Maghreb. These three large areas have one thing in common: low production costs. But each of these areas, for historical or geographical reasons, poses a special threat to Community wine-growing. We must therefore pay particular attention to ensuring the effective implementation — *before any further expansion of trade* — of a wine-growing policy based on controlled production the reinforcing of quality standards and the supervision of exports. Thus we cannot hope to introduce a real Mediterranean policy with any chance

of success without first achieving success with our agricultural policy for produce from Southern Europe; despite considerable efforts by the producers in this region, it has so far proved impossible to achieve this for technical, economic, monetary and tax reasons, almost all of which have nothing directly to do with the sectors concerned. These prerequisites are necessary, but they are still not sufficient and in no way predetermine the whole range of further measures which will have to be considered at both national and Community level.

*(Applause)*

IN THE CHAIR: MR HOLST

*Vice-President*

**President.** — I call Mr Vitale.

**Mr Vitale.** — *(I)* Mr President, ladies and gentlemen, this debate, in spite of the clarity of the Ligios report and the quality of the contributions here today, is distinguished by a fundamental failing which prevents a proper assessment of the Mediterranean package proposed by the Commission. This failing is that the package and today's debate are completely divorced from the proposals on agricultural prices which we discussed at the last part-session. We outlined the path that agriculture is going to follow in the coming year when we looked at the problem of price levels, compensatory amounts, interrelation of various prices, supplementary measures, investment plans and production and marketing schemes. Whether we like it or not, today's debate is bound to seem like a somewhat discordant afterthought, tagged on to the general outline of an agricultural policy, the distinguishing features of which are in fact price support policies. This is what the Hughes report was about last month. I hope that the Council of Ministers, when it meets for its marathon at the end of the month, will consider this year's agricultural prices and the Mediterranean package together on the same agenda. I hope the Commission will support this idea and that Parliament will endorse it. I trust that the House is not going to subscribe to the equivocation that has been the source of our inspiration until now, with the left hand not knowing what the right hand is doing.

I just want to comment briefly on the proposals that have been put forward. Taking irrigation, the Community's basic plan is to finance subsidiary irrigation networks where dams and main channels already exist to conserve water. This decision indicates an intention to apply Community aid to level areas which can be irrigated for fodder crops and livestock farming. We are back to the old idea of the 'continentalization' of the Mezzogiorno.

**Vitale**

We are against this idea. The plains in southern Italy must be left to grow their traditional crops. Naturally, we have to make sure there are no surpluses, but we have to make the most of what these areas can offer the world market. I have in mind the exploitation of these crops as the raw material for a food industry with low production costs and high profitability. I am thinking, for example, of frozen and preserved foods which could be of worldwide importance for southern Italy, according to a recent report by the Nestlé company. This does not mean that we have to exclude livestock farming in the South, but rather restrict it to the mountain and hill areas of the interior, to land which is little used at present, as part of a wide-ranging plan of assistance which will also include improvement of pasture land and the creation of mixed holdings for livestock farming, crop growing and forestry.

I do not want to spend time on the other proposals because on the whole I agree with what the rapporteur said. However, I should like to say a couple of words about olive oil. The reasons which have prompted the Commission to make changes in this sector are commendable. Firstly, because we really have to eliminate waste and swindling, and secondly because we have to try to reduce the price of olive oil to the consumer. These are quite objective problems, but the Commission has come up with the wrong solutions. You cannot get rid of swindling and waste by reducing the support price. If we do this, we could well be throwing out the baby with the bath water. In the same way, you cannot get round the problem of the consumer price by giving part of the subsidy to those involved at the marketing stage, who are the people chiefly to blame for price increases. On this point, we can only repeat what we have already said, both to Mr Gundelach himself and here in the House. Let me make it quite clear that our proposal covers two points. Firstly, olive oil subsidies must not be paid to everyone, indiscriminately, but only to those who can show that they have tended their trees properly and actually picked their crop of olives. In this way we could tackle the problem of attempted swindles. Secondly, the intervention agency should be authorized, at the beginning of the season, to buy 10-12 % of market requirements at normal market prices in order to counter any subsequent speculation involving price increases. This would be much more effective and obviously above-board than the Commission's proposal to subsidize the marketing sector in order to bring down the price of olive oil.

I shall finish on a general note. Whenever measures are proposed for the Mezzogiorno, we always have to take into consideration — as happened on this occasion — the smallness and fragmentation of agricultural holdings. This is the major problem in the

South. How are we going to manage to get these thousands of small farmers involved in the process of reform? This is the first problem we have to solve if we do not want our proposals to fall on stony ground. It is precisely for this reason that I want to propose, as I have done on several occasions in the past, a serious review of the 1972 directives. These were drawn up when the economic situation was quite different and their aim was purely and simply to eliminate this social category. In the current economic situation we need a different strategy. We want not to isolate these small farmers but to encourage their participation by promoting producer groups, and offering a network of economic and technical assistance and an income subsidy which is an incentive to make changes.

In short, we accept the Mediterranean package for what it is: a still over-cautious and incomplete attempt to tackle problems which go beyond the scope of the proposed measures. It is not a satisfactory solution, but at least it shows that the Commission is trying, and this we acknowledge. This will explain why we intend to abstain from voting.

**President.** — I call Mr Albertini.

**Mr Albertini.** — *(I)* Mr President, I must first of all congratulate Mr Ligios. His report is noteworthy not only for the amount of research and analysis that has gone into it, but also for its assessments of future trends with which I largely agree.

It was at the stress Conference in 1958 that Sicco Mansholt stated that the agricultural policy of the Community should be based not only on price controls but also, and essentially, on direct action for structural reform. Until now, however, Community spending has been almost exclusively in the area of prices and markets, and it has been left to the individual Member States to deal with the problems of structural reform, with all the limitations and shortcomings that this entails. The result is that the Community has spent very little money on agricultural reform in comparison with what has gone on direct aid to support prices. The gap between areas and countries such as Italy, with a backward and disjointed agricultural structure, and more advanced countries with protected prices for their products has thus continued to grow, jeopardizing Community solidarity. What was needed, and what is still needed, is a thorough review of European agricultural policy aimed at safeguarding its character and objectives. The need for this review has now become urgent with the prospect of three new Member States which will be direct competitors in the market for southern products. To echo what Mr Simonet said when he was President of the Council, we have to make sure that enlargement does not lead to situations of almost pre-revolutionary unrest in some regions.

## Albertini

We pay tribute to the Commission in general, and to Mr Gundelach in particular, for acknowledging these aspects of the problem and considering the issue of the serious imbalance arising from the common agricultural policy and the need to revise it in the more general context of the adjustment and development of the Community's socio-structural policy.

In tackling this problem, and in order to eliminate any risk of ambiguity, we have first of all to make an important point regarding method. The European Parliament must reaffirm its previous statements that it is in favour of the accession of the three countries which have applied for membership of the Community, namely Greece, Spain and Portugal. Their accession will be an event of historic significance, because it can be the final ratification of democracy in these three countries which were dictatorships until only a short time ago. However, it will also be significant because enlargement is certain to restore some balance to a Community whose centre of gravity has hitherto been in the north and centre.

Anyway, there need be no fear that the very existence and survival of the Community are threatened, as some people maintain. To be sure, there will be problems, especially for the economy and more particularly for agriculture in southern Italy and in some of the Mediterranean regions of France. But it must be obvious that, even without the entry of the new Member States, we can no longer ignore the pressing need for sweeping changes in the process of Community integration and a thorough review of various common policies, especially the agricultural policy. The agricultural policy is in a bad way, primarily as a result of the currency upheavals of the last ten years. There can be no denying that the very principles underlying the common agricultural policy have been queried and betrayed to a significant extent. I do not believe that anyone will deny that we have got nowhere with the complicated system of compensatory amounts, which are as artificial as they are damaging, in the attempt to restore to prices and markets a harmony which was disrupted long ago. Nor can we say that Community preferences have been properly respected, especially in the case of Mediterranean products. And there has never been any real effort to apply the criterion of financial solidarity which was supposed to restore the balance and which has instead led only to more imbalance.

Consequently, the enlargement of the Community affords a priceless opportunity to revise the common agricultural policy thoroughly. It is not enough to make the odd amendment to this or that regulation, nor simply to allocate new funds to get southern agriculture out of its state of chronic crisis.

Our aim must be a genuine transfer of resources from strong countries and regions to weaker regions. Looking at the problem in this light, we cannot

blindly accept the Commission view that what has been done hitherto must not be queried.

Of course, nobody wishes to dismiss lightly the social and political achievements of the Community. But if the result of integration is a widening gap between the regions and the economic sectors of Europe, it is obvious that we need a drastic overhaul of the mechanisms used hitherto. In fact, they have achieved quite the opposite of what the Community set out to do, i.e. to restore sectoral and territorial balance. We feel that there has to be an overhaul not only of the agricultural policy but of the entire economic policy of the Community. Economic and social planning must be the distinguishing feature of this policy. This is the sense in which the common agricultural policy has to be revised. It ought to concentrate on structural policy rather than on price policy and in certain cases pursue a policy of income subsidies as a means of redistributing resources. In addition, if these objectives are to be attained, the policy must be based on the serious reform of market organizations, and not only of those dealing with Mediterranean products. You cannot expect to restore the balance of the common agricultural policy without considering the market organizations for the products, the central and northern regions.

In this connection, I ought to point out that it is wrong to attach the tag 'Mediterranean' to European regions on the mere grounds that a certain percentage — 40 % is the figure proposed by the Commission — of their total agricultural production consists of Mediterranean products. This gives a completely wrong picture. We shall end up calling Mediterranean those regions in northern and central Italy which in many respects are closer to mid-European regions.

It would be much more correct to define Mediterranean regions on the basis of agriculture, eliminate and soil structure. In this way we shall be able to identify areas which are socially and economically similar.

Naturally, I am not suggesting that massive financial aid is not required for the Mediterranean regions. All I am saying is that the criteria for assistance must be changed.

A new agricultural policy linked to the Mediterranean policy for the accession of the new Member States showed lead, for example, to diversified production in the Mezzogiorno, so that this region can make better use of existing resources, and help to improve the balance between food production and requirements in Italy.

Better protection of Mediterranean products through a better application of the principle of Community solidarity does not necessarily mean increasing surpluses in the Mediterranean sector, so that we then have mountains of these products along with mountains of northern products. What we have to do is diversify production in the South and make sure that

**Albertini**

the ridiculous situation does not arise whereby there is a shortage of some agricultural products, thus necessitating massive imports, at the same time as there is a surplus of others. This does not mean that we have to gainsay the principles on which the Community is based and resort to policies of economic self-sufficiency. It merely means that we do not want a large geographical area such as the Mezzogiorno, and indeed the whole of Italy, to fall below certain levels of self-sufficiency.

Along the same lines, if we want to introduce planning for our agricultural food resources at a European level, we have to take a much more determined look at the links between production, processing and marketing. I shall come back to this later when I deal with the amendment to Regulation 355/77. All I want to say here is that the drop in imports of Mediterranean products from Italy to other Community countries proves that there is a problem of getting these goods to the markets. The problem is one of differing marketing and processing structures.

This point leads me back to what I said a few moments ago on the pressing need for a review both of structural policy and of price and market policy.

The delays which have occurred in every Member State and the minimal results from the 1972 socio-structural directives show that there is plenty of scope for change in the framing of structural policy in the Community. The destabilizing effects of the price policy also go to show that a complete rethink is needed, with a view to restoring to prices the importance they had when the common agricultural policy was first introduced. The idea then was to have a potential reference price which allowed regional fluctuations within a certain range and gave costs a greater role in the fixing of prices. The Commission has been pushing this idea of the objective method for years without ever really getting to grips with it. If we could find a different market and price instrument, and restore the balance between Mediterranean and Northern products, we could release the funds which are needed for structural reform and the improvement of infrastructures.

We have to consider these points when we look at the proposals contained in the Mediterranean package. In this respect, it is clear that the package is acceptable, but that it must go beyond the adjustments which the Commission has proposed.

One point springs to mind concerning the fact that these definitely useful measures for the Mezzogiorno are to be accompanied by a review of regulations such as the one on olive oil. This is all very well, but it presupposes a review of the market system for other products. I want to make it clear that I think it is a good idea to review current market procedures for olive oil, but I am amazed that the Commission has chosen to start with the market organizations for Medi-

terranean products rather than those products that are in surplus. Apart from the measures regarding milk,— which had the defect common to so many Community measures that they applied a uniform approach to widely differing situations — the Commission has simply taken a unilateral decision in its efforts to curb production by beginning with Mediterranean products: wine first and then tobacco grown in the area around Benevento.

Let me say again that if it is right to avoid surpluses of typical Mediterranean products with the resulting drain on guarantee and support funds, it is only fair to ask why the same policy is not applied to curb production and expenditure in connection with northern type products in other Community areas.

Fairness and equality are not achieved by treating dissimilar situations in a similar fashion, — this only leads to real injustice — but by applying different solutions to radically different problems. The Mezzogiorno and the other Mediterranean regions of the Community are to be protected not only by the measures which the Commission has proposed but also by amendments — as I said before — to the market arrangements for northern products, as a part of a plan to curb production and expenditure in the richer regions and to provide support for production in the Mediterranean regions. In this way, we can guarantee a reasonable level of supplies.

Looking at the measures in the Mediterranean package a little more closely, I must say that I generally agree with the motion for a resolution in the Ligios report, as it incorporates a fair dose of criticism, although I do feel that more radical changes are needed than those which figure in the Commission proposals. It would be a good thing to amend one or two points in the motion for a resolution.

On the basis of the need, which I mentioned earlier, to stimulate expansion of certain products in the Mezzogiorno while curbing production in other regions of Europe, a proposal from our Group has been incorporated in paragraph 12, which underlines the need for a reasonable level of self-sufficiency in the South in the case of livestock farming.

In the light of the general remarks I made earlier, we obviously approve of the structural measures and those concerning the improvement of infrastructures such as roads, water and electricity. These are initiatives aimed at attaining an objective which is now part and parcel of Community thinking: the improvement of the quality of life in rural areas which have been neglected for so long. Furthermore, the impact will be economic as well as social, because any improvement in environmental conditions is bound to affect agricultural production.

Equally acceptable are the measures designed to raise the production of peas and field beans in order to increase the supply of protein for animal feedingstuffs.



**Albertini**

In this way we shall be able to reduce imports of other animal feeding-stuffs and gradually replace them with Community products.

The measures relating to fruit are also acceptable, although one wonders whether they go far enough. One idea that is worth mentioning again here is that the best way of encouraging structural reform in the agricultural sector is to strengthen the bargaining position of producers by creating and expanding producer groups, and by encouraging closer cooperation between the producing, processing and marketing stages.

This is the background to the proposed amendment to Regulation 355/77. But I ought to make it quite clear that if we really want to help the Mediterranean regions, the Commission must be urged to carry its approach through to its logical conclusion. Priorities must be established, not in a relative sense as they occur in the proposal, but in an absolute sense. What I mean is that we have to channel all our financial aid to improve processing and marketing systems solely in the Mediterranean regions and — for reasons of fairness and Community solidarity — in the other less favoured regions of the Community which have been determined in accordance with the parameters and criteria for underdevelopment which have been applied elsewhere by the Commission and the European Parliament.

Olive oil has already been mentioned in general terms. Here I want to emphasize the correctness of the approach outlined in paragraph 38 of the motion for a resolution, in which Parliament asks for the overall problem of oils and fats to be looked at. This is the only way of going about things, since we shall be able to lay the groundwork for a modification of the market organization for olive oil only if we change the system for other vegetable and animal fats and make sure that they are properly linked. We are ready to give our support to paragraph 41 on the need for an effort to modernize production, although this effort would be wasted if subsidies were restricted to existing olive trees alone. In addition, some kind of income subsidy should be included among the measures to be taken in borderline cases.

I should like to finish by thanking the House and the Commissioner for their attention, and by repeating that the Commission's Mediterranean package, albeit not the ideal solution or the panacea for all the ills of Mediterranean agriculture, is without doubt the first step towards tackling on a serious basis the critical situation of the agriculture sector in these depressed areas. It deserves our approval, and I hope that it will encourage a thorough review of the entire agricultural policy of the Community in the way that I have indicated during my speech.

**President.** — I call Mr Power.

**Mr Power.** — Mr President, I would like to welcome this report by Mr Ligios, on behalf of the Committee on Agriculture. For our group, it represents a practical recognition of the imbalances between the richer and the poorer regions of the Community. We have waited a long time for these proposals, and we certainly hope that they will shortly be adopted and implemented to the satisfaction of all concerned. If we have our priorities correct, we must deal with this problem before we attempt monetary union or before any enlargement becomes a reality, particularly as the three applicant countries are all situated in the Mediterranean region.

However, I do not consider that enough has been done in the global sense to recognize the imbalances and disparities between the richer and the poorer regions of the Community. I am referring here to other regions of the Community whose disadvantages have not yet been sufficiently recognized. The western half and the mountainous areas of my own country immediately come to mind, and I think too that parts of Wales and Scotland might possibly also be included. Mr Gundelach himself here this morning mentioned the West of Ireland specifically, and I commend him for his kind thought. Commendation from a source that is often critical should be rather sweet in the Commissioner's ears, I feel. Here in the West of Ireland and in the mountainous regions of our country, we have areas that suffer the same disadvantages as the Mediterranean regions. The arguments that have been put forward for the Mediterranean proposals — economic underdevelopment, low *per capita* gross national product, a large agricultural labour force, higher-than-average birth-rates, reduced possibilities for emigration and the absence of a suitable environment and infrastructure for industrialization — apply, I think the House will agree, in equal measure, and possibly even to a greater extent, to parts of Ireland. Indeed, a recent visit to Sicily made me envious of the wonderful motorways that Italy has provided, motorways in remote parts of the country. Such a road system must commend itself to prospective industrialists who would wish to settle there. They are sadly lacking in our country: we do not aspire to a motorway system, but we would settle for good roads.

I am very happy to see that last week the Commission recognized the problems of the West of Ireland, and I welcome Mr Gundelach's undertaking to make specific proposals shortly for the West of Ireland and the mountainous regions, along the same lines as the Mediterranean proposals. I welcome this undertaking from the Commission: it is a pleasant response to the many requests by my group and the Irish Government and the many other Irish voices that have been appealing here for a practical recognition of the disadvantages for many years. I am told that officials from the Commissioner's office are today in Dublin to discuss these very problems, and I should like to express my heartfelt thanks to the Commissioner for his prompt response when he saw these conditions personally himself.

**Power**

I would like the Commissioner to indicate, possibly when he is replying to this debate, when we are likely to have some specific proposals for the West of Ireland, and what is likely to be contained in those proposals. If the Commissioner has not already made up his mind, I might like to make a few suggestions to him. The existing proposal for arterial and field drainage should be extended, and the level and amount of Community aid could possibly be increased. There is a great need for improving rural infrastructure, rural roads, electricity and water schemes, and telephone communications.

The ending of direct Community aid under Regulation 17/64 for rural infrastructure projects has left a very big gap in this area, and a new source of Community financial assistance would be very welcome. Perhaps an immediate and detailed examination of the problems of the cutaway bog would be timely, as the end of turf production in many of our areas is now in sight and alternative employment must be found for the employees in these areas who will soon become redundant. Aids under Regulation 355/77 to the processing and marketing of agricultural products could also be improved, not alone in the Mediterranean but everywhere I think. I am thinking here of the many excellent cooperatives that could utilize extra financial assistance to develop outlets for locally produced agricultural goods. But it is essential in this case that dairy products should not be excluded from Community assistance, as milk production is often the only source of enough income to survive in this part of the Community. The Commission's proposals for the West of Ireland and the mountainous areas could also make the structural directives more appropriate to conditions in these areas. As regards Directive 159 and the modernization of farms, I feel that a more flexible approach to comparable income could be adopted and higher levels of development aid could be made available. An increased effort is needed with regard to Directives 160 and 161 so that they can be made more effective in a region which has a large number of farmers in the higher-age bracket and which needs agricultural education more than any other region in the country. Under Directive 268 on less favoured regions, higher levels of aid and a greater Community contribution would make a significant impact on average income levels; in particular, increased headage payments to promote sheep and beef production could slow down the increasing move into milk production.

Finally, I would suggest some measures to promote the development of forestry in Western Ireland. In this region there are vast areas of land that are unsuitable for normal agricultural production but are very suitable for forestry. But the owners of this property lack the financial capacity and the knowledge to enable them to go into timber production, and what would really encourage forestry in an area like this is a system under which the landowners were guaranteed

some steady form of income until the forests themselves began to produce an income. There is an old saying that says, 'He who plants trees loves others besides himself'. And aid from this Parliament to forestry now would show that we are unselfish enough to think of the next generation as well as of our own.

These are some suggestions that I think the Commission could consider when proposing measures for the West of Ireland and the mountainous areas, and these suggestions relate merely to efforts that can be made on the agricultural front. But I hope that the introduction of these measures will not be used as an excuse to reduce efforts in regional policy and on the industrialization and social fronts. A recent report by the Agricultural Institute of Ireland showed that 27 000 farming families may have to leave the land during the next few years and a further 64 000 farming families will need to increase their production if they are to remain viable. So the problems facing these 91 000 families must not be ignored by the Community. The early introduction of measures, such as I have indicated, will help to maintain these families in rural Ireland.

In conclusion, may I say that I sincerely hope that the measures we are discussing today will do for the people in the South of France and the Mezzogiorno what the measures to be proposed in the near future will do for the farming Community in Ireland.

*(Applause)*

**President.** — I call Mr Lemoine.

**Mr Lemoine.** — *(F)* Mr President, the Commission has submitted to the Council proposals purportedly designed to ensure the development of the Community's Mediterranean regions. The Commission's experts point out that these proposals must be examined 'independently of the more specific problems connected with the enlargement of the Community', but they contradict themselves by going on to say that enlargement is likely to make the situation even more difficult. It is not merely likely, but that very much of a certainty, as witness recent debates in this Parliament during which I expressed, on behalf of the French Communist Members, the misgivings felt by those opposed to enlargement and which we had noticed in our meeting with all the active social groups in the South of France. In fact, the proposals before us today must be judged in the light of these plans, which are dangerous as they stand. Even though some of them are undoubtedly of value — e.g. irrigation, electrification, road building and improvement of the infrastructure — others are cause for considerable concern. An example of this is the abolition, from 1 July 1978, of the minimum import prices for tomato concentrates, which means that the Community market will eventually be open to products sold at dumping prices. Our Committee on Agriculture also holds this view.

**Lemoine**

Other measures also seem particularly serious for producers: for instance the conversion programme involving the grubbing-up of vineyards in the Languedoc-Roussillon region, which may affect up to 25 000 of the 140 000 hectares which exist at present. Despite all the Commission's promises, the wine growers are well aware that this will inevitably mean the closure of many farms and consequent unemployment. How, in fact, can these regions be converted to other Mediterranean crops which, in their turn, will also compete with produce from Spain, Greece and Portugal if the Community is to be enlarged as currently planned?

How can these agricultural workers find new jobs in industry, when unemployment in these regions is already twice the national average? All the more so since these proposals will bring about the decline of many small and medium-sized local food-processing industries. The measures which you propose would, at best, be ineffective and likely to have serious consequences for agricultural and economic activities which are already severely affected.

What you are really trying to do is to prepare these regions for enlargement by measures of an apparently technical nature, but which will entail troublesome restructuring and conversion.

What is more, how is it possible to deal with the problem of the wine-growing area of Languedoc without referring to the threat posed by the proposal to fix a 'floor price' at 70 % of the guide price, i. e. at present in France 8.40 FF/degree/hectolitre, while the market price is at present between 11 and 12 FF? This would totally deprive this region of protection for its wine production.

In the circumstances the French Communists are not pursuing an all-or-nothing policy; they are well aware that it is possible to think of more rational ways of using the land, which *a priori* implies striving for high-quality production. Thus, in our country, the National Institute for Agronomic Research has developed quality vines which at the same time give a reasonable yield. It has also made a survey of all the industrial uses to which vine products could be put (colouring agents, sugar, etc).

In our country we have also proposed a plan for the wine-growing industry to achieve the necessary balance between quantity and quality. But the common agricultural policy cannot disregard the special agricultural character of an entire region.

Therefore, although some of the measures proposed have welcome features and while taking account of the complexity of the problems raised, we cannot support this resolution and shall abstain from voting.

**President.** — I call Mr Gundelach.

**Mr Gundelach, Vice-President of the Commission.** — Mr President, I think, firstly, that the debate has been an extremely positive and constructive one and

has in the main demonstrated that the broad convergence of the views of the rapporteur and the aspirations and motivations of the Commission is shared by at least the majority of the Members who have spoken.

I therefore do not want to go back on the various explanations I made at an earlier stage but only to pick up a few points which have been a matter of some disagreement in the debate and make final comments on them.

There is no doubt — and I do not think anybody has expressed a doubt — that there is a very serious gap between the rate of development in certain areas in the Mediterranean and certain areas in other parts of the Community. I mentioned the obvious example of Western Ireland; there may be others. I would like, however, as I have done previously in debates on this subject here, to make one thing clear in order not to give a false picture: this unfortunate difference in economic development is not something which has its fundamental roots in the policies of the Community or in the creation of the Community. If you start arguing that way you are going astray. These differences in economic development actually go centuries back and have been accentuated over the last hundred years for reasons which obviously have nothing to do with the Community. Mr Cifarelli was quite right in referring to one fundamental difficulty — the abuse of the land and the destruction of the soil, which goes centuries back — it cannot be the responsibility of the Community. Mr Brugger referred to the human element. He knows I agree very much with that, because we previously worked together on another enterprise for creating a greater degree of co-responsibility with various groups responsible for the economy of our Community. I am very sensitive and very sympathetic, as he knows, to these views, which he put a very strong emphasis on. But what has been going wrong in this area predates the Community considerably.

Having said that, I think that what one can demand of the Community is that it shapes its policies so as to make a significant contribution to the narrowing of this gap. Because that is the responsibility of the Community, and the Community can be justly criticized if it does not pursue policies which make a significant contribution to the narrowing of the gap between the level of economic development in the most disadvantaged zones and the more favourably situated. That is what we are discussing — the Community's contribution to narrowing a gap. But I am deliberately stressing the Community's contribution, because the will must be there, from the level of the national political authorities down to the regional and municipal authorities and the peoples themselves, to make their contribution. No transfer of resources and know-how, no changes in market regulations in the Community will actually result in a more even

### Gundelach

distribution of wealth. It must be a joint effort of the Community and the peoples and the authorities of these regions themselves. If it is not a joint operation, it is going to fail. Therefore, do not just ask for transfers of money, ask for viable projects, ask for viable actions which will overcome the problems.

It is in this sense that we put forward these proposals, it is in this sense that we shall be arguing with the Council that is worthwhile making this effort. This includes efforts to salvage the land. Here, I refer to the proposals for irrigation and drainage and protection of the land by afforestation. This means putting people in a better position to deal with their problems. We shall not go in and do the work for them, but we should supply assistance — and there Mr Brugger was right too. It is important that such consultative assistance and other assistance at a human level is available. Because we are dealing with groups of people whose level of education is otherwise not sufficient to absorb the aid which comes in and transform it into a viable new agriculture. And thirdly, we shall produce agricultural policy regulations and such special measures as will make it worthwhile for these people to compete in what I hope, as I said in my opening statement, will be not a dwindling market for Mediterranean products, but a growing market in the Community. Here I must say once again that if you believe that you can get a market to grow in any significant manner by being more restrictive and protectionist towards other countries, particularly in the Mediterranean area, you are harbouring an illusion. Look at the trade figures. The level of imports of this or that product may be embarrassing occasionally — I will revert to that — but there is precious little to be gained by building new walls against our partners in the Mediterranean, some of whom are seeking entry to the Community; politically, it would appear that the door is being opened for that — I will revert to that subject in a minute too.

There is not much to be gained by strengthening the market regulations in the way some speakers have called for. I must warn against it, because it has one negative effect which is close to disastrous. If we do not expand the consumer markets in the Community for Mediterranean products, we will fail, and no other measures we are taking will really stand up in the end. And that consumer market in the Community can only expand, firstly if the Community proves capable, at long last, of getting its economic policy in order and reverting to a policy of growth instead of a policy of unemployment, inflation and stagnation. Secondly, this presupposes putting on the market products of high quality which meet the demands of the consumer at reasonable prices. If these conditions are not met, I am sorry, no effort to try and increase production in the Mediterranean or any other areas of the Community is going to lead to anything but a piling-up of products which nobody will buy and the

collapse of the policy, because, in the end, the taxpayer will not pay for it. Therefore, I must say quite clearly that on this point I am intransigent. I am not going to go beyond the proposals which I have put before the Council and the Parliament in regard to the market regulations.

But here, I would like to remind you that there is no question in these proposals of opening the door further to the outside world. It is, if you like, a question of updating protection against windfalls or dumping from third countries. It is a tightening up which is proposed in regard to third countries. There is no question of opening the doors wider than they are; it is a question of closing them somewhat tighter, and I must make that point quite forcefully. But going beyond what is proposed here would in regard to the economic and social interests of the Mediterranean producers, big or small, be, in my view, very negative and I would not take the responsibility for it. I warn Parliament not to go down that road, because one day in the not too distant future, you would regret it.

Special problems have been referred to with olive oil. Here, I would once again like to make it quite clear that we have no interest in making proposals to change traditional olive-oil production patterns. We are perfectly well aware of the classical importance of that production in a number of regions in the Mediterranean area. Maybe what we have proposed was, as Mr Vitale said, very well motivated, but badly executed. I am willing to accept that criticism, provided I am given support and constructive help in devising an alternative — and some of the suggestions Mr Vitale made will be seriously considered. But what I am not prepared to do is just to continue in the old-fashioned manner, because that has led to a continuous decline in olive-oil consumption, and if we do not do anything, in a few years time, you will be able to point to live production as a museum piece — something which enhances the landscape and is an important part of the cultural heritage of these areas, but is no longer economically viable. I am not going to accept that. I am prepared to be flexible about the changes which ought to be made in the present arrangements for olive oil. I will consider the ideas which have been put forward in this debate, but I am not going to leave things as they are, because that is going to lead to a continuous decline in consumption. Perhaps it can be done in a different way and have a similar effect on consumption — I have a quite open mind about that.

Wine has again been referred to. Of course wine is of predominant importance to the Mediterranean area. I agree with the representative of the French Communist Party that one must concentrate on the quality wine, because it is the quality wines which are very important for the economic stability of a number of departments in that area. If one secures the production, one is going a long way to solving the social

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problems, and one is also acting in accordance with market policy, because the market for quality wines is in the long run, a more stable market. I therefore think it is appropriate to introduce certain safeguard measures until the structural policy takes effect to ensure that it is the quality wines in the Mediterranean regions which are given priority. A certain discipline will be necessary in the meantime. It is a delicate issue, but one which I think has to be confronted.

Mr President, enlargement hovers in the background. I do not think there is, as the representative of the Communist party indicated, a contradiction in our thinking. We are saying that these proposals are directed towards an existing imbalance in the present Community. That is true and it must be seen as such. By putting our own house in order, we are, at least to a certain extent putting ourselves in a better position to deal with the big agricultural problems which will inevitably be caused by enlargement. I quite share the concern which exists in Mediterranean areas and other parts of the Community about the agricultural and other consequences of enlargement. But putting our own house in order will be the first step in putting us in a position to deal with these problems. Other steps will have to be taken, and communications will be forthcoming from the Commission shortly as to how these problems ought to be dealt with. The problematics of enlargement must not distract us from doing what has to be done for the solidarity and the cohesion of the present Community.

It has been indicated by several speakers, in particular by Mr Albertini, that enlargement of the Community is an occasion to change the common agricultural policy radically. Here I must say I am very concerned. When a few years ago I represented a new country entering this Community, we were told: the first condition for your accession is that you accept without any hesitation the so-called *acquis communautaire*: no discretion, you just accept it. We did. Now I am told, to my great surprise, that the enlargement of the Community is going to be used for the changing of one of the most important *acquis communautaires* which exists. Mr Albertini may have in mind that the *acquis communautaire* should be strengthened, but the minute he opens that Pandora's box, I warn him — he will get enlargement and he will get no common agricultural policy. I am not willing to accept that the enlargement of the Community is the occasion to revolutionize the common agricultural policy. I have said previously that the common agricultural policy, irrespective of enlargement, should be adapted to new economic realities, and all my actions are directed to that purpose. But that is a Community affair, and the Community should deal with that, they should not take the occasion of enlargement negotiations to start opening up an entirely new vista.

If you listen to some of the reactions in this house now, Mr Albertini, I think you may understand what I am concerned about and why I am warning you about what you are letting loose at this particular point.

Of course the common agricultural policy must be brought in to line with economic realities, in regard to Southern Europe, Western Ireland or wherever else it may be, also in regard to its overall conduct. We discussed that yesterday, we discussed it a month ago, we have discussed it on a number of occasions. I do not want to go into the matter again now, but I want to launch a warning against the idea of a total rehash of the common agricultural policy: we have had such ideas in the past; they have led to a lot of confusion, and I am not really willing to follow that road.

In general terms, I have given my opinion concerning other areas of the Community, including Western Ireland, which I took as an example. Mr Power will understand, from what he said himself and from the way work is being carried on at this stage, that we are trying to achieve at least a definite profile for such a proposal in connexion with the decisions which are to be taken shortly. We may not have all the practical details, but we should at least have the clear contour or profile of certain measures to be taken for the area. Without having made any particular decisions, we are seeking them in the structural field: that means drainage and irrigation, certainly afforestation, the consideration of other structural measures like roads or electrification, so a number of the things which Mr Power indicated are the very things we shall be discussing. He must not be disappointed at not seeing all of them in one go there, but they are all matters which merit consideration and will be considered.

This leads me to the question of concentration of effort, which has also been referred to. The Commission is strongly in favour of concentrating its efforts in a limited number of areas in order to achieve an appreciable impact and accord priority to those areas which are the most disadvantaged, wherever they may be. As I said in my introductory statement, this militates in favour of a clearer definition of areas from the climatic, socio-economic and other points of view, but, in so doing, we must not lose sight of the fact that whilst we have produced a coherent set of proposals, they do relate to different types of problems, and we must not be so iron-clad in our definitions as to exclude certain other Mediterranean areas. Some of the Pyrenean departments, for instance, are not exactly in the same difficulties as the Mezzogiorno, but still have some considerable problems. We should be careful to retain a certain degree of flexibility so as to deal with like problems even if they are less extensive than others. This flexibility does not, I think, militate against that clear sense of priorities which I called for in my initial statement.

### Gundelach

Mr President, I would like to mention one final point before I conclude. Several speakers referred to the need in regard to these areas for a greater degree of flexibility, certain existing structural measures, Directives 159, 160, and so on. It is a matter of debate whether one should try to pursue a regionally oriented policy by amending a general scheme designed for the Community as a whole. One may have doubts whether that is the right way of going about it, and therefore cannot in this debate concede the point. But one could also argue: why not, in the name of that flexibility which I have just referred to, use these instruments to take into account not only global Community problems but also problems in a regional framework? It is, however, a matter which will have to be given further consideration before an answer can be given, the problem is none too easy, but is nevertheless one which has to be resolved.

Mr President, I think I have thereby replied to the points which were raised in the debate after my previous statement. I hope that Parliament will be able to pronounce itself in favour of the proposals the Commission has put forward.

*(Applause)*

**President.** — I call Mr Ligios.

**Mr Ligios, rapporteur.** — Mr President, in replying I naturally intend to restrict my comments to the points which provoked certain differences of opinion during the debate.

Firstly, let me echo those who warmly thanked Mr Gundelach for the additional information he has given us today and for his determined commitment to implement the measures we are discussing.

On the problem of olive oil, I have to point out again that we have always wanted the present market organization to be changed, even radically, as it fails to satisfy producers and satisfies everyone else even less. However, I must say that in my view these proposals are unlikely to improve the system. If anything, they are a step backwards. First and foremost, we have to look at the problem of olive oil in the wider context of Community-produced vegetable oils. When I see that olive oil, in areas where it is produced, costs LIT 2 500, while seed oils sell for LIT 850-900, this in itself explains why the tastes of the housewife and the consumer are slowly changing and why the consumption of olive oil is decreasing. It is our view that this scheme of marketing premiums is only going to increase the red tape without doing anything to solve the problem. However, we appreciate Mr Gundelach's willingness to consider the proposals put forward for a better system for this product.

Mr Gundelach also made one or two points which I feel ought to be taken up. It is true that imbalances already existed in the Mediterranean regions, and that the national governments recognized this fact when the Community was established. It was said then that the policy on agricultural prices had to be matched by

a policy on structural reform in these regions. But it was not until 1972 that the Community took any action — with directives which subsequently turned out to be inadequate and outdated. Think back to the Mansholt memorandum, for example. It is only now that the Commission has at last produced some proposals that really tackle the problem along the right lines. However, in arguing that structural reform is needed to enlarge the market for Mediterranean products, and in insisting that the quality of these products must be improved — and there must be no concessions on these totally justified demands — we have to realize at the same time that all these measures will not be enough to protect Mediterranean products. As long as products from non-member countries where production costs are extremely low and will remain so for many years to come, gain access to the Community market, we shall be unable to compete, and the problems of Mediterranean agriculture will come zooming back like a boomerang. We have to find some way of cooperating with the non-member countries, especially our nearest competitors around the Mediterranean, so that this kind of competition is eliminated.

The most unjustified remark was made by Mr Hughes, with his suggestion that there is an undercurrent of protectionism in this report. Nothing could be farther from the truth. We do not want to give special protection to Mediterranean products — we simply want to ensure the application of Community preferences. And this holds good not only for Mediterranean products but also, as is already the case, for products from the northern and central areas of the Community, products such as sugar, beef and so on. Italy imports 88 % of its beef from other Member States, while it would obviously be much better and cheaper if it imported meat from Argentina or Eastern Europe. But there is a Community rule and we have to abide by it. It is one thing to talk about respecting Community preference and another thing to call for a free market, as I suppose some Members do. There has to be a free market, and the freedom has to be respected, but only within the Community.

When we consider Community enlargement and call for a certain amount of structural reform beforehand, we are not — as some people have suggested — trying to protect the products of those countries which have recently applied to join the Community — Spain, Greece and Portugal — but trying to solve problems before they get out of hand. When these countries come in, the Community will in fact be self-sufficient in a number of products — wine, olive oil, fruit and vegetables and so on — and the problem will then not be solely an internal Community problem, but will affect the countries bordering the Mediterranean. We have relations with these countries, and the problems are going to arise because we shall no longer be buying their products. You can rest assured that we Italians are not going to advocate protectionism, as we were on the receiving end not so long ago.

**Ligos**

I want now to go back to what Mr Brugger said earlier. It is correct to say — as the report states in connection with fruit and vegetables — that Mediterranean products are getting a steadily decreasing share of the Community market. It is a simple fact that there was a dramatic drop between 1970 and 1975. It cannot be argued that this drop is a result of poor quality, as the exports of Mediterranean products to non-Community countries such as Switzerland, Austria and Sweden have increased in both absolute and relative terms. All this has happened, I know, as a result of various agreements and contracts with Mediterranean countries, but the real cause of it all is the makeshift reference price system. In the way it has been used until now, it has not been up to the task for which it was introduced. This was to prevent access to the Community market of products at a lower price than the established reference price.

In conclusion, I want to reaffirm our generally favourable view of the Commission proposals. They get our approval not so much for the amount the Community is ready to spend — and it is no small sum — as for the fact that these proposals represent a change in attitude and an increased awareness, on the part of Community institutions, of the agricultural and other problems of the poorest regions of the Community.

*(Applause)*

**President.** — I note that there are no more requests to speak.

The motion for a resolution and the amendments which have been tabled will be put to the vote during voting time.

The debate is closed.

The proceedings will now be suspended until 3.00 p.m.

The House will rise.

*(The sitting was suspended at 1.15 p.m. and resumed at 3.05 p.m.)*

## IN THE CHAIR : MR SPÉNALE

### *Vice-President*

**President.** — The sitting is resumed.

### 6. Question Time

**President.** — The next item on the agenda is the third part of Question Time (Doc. 33/78). We continue consideration of the questions addressed to the Commission. Since its author is absent, Question No 10 by Mr Klepsch will receive a written reply. I call Question No 11 by Lord Bessborough :

In view of the fact that in both 1976 and 1977 the Council referred back Commission proposals to eliminate the production refund and twice granted an increase,

does not the Commission agree that there is a need to establish a stable, long-term Community starch policy on the basis of which the industry can offer security of employment and plan ahead with confidence? Is the Commission confident that its recent proposals will not have adverse effects on the Community's starch industry?

**Mr Gundelach, Vice-President of the Commission.**

— I explained in the debate we had last night on certain matters concerning this item, that the Commission has always been and is increasingly, of the opinion that consistent, long-term Community policy for starch must be established. We made that view quite clear to the Council, and we have tried to take a realistic approach by submitting to the Council a report on the situation in the starch industry in order to have a realistic basis on which to advocate a long-term consistent common starch policy. On this point, I can reassure the honourable Member. In the meantime, we will be faced with problems of an *ad hoc* nature and certain disequilibria in the markets. We are trying to deal with them as best we can, and it is in this light that our present proposal on starch from potatoes is to be seen. We are quite convinced that we are dealing with an *ad hoc* problem of disequilibrium and will not stand in the way of that long-term policy which we seek and the honourable Member asks us to seek.

**Lord Bessborough.** — I appreciate very much what Mr Gundelach said. We all know that he is doing his best in this matter and that this will go to the Council, I think, shortly. We were all grateful for his remarks yesterday, and indeed for those of Mr Hughes and my honourable friend, Mr Scott-Hopkins. But may I ask him this in addition : in view of the substantial levy income accruing to the EAGGF from the maize starch industry, how does the Commission reconcile the recent opinion of the Economic and Social Committee on starch with the latest proposals to make a special payment to the potato starch sector alone?

**Mr Gundelach.** — The answer is that the opinion of the Economic and Social Committee really is directed in its substance towards that long-term, consistent policy about which the honourable Member and I have been speaking. A reasonable balance must be found between the two main types of starches we are dealing with. But what we are suggesting now does not go against that philosophy, because as I said a minute ago, we are dealing with an immediate *ad hoc* problem where the situation is particularly disadvantageous to the potato starch industry. Even for the future, I would not go so far as to say that aids or other measures for the maize starch industry should be equivalent to the levy income accruing to the EAGGF from that industry, because what we are seeking is reasonable stability and equilibrium in the market. You cannot just take as a basis what this or that part of the industry is paying to the EAGGF.

**Gundelach**

Having said that, I would however, like to recall to the House, that, even with the special proposal we made, it is not the potato starch sector alone which benefits from special payments. In the maize starch sector, a production refund of 17 u.a. is granted now, and is to be continued. So, the present proposal does not go against the long-term policy, but is an *ad hoc* arrangement. I admit that *ad hoc* arrangements are always difficult and unsatisfactory; that is why we join the honourable Member in seeking a more fundamental long-term solution, so that we avoid this kind of *ad hoc* solution.

**President.** — Question No 12 by Mr Bertrand has been withdrawn.

I call Question No 13 by Kavanagh :

In view of its own policy of organizing and encouraging wide-ranging public discussions on nuclear energy, what measures does the Commission intend to propose to ensure that the same opportunities are made available to the public within the Member states ?

**Mr Giolitti, Member of the Commission.** — (1) The Commission sincerely hopes that the competent authorities in the Member States will follow its example and organize wide-ranging public discussions on this matter.

We feel that the free exchange of opinions has been extremely useful. It has eliminated misunderstanding and promoted the convergence of opinions and objective assessments. It is not, of course, up to the Commission to organize discussions on nuclear energy in the Member States, but the Commission information services in the Member States will naturally continue to contribute to the discussion by making known the initiatives taken by the Community in this field, putting the available material at the disposal of the public, and if necessary, seeing to it that officials of the Commission also take part in meetings organized at local level.

**Mr Kavanagh.** — Could the Commissioner say, with regard to Community countries which do not have at this time any nuclear stations, that he will make available to the general public in those countries all the relevant information on such problems as the disposal of waste, part of the area where public concern is particularly great ?

**Mr Giolitti.** — (1) This subject does not of course exclusively concern those countries which have nuclear power stations, but is of general interest. My answer to this last question is 'yes' since this problem also affects countries in which there are no nuclear power stations.

**Mr L'Estrange.** — Is the Commission aware that an American expert claims that safety hazards at plant

level are minimal, but that in the area of storage the situation is worrying, that at Hertford, in Washington, where three-quarters of the nuclear waste produced in the US was stored near the surface in shallow water, the position was far from satisfactory, that it was not holding and that they did not know what to do with it, that they dare not store it underground, that storage in great salt domes had not worked out satisfactorily either and that no State wanted the stuff? Further, since they can see no conceivable way at present in which the storage and transportation of nuclear materials can be safeguarded, and already two American consortia involved in the nuclear business have pulled out altogether because of the difficulties involved, would the Commission conduct further investigations before making material available ?

**Mr Giolitti.** — (1) The Commission is indeed aware of the delicate problem just mentioned by the honourable Member and the seriousness of the dangers which might arise from storage, as he has just stressed.

This has been the subject of particular attention in the course of the hearings conducted by the Community. We are also aware of the problems under consideration in the United States with regard to storage, and we will not fail to pay close attention to this particular subject. In addition, the Commission has always taken account of problems of this kind in its proposals on energy policy.

**Mr Ellis.** — Does the Commission think that the time is approaching for it to make a statement on the political implications for Euratom, one of the European Communities, arising from changes in the policy of the International Atomic Energy Agency, a change arising one suspects, from pressure from some of the signatory States ?

**Mr Giolitti.** — (1) This is one of the problems which the Commission had occasion to examine recently in the course of its work. I do not think it is directly relevant to the original question, but I have taken due note of the concern expressed by the honourable Member and shall bring it to the attention of the Commission with a view to being able to provide, at the appropriate time, all the information required on this matter.

**President.** — Since its author is absent, Question No 14 by Mr Dondelinger will receive a written reply.

Question No 15 by Mr Hoffmann has been withdrawn.

Questions Nos 16, 17, 18 and 19 will not be dealt with now since a debate on the same subject is included in the agenda for the present part-session.

Since its author is absent, Question No 20 by Mr Howell will receive a written reply.



**President**

Question No 21 by Mr Müller-Hermann will not be dealt with now since debate on the same subject is included on the agenda for the present part-session.

Since its author is absent, Question No 22 by Mr Ryan will receive a written reply.

I call Question No 23 by Mr Power :

Does the Commission consider the revised T.E.S. scheme to be sufficiently restrictive so as to avoid considerable effects on other Member States?

**Mr Giolitti, Member of the Commission.** — (1) Following the intensive talks between the Commission and the British Government, the latter has submitted a proposal for the extension of the temporary employment subsidy, modified in the light of the measures proposed by the Commission in December 1977.

The Commission agreed not to oppose the extension for one year of this subsidy in this considerably modified form. It was agreed to reduce the total funds earmarked for the temporary employment subsidy more substantially (£135 million in 1978/1979 as against £222 million in 1977/1978 with a proportionally greater reduction of the funds earmarked for the textiles, clothing and footwear sectors, i.e. from £106 million to £55 million).

New applicants will receive the subsidy for a period of not more than 12 months. In order to receive a subsidy for more than 6 months, applicants must submit restructuring plans. Furthermore, in the more important cases, the Commission should receive information in advance and a detailed quarterly report.

In its revised form, the temporary employment subsidy has become a type of aid basically designed to facilitate the structural reorganization necessary in view of the current employment problems. The Commission feels that the modifications to a great extent eliminate the disadvantages of the temporary employment subsidy, particularly the danger of the United Kingdom offloading unemployment and other difficulties in the industrial sector onto other Member States.

Consequently, the Commission has not raised any objections whatsoever to the extension of this aid for one year in accordance with the derogation provided for in Article 92 (3) of the Treaty establishing the European Economic Community, since it considers it to be a form of

aid to facilitate the development of certain economic activities... where such aid does not adversely affect trading conditions to an extent contrary to the common interest.

**Mr Power.** — I do not share the complacency the Commissioner seems to feel. I would like to ask him if the Commission has examined the fact that profits from one clothing firm in the United Kingdom rose

from £10.85 million to £16.52 million in 1977, and that that particular firm has admitted that virtually full employment was achieved during the year with the assistance of the Temporary Employment Subsidy. Does the Commissioner feel that a subsidy was justified in that particular case? Furthermore, does the Commission feel that the subsidy is simply being extended under a new flag of convenience, and that the extended subsidy terms will continue to aggravate the problems in the clothing, textile and footwear industries in other countries in the Community? Does the Commissioner not agree that the action by the United Kingdom is a poor response to the request by the Commission early this year that subsidies should be cut by 80 %, seeing that the present proposals earmarked a further £200 million for subsidy payments in the coming year?

**Mr Giolitti.** — (1) I can assure you that it was on the basis of the very considerations to which the honourable Member has just referred that the Commission requested and obtained the substantial reduction in the period for which the temporary employment subsidy could be granted, to which I referred in my previous reply. Account has been taken of the situation just mentioned in the sectors to which the honourable Member has just drawn attention.

**Mr Fletcher-Cooke.** — Is the Commissioner aware that there is nothing so permanent as the temporary, and that one of the results of temporary subsidies is that firms come to depend vitally on the continuation of the subsidy and indeed, that other firms, in competition with those firms, whether within the same national boundaries, or as we have heard, outside them, are themselves obliged to accept the subsidy if they are to remain in any sort of competition with those that already have it? And is it not a fact that, in the textile industry in particular in the United Kingdom, this has become such an important prop to that industry, that any sudden removal would in fact cause an even greater collapse than has already been suffered? And would he take this as a case history showing that it is not possible, once these things have got under way, to cut them off, but that the Commission in the future should look very particularly at whether they should ever be instituted at all?

**Mr Giolitti.** — (1) For the very reasons just mentioned by the honourable Member, i.e. the grave consequences which a total, drastic and sudden removal of aid could have, the Commission felt it would be advisable to discontinue this aid gradually, by limiting the period for which the aid can be granted as I said before.

I am aware that there is a certain amount of confusion in some quarters regarding the limitation of this period given that temporary measures have a way of

**Giolitti**

becoming permanent. Nevertheless, this is a question of the Commission's commitments. Once the Commission has decided in favour of limiting the period to 12 months, as I said, with special clauses concerning periods above 6 months, it is obliged to ensure that these limits are observed.

**Mr L'Estrange.** — Is the Commission not aware that the Irish people are seriously concerned about the adverse impact the United Kingdom Temporary Employment Subsidy is having on British-Irish trade? Owing to the fact that the population of the United Kingdom is 18 times greater than that of Ireland, that the output of the British economy is 29 times greater and the industrial work force 32 times greater and that, as there is free movement of goods between the economies, a small economy such as Ireland's is greatly influenced by measures tending to distort trade which are taken in the larger neighbouring economy?

*(Murmurs of dissent from various quarters.)*

Is it further aware that it is reckoned that over 350 000 employees in the United Kingdom are receiving the subsidy, and that this is greater than the total employees in the Irish manufacturing industry, and that it is reckoned that in labour intensive sectors, such as textiles and furniture 4 000 jobs have been lost already in Ireland? As we are equal partners, does the Commissioner think it right that a large nation should be allowed to take measures which can have such adverse effect on a small nation like ours?

*(Murmurs of dissent from various quarters.)*

**President.** — I should like to remind Mr L'Estrange and other speakers that, during question time, they should limit themselves to brief supplementary questions.

**Mr Giolitti.** — (1) I am grateful to the honourable Member for having drawn our attention to the problem of Ireland, since this is a question which the Commission took into account when considering the problem of the temporary employment subsidy. The Commission is particularly aware of the grave social and structural difficulties arising from the employment situation in Ireland. It is also aware of the proposal by the Irish Government regarding the possible introduction of a form of employment subsidy in that country and intends to give it due consideration.

**Lord Bruce of Donington.** — Is the Commissioner aware that many of us in the United Kingdom are becoming a little irritated by the attitudes that are implicit in the questions submitted by Mr Power and the supplementary questions put by Mr L'Estrange? Is the Commissioner aware that my country, the United Kingdom has, for many years extended hospitality to tens of thousands of the inhabitants of Eire in relief of their unemployment problem, and extends very extensive social security provisions to those Irishmen who,

for one reason or another, come to the United Kingdom, and will the Commissioner, when he is making observations of the kind that he has made, take into account these factors, of which, in my opinion, the questioners have taken no account whatsoever?

**Mr Giolitti.** — (1) I accept without hesitation the honourable Member's reminder to the Commission regarding the interrelationship of the social and employment problems in the two neighbouring countries which are more directly involved in this question.

**President.** — I call Question No 24 by Mr Brugha:

Does the Commission consider that the more developed regions of the existing Community stand to gain most from enlargement?

**Mr Natali, Vice-President of the Commission.** — (1) Experience in the Community has indeed shown that those regions which were already more developed have reaped greater benefits from the common market than those at the other end of the scale. Consequently, one might fear that this phenomenon might repeat itself following enlargement. However, the Commission feels that during the enlargement process, the Community should establish the correction mechanisms necessary to prevent this happening. The Commission will, in due course, submit the specific proposals it deems necessary to achieve this objective.

**Mr Brugha.** — I would like to thank the Member of the Commission for his reply which does seem to resolve the problem. The question arises out of data indicating that approximately 34 million people out of the additional 50 million from the three applicant countries have an average *per capita* income of about the level of that in the Southern Italian region. If this is correct, the imbalance that the Commissioner has referred to could apparently develop, and the supplementary was directed as to whether there are proposals or projects to offset such an imbalance. I gather that the Commission has got proposals which it is not likely to reveal until such a situation develops.

**Mr Natali.** — (1) The Commission is currently studying this problem and will submit proposals in due course.

**Mr L'Estrange.** — Is the Commissioner aware that according to a survey held in 1970, in Hamburg the standard of living was five times higher than in the West of Ireland, and that in 1977, it was six times higher, so that the gap has widened? I would like to know what concrete measures are being taken, or are about to be taken, to narrow that gap and improve the lot of the poorer areas? I would also like to ask if the Commission will push ahead with its proposals for the West of Ireland?

**Mr Natali.** — (*I*) I have already said in my reply that we are aware that there is an imbalance. Clearly, we will bear in mind the need for a policy which will reduce the gaps between the different regions of the Community, with a view to avoiding further imbalances.

**President.** — Since its author is absent, question No 25 by Mr Herbert will receive a written reply.<sup>1</sup>

I call Question No 26 by Mr Deschamps :

1978 marks the 20th anniversary of the creation of the European schools, whose development has been fostered by the Commission. It would appear that, in the appointment of Belgian teachers to the European Schools, teachers working in the private education sectors suffer routine discrimination, and that of all the teachers appointed up to now through the Belgian Department of national education, not one has come from this sector.

Would the Commission not agree that in all European ventures, above all where education is involved, ideological or philosophical discrimination — in whatever form — must be prevented?<sup>2</sup>

**Mr Natali, Vice-President of the Commission.** — (*I*) The Administrative Council of the European School, on which the Commission is represented, publishes vacant posts and asks the national public education authorities to provide suitable candidates. The problems brought up by the honourable Member therefore fall exclusively within the competence of the Belgian Ministry of Education.

**Mr Deschamps.** — (*F*) Mr Natali's reply does not surprise me — no more, incidentally, than the attitude of certain officials of the Department of National Education responsible for recruitment in Belgium. However, I should like to ask Mr Natali whether or not he feels that in view of the fact that this Parliament and the highest authorities of the Community very recently reaffirmed the principle of pluralistic democracy, there should be a better balance amongst the teaching staff of the European Schools, particularly amongst that from Belgium, and does he not also think that the attention of the Belgian Government could usefully be drawn to this point.

**Mr Natali.** — (*I*) I should like to point out that this problem arises from a specifically Belgian practice whereby during their periods of service at European Schools, Belgian teachers continue to come under the national education system. The Belgian national legislation as regards the regulations for public education staff, does not provide for secondment. Therefore the two systems should be brought into line.

**President.** — Question No 27 by Mrs Ewing is postponed until the next part-session.

Since its author is absent, Question No 28 by Mr Cousté will receive a written reply.<sup>1</sup>

Question Nos 29 by Mr Patijn and 30 by Mr Pintat will not be called since the agenda for the current part-session includes a debate on the same subject.

Since its author is absent, Question No 31 by Lord Ardwick will receive a written reply.<sup>1</sup>

I should like to draw your attention to the fact that it is inconvenient if too many people are absent during Question Time.

There is a risk that certain subjects which would have been of interest to several members may not be dealt with.

Question Time is closed. I thank the representatives of the Council and Commission for their contributions.

Since it is not yet the time set aside for voting I propose that we adjourn for a few moments.

I call Mr Cointat.

**Mr Cointat.** — (*F*) Mr President, the next item of the agenda is the oil disaster. If you wish, I can speak immediately, for 10 minutes at the most, on my question so as to speed up the proceedings.

**President.** — I feel it is somewhat difficult to begin this debate now. In fact, I doubt whether all those who wish to take part in it are present: in view of the programme for Question Time they might legitimately think that the debate is not due to start until after the votes.

**Mr Cointat.** — (*F*) Mr President, when it comes to such a serious problem, I have no wish to play to the gallery. The absent Members can read my speech in the report of proceedings!

**President.** — The House will rise.

(*The sitting was suspended at 3.40 p.m. and resumed at 3.45 p.m.*)

**President.** — The sitting is resumed.

## 7. Votes

**President.** — The next item is the votes on the motions for resolutions on which the debate is closed.

We shall begin with *the motion for a resolution by Mr Calwaert (Doc. 52/78/rev.): Legal policy of the European Communities.*

I put the motion for a resolution to the vote.

<sup>1</sup> See Annex.

<sup>1</sup> See Annex.

**President**

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

We shall now consider the *Hughes report (Doc. 35/78): Fixing of prices for certain agricultural products*.

On Article 1 (5) of the proposal for a regulation, I have Amendment No 10, tabled by Mr Caillavet on behalf of the Committee on Budgets:

This paragraph to read as follows:

'5. In Article 9:

- a) the amount of '263 million units of account' is replaced by '315.6 million units of account'
- b) unchanged.'

What is Mr Hughes' position?

**Mr Hughes, rapporteur.** — Favourable.

**President.** — I put Amendment No 10 to the vote. Amendment No 10 is adopted.

We can now begin the vote on the motion for a resolution.

I put the preamble in its present form to the vote. The preamble is adopted.

After the preamble, I have Amendment No 15 tabled by Mr Früh on behalf of the Christian-Democratic Group (EPP):

Add the following new recitals:

- whereas the Commission has been so late in submitting its supplementary proposals which involve a number of substantial changes in the market organizations,
- whereas the proposals for related measures must not have an adverse effect on agricultural producer prices and incomes.'

What is Mr Hughes' position?

**Mr Hughes, rapporteur.** — Favourable.

**President.** — I put Amendment No 15 to the vote. Amendment No 15 is adopted.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

On paragraphs 2 to 10, I have Amendment No 13 tabled by Mr Ansart and others:

Replace paragraphs 2 to 10 with the following paragraph:

'Calls for the continuation of intervention buying, the abolition of the co-responsibility levy and the introduction of a levy on vegetable fat imports.'

What is Mr Hughes' position?

**Mr Hughes, rapporteur.** — Unfavourable.

**President.** — I put Amendment No 13 to the vote. Amendment No 13 is rejected.

I put paragraphs 2 to 4 to the vote.

Paragraphs 2 to 4 are adopted.

On paragraph 5, I have the following two amendments:

— Amendment No 5 tabled by Mr Ryan, Mr McDonald and Mr L'Estrange:

This paragraph to read as follows:

'5. Considers that the Commission's proposal to suspend intervention purchases of skimmed-milk powder from 1 October 1978 to the end of the 1978/79 marketing year would constitute an unnecessary disruption of the intervention system and would unfairly penalize producers who manufacture skimmed-milk powder for normal marketing.'

— Amendment No 19 tabled by Mr Hoffmann:

This paragraph to read as follows:

'5. Notes the Commission's statement that the proposal to suspend intervention purchases of skimmed-milk powder from 1 October 1978 to the end of the 1978/79 marketing year will affect an estimated quantity of skimmed-milk powder in the region of only 40 000 tonnes and that these proposed measures will have no significant adverse effect on the incomes of producers.'

What is Mr Hughes' position?

**Mr Hughes, rapporteur.** — On Amendments No 5, I must give an unfavourable recommendation. Amendment No 19 calls for the original draft text to be restored: I must vote in favour of that. But the Committee on Agriculture, I would advise the House, voted against Amendment No 19.

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

I put Amendment No 19 to the vote.

Amendment No 19 is rejected.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

Amendment No 6 has been withdrawn.

On paragraph 6, I have the following three amendments:

— Amendment No 7 tabled by Mr Ryan, Mr McDonald and Mr L'Estrange and seeking to delete this paragraph; this amendment has been withdrawn;

— Amendment No 1 tabled by Mr Herbert, Mr Hunault and Mr Liogier on behalf of the Group of European Progressive Democrats:

This paragraph to read as follows:

'6. Does not approve the Commission's proposal to suspend intervention purchases of skimmed-milk powder and considers that the introduction of a private storage scheme would be much more beneficial.'

— Amendment No 16 tabled by Mr Früh on behalf of the Christian-Democratic Group (EPP Group):

<sup>1</sup> OJ C 108 of 8. 5. 1978

**President**

Add the following to this paragraph :

'6... but is of the opinion that the alternative measures proposed by the Commission in this respect do not provide sufficient safeguards';.

What is Mr Hughes' position ?

**Mr Hughes, rapporteur.** — On Amendment No 1, my opinion is unfavourable ; we desire rejection. On Amendment No 16, I did agree with Mr Früh on an alteration to the wording and on those terms I would accept Amendment No 16. It would now read : 'but fears that the alternative measures proposed by the Commission in this respect *may* not provide sufficient safeguards'.

**President.** — It is therefore proposed to make the following slight change to the wording of Amendment No 16 : 'is of the opinion that' would be replaced by '*but fears that*'.

I call Mr Tolman.

**Mr Tolman.** — (NL) Yes, Mr President, I agree to this change.

**President.** — I put Amendment No 1 to the vote. Amendment 1 is rejected.

I put to the vote Amendment No 16 with the change proposed by the rapporteur.

Amendment No 16 is adopted.

I put paragraph 6 thus amended to the vote.

Paragraph 6 is adopted.

After paragraph 6, I have Amendments No 17 tabled by Mr Früh on behalf of the Christian-Democratic Group (EPP Group) :

After paragraph 6, add the following new paragraph :

'6a. Therefore feels that the Commission's proposals should be revised in the light of existing market organizations and that Parliament should be given sufficient time before the 1979/80 marketing year to assess the adequacy of measures proposed by the Commission ;'.

What is Mr Hughes' position ?

**Mr Hughes, rapporteur.** — Rejection, Mr President.

**President.** — I put Amendment No 17 to the vote. Amendment No 17 is rejected.

Since Amendment No 8 to paragraph 7 has been withdrawn, I put paragraphs 7 to 10 to the vote.

Paragraphs 7 to 10 are adopted.

After paragraph 10, I have Amendment No 4 tabled by Mr Hughes :

After paragraph 10, add the following new paragraph : '10a. Requests Commission to modify Regulation No 1079/77 so as to allow the co-responsibility levy to vary between 0 % and 4 % of the milk target price, rather than between 1.5 % and 4 %, for part or whole of the milk year, in order to allow for greater flexibility in price policy and in the application of intervention measures ;'.

I put Amendment 4 to the vote.

Amendment 4 is adopted.

I put paragraph 11 to the vote.

Paragraph 11 is adopted.

On paragraphs 12, 13 and 14, I have Amendment 14/rev. tabled by Mr Ansart, Mr Bordu, Mr Eberhard and Mr Lemoine :

Replace paragraphs 12, 13 and 14 with the following paragraph : 'Is of the opinion that the system of permanent intervention on the beef and veal market should be maintained in order to safeguard the incomes of breeders and guarantee supplies to consumers, while promoting consumption of the product ;'.

What is Mr Hughes' position ?

**Mr Hughes, rapporteur.** — Unfavourable.

**President.** — I put Amendment No 14/rev. to the vote.

Amendment No 14/rev. is rejected.

On paragraph 12, I have amendment No 2 tabled by Mr Herbert, Mr Hunault and Mr Liogier on behalf of the Group of European Progressive Democrats and seeking to delete this paragraph.

What is Mr Hughes' position ?

**Mr Hughes, rapporteur.** — Unfavourable.

**President.** — I put Amendment No 2 to the vote. Amendment No 2 is rejected.

I put paragraph 12 to the vote.

Paragraph 12 is adopted.

On paragraph 13, I have the following two amendments :

— Amendment No 9 tabled by Mr Ryan, Mr McDonald and Mr L'Estrange :

This paragraph to read as follows :

'13. Requests the Commission to modify its proposals for the intervention system for beef so as not to discriminate between different classes of cattle but rather to take account of the overall cattle price situation in each Member State ;'.

— Amendment No 18 tabled by Mr Früh on behalf of the Christian-Democratic Group (EPP Group) :

This paragraph to read as follows :

'13. Has serious doubts for economic reasons implementation of the Commission's proposals at the present time, since the effects of the proposed measures cannot yet be estimated ;'.

What is Mr Hughes' position ?

**Mr Hughes, rapporteur.** — Contrary on both amendments.

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

I put Amendment No 18 to the vote.

**President**

Amendment No 18 is rejected.

I put paragraph 13 to the vote.

Paragraph 13 is adopted.

On paragraph 14, I have Amendments No 3 tabled by Mr Herbert, Mr Hunault and Mr Liogier on behalf of the Group of European Progressive Democrats and seeking to replace the words 'approves, therefore as a preliminary step' by 'does not approve'.

What is Mr Hughes' position?

**Mr Hughes, rapporteur.** — Contrary.

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

Amendment No 3 is rejected.

I put paragraph 14 to the vote.

Paragraph 14 is adopted.

I put paragraph 15 to the vote.

Paragraph 15 is adopted.

After paragraph 15, I have the following three amendments tabled by Mr Caillavet on behalf of the Commission on Budgets:

— Amendment No 11:

After paragraph 15, add the following new paragraph:  
'Budgetary aspects'

15a. Notes that, according to the Commission, the proposed measures could be financed without supplementary appropriations being requested during the 1978 financial year;

— Amendment No 12:

After paragraph 15, add the following new paragraph:

'15b. Invites the Commission to propose measures for rationalizing the procedure for considering — particularly at budgetary level — the annual decisions connected with agricultural prices;

— Amendment No 20:

Add the following paragraph at the end of the motion for a resolution:

'Requests the Commission, pursuant to Article 149, second paragraph, of the EEC Treaty, to incorporate the following amendment in its proposal amending Regulation (EEC) No 1078/77 introducing a system of premiums for the non-marketing of milk and milk products and for the conversion of dairy herds.'

What is Mr Hughes' position?

**Mr Hughes, rapporteur.** — On Amendments Nos 11 and 12, fully favourable. As regards Amendment No 20, we have already inserted the appropriate text in the article and it is simply consequent on a vote we have already taken. A favourable opinion on all three.

I feel we must have a formal vote on Amendment No 20, but I would suggest we put Amendments Nos 11, 12 and 20 to the vote simultaneously.

**President.** — If there are no objections, I shall therefore put Amendments Nos 11, 12 and 20 to the vote simultaneously.

Amendments Nos 11, 12 and 20 are adopted.

Before I put the motion as a resolution as a whole to the vote, explanations of vote may be given.

I call Mr Pistillo.

**Mr Pistillo.** — (I) I shall confine myself to giving a brief explanation of vote. As Members are aware, our political group has never been very keen on the Community's agricultural policy; we still think that, in its present form, it has a negative rather than a positive effect on the development of European unity and is a threat to the process of political unification. This is why we think that this policy must be changed.

This said, no-one will be surprised if we vote for the Commission's proposals, which constitute the first timid but interesting steps towards curbing the unrestrained intervention mechanism for skimmed-milk powder, beef and veal. We listened with great interest to Commissioner Gundelach's statement yesterday and were rather impressed by what he had to say in analysing the dynamics of supply and consumption; we were convinced that the measures on which we are now to vote are sufficiently on the right lines; an entire policy cannot in fact be based solely on an intervention system, especially when it is a system which favours some and not others. The common agricultural policy must, in our view, become more market-oriented, and it seems to us that, even if cautious, these measures represent a positive and, we hope, effective move.

**President.** — I call Mr Lagorce.

**Mr Lagorce.** — (F) Mr President, the Hughes report contains useful elements of which we are very aware and as a result of which we cannot vote against it. However, there is one point in particular which worries us French: the co-responsibility levy on milk. I am speaking from the experience of a two-month electoral campaign which I have just conducted.

Most, not to say virtually all, milk producers in my country are against this levy, and we know the incidents which were sparked off in France by the imposition of this levy. That is why we voted just now for the amendment tabled by Mr Ansart which sought to abolish this co-responsibility levy on milk.

On account of this particular point we cannot vote for the Hughes report. Consequently, since we do not wish to vote against it and cannot vote for it, we shall abstain.

**President.** — I call Mr Cointat.

**Mr Cointat.** — (F) Mr President, the Group of European Progressive Democrats has been consistently opposed to the co-responsibility levy on milk but has always defended the basic principles of the Economic Organization of Agriculture laid down on 14 January 1962.

## Cointat

The partial suspension of the possibility of permanent intervention is a particularly serious threat to the basic principles of the common agricultural policy. These measures jeopardize the income guarantee for agricultural workers, a fact which we find particularly alarming. At regular 3-monthly intervals over the last year and a half the basic principles of the common agricultural policy have been undermined.

This is why the Group of European Progressive Democrats will vote against the Hughes report and warns both you and the Commission that, if it does anything else to undermine the common agricultural policy, we shall table a motion of censure!

*(Applause from the Group of European Progressive Democrats)*

**President.** — I call Mr Tolman.

**Mr Tolman.** — *(NL)* Mr President, my Group made the point in the debate that there are a number of very positive points but also a number of negative ones. We stated very clearly that any interference with the intervention policy at the moment would have dire consequences. With things as they are at present, this is a serious matter of principle for us. Since our Amendments Nos 17 and 18, which we consider to be very important, have been rejected, we shall vote against the motion for a resolution.

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

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

We shall now consider the *Ligios report* (Doc. 34/78): *Development of the Mediterranean regions of the Community.*

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have Amendment No 3 tabled by Mrs Dunwoody, Mr Mitchell, Mr Hughes, Mr Hoffmann, Mr Lemp and Mr W. Müller:

Delete 'and to guarantee a better balance of protection and support between Northern and Mediterranean products';.

What is Mr Ligios' position?

**Mr Ligios, rapporteur.** — *(I)* Unfavourable.

**President.** — I put Amendment No 3 to the vote. Amendment No 3 is rejected.

I put paragraph No 1 to the vote.

Paragraph 1 is adopted.

On paragraph 2, I have Amendment No 4 tabled by Mr Albertini, Mr Hoffmann, Mr Hughes, Mr Lemp, Mr Mitchell, Mrs Dunwoody and Mr W. Müller:

This paragraph to read as follows:

'2. Stresses that the future enlargement of the EEC is bound to considerably aggravate the agricultural problems of the Mediterranean regions of the Community, and that they therefore stand in need of decisive and effective support in connection with this enlargement'.

What is Mr Ligios' position?

**Mr Ligios, rapporteur.** — *(I)* Mr President, the Committee on Agriculture has expressed an unfavourable opinion. I am also against this amendment, since I think that, as has emerged from today's debate, certain structural reforms must be introduced before the Community is enlarged.

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

I put paragraphs 3 and 4 to the vote.

Paragraphs 3 and 4 are adopted.

On paragraph 5, I have Amendment No 1 tabled by Mr Scott-Hopkins and Mr Corrie on behalf of the European Conservative Group:

This paragraph to read as follows:

'5. Requests the Commission to enact aid measures in non-agricultural sectors such as tourism, partisan trades and water control, as announced in its communication, and to make practical arrangements to permit support to be granted to all sectors of rural activity from a new Rural Fund, which will incorporate elements from the Regional and Social Funds, as well as the entire EAGGF Guidance Section';.

What is Mr Ligios' position?

**Mr Ligios, rapporteur.** — *(I)* Mr President, the Committee on Agriculture voted against this amendment. It is an idea which Mr Scott-Hopkins also expressed in a previous sitting and which goes beyond this report itself, and so I leave the decision to the House.

**President.** — I put Amendment No 1 to the vote. Amendment No 2 is adopted.

On paragraph 6, I have Amendment No 5 tabled by Mr Hughes, Mr Hoffmann, Mrs Dunwoody and Mr Mitchell and seeking to delete this paragraph.

What is Mr Ligios' position?

**Mr Ligios, rapporteur.** — *(I)* Unfavourable.

**President.** — I put Amendment No 5 to the vote. As the result of the show of hands is not clear, a fresh vote will be taken by sitting and standing.

Amendment No 5 is adopted.

I put paragraphs 7 and 8 to the vote.

Paragraphs 7 and 8 are adopted.

On paragraph 8, I have Amendment No 2 tabled by Mr Herbert on behalf of the Group of European Progressive Democrats:

<sup>1</sup> OJ C 108 of 8. 5. 1978.

**President**

After paragraph 8 insert the following new paragraph :  
'8a. Accepts that there are other agricultural areas of the Community that suffer from disadvantages similar to the Mediterranean regions, and therefore welcomes the recent announcement by the Commission that they will bring in special measures to deal with the problems of those areas;'

What is Mr Ligios' position ?

**Mr Ligios, rapporteur.** — (I) I am in favour.

**President.** — I put Amendment No 2 to the vote.  
Amendment No 2 is adopted.

I put paragraphs 9 to 23 to the vote.

Paragraphs 9 to 23 are adopted.

After paragraph 23, I have Amendment No 13 tabled by Mr Vitale :

After paragraph 23 add the following new text :

e) *Amendment of the April 1972 socio-structural directives (159-160-161/72)*

23 a. Considers that some aspects of this legislation, which are completely inoperative in the southern regions, ought to be amended in accordance with the principle of comparable incomes;'

What is Mr Ligios' position ?

**Mr Ligios, rapporteur.** — (I) Unfavourable.

**President.** — I put Amendment No 13 to the vote.  
Amendment No 13 is adopted.

I put paragraphs 24 to 27 to the vote.

Paragraphs 24 to 27 are adopted.

On paragraph 28, I have Amendment No 8 tabled by Mr Corrie and Mr Scott-Hopkins on behalf of the European Conservative Group :

This paragraph to read as follows :

'28. Approves the principle that Community tomatoes be used in preference to imports from third countries, and requests the Commission to introduce measures to encourage production of tomatoes which meets the health standards in force in certain Member States;'

What is Mr Ligios' position ?

**Mr Ligios, rapporteur.** — (I) I am not in favour and should like to point out that there is a difference in wording. In fact paragraph 28 refers not to tomatoes but to tomato concentrates.

**President.** — I put Amendment No 8 to the vote.  
As the result of the show of hands is not clear, a fresh vote will be taken by sitting and standing.

Amendment No 8 is rejected.

I put paragraph 28 to the vote.

Paragraph 28 is adopted.

On paragraph 29, I have Amendment No 12 tabled by Mr Pisoni, Mr Pucci, Mr Brugger and Mr Bersani and seeking to delete this paragraph.

What is Mr Ligios' position ?

**Mr Ligios, rapporteur.** — (I) Favourable.

**President.** — I put Amendment No 12 to the vote.  
Amendment No 12 is rejected.

I put paragraph 29 to the vote.

Paragraph 29 is adopted.

After paragraph 29, I have Amendment No 7 tabled by Mr Scott-Hopkins and Mr Corrie on behalf of the European Conservative Group :

After paragraph 29, add the following new paragraph :

'29 a. Until such harmonization is complete, believes that a system of minimum import prices can only be detrimental to the Community's food processing industry;'

What is Mr Ligios' position ?

**Mr Ligios, rapporteur.** — (I) Unfavourable.

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

I put paragraphs 30 and 31 to the vote.

Paragraphs 30 and 31 are adopted.

Since Amendment No 11 to paragraph 32 has been withdrawn, I put paragraphs 32 and 33 to the vote.

Paragraphs 32 and 33 are adopted.

On paragraph 34, I have Amendment No 6 tabled by Mr Hughes, Mrs Dunwoody, Mr Mitchell, Mr Hoffmann and Mr Lemp and seeking to delete this paragraph.

What is Mr Ligios' position ?

**Mr Ligios, rapporteur.** — Unfavourable.

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

I put paragraph 34 to the vote.

Paragraph 34 is adopted.

I put paragraphs 35 to 49 to the vote.

Paragraphs 35 to 49 are adopted.

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

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

## 8. Shipping regulations

**President.** — The next item is the joint debate on :  
— the oral question (Doc. 28/78) with debate, put by Mr Cointat on behalf of the Group of European Progressive Democrats, Mr Carpentier on behalf of the Socialist Group, Mr Colin on behalf of the

<sup>1</sup> OJ C 108 of 8. 5. 1978.



## President

Christian-Democratic Group (EPP Group), Mr Bourdelles on behalf of the Liberal and Democratic Group, Mr Spicer on behalf of the European Conservative Group and Mr Eberhard on behalf of the Communist and Allies Group to the Commission, on shipping regulations :

The 'Amoco Cadiz' catastrophe, which is the fourth such disaster to have occurred off the coast of Brittany over the past eleven years and which has been utterly ruinous both to the local population and to the environment, is clear evidence — if evidence were needed — that the absence of controls over shipping can no longer be tolerated.

Does the Commission propose to campaign vigorously both at Community level and within the international organizations for the introduction of regulations which will effectively guarantee a maximum level of safety ?

In this connection, does it propose to tackle the root causes of the present lack of organization and to consider the following aspects of the problem : the use of flags of convenience ; sea routes and their surveillance, notably by radar ; special shipping lanes, well away from coastlines, for vessels carrying dangerous cargoes or contaminants ; the professional qualifications of crew and their position as regards social security ; insurance ?

In view of the number of oil-tankers that have suffered shipwreck, would it not agree that giant freighters are too dangerous and that reasonable maximum tonnages should be prescribed ?

Would it not also agree that the Community has all the powers necessary to ensure the conservation of its 200-mile economic maritime zone, including the power unilaterally to impose autonomous safety regulations on all vessels crossing that zone ?

Finally, does it intend to propose that a Community contribution should be made from the funds set aside in Chapter 59 of the budget towards making good the losses suffered by the local population ?

— the motion for a resolution (Doc. 37/78/rev.), tabled by Mr Kofoed on behalf of the Committee on Agriculture, on the 'Amoco Cadiz' disaster.

I call Mr Cointat.

**Mr Cointat.** — (F) Mr President, for almost a month now Brittany has been subjected to the nauseating and clinging stench of oil. The people of Brittany are distressed and angry. Vast stretches of coastline have been blackened ; beaches, rocks and islands have become sticky with oil. And it was reported again today that the huge oil slick from the *Amoco Cadiz* is now advancing inexorably towards other shores.

Plant and animal life have disappeared. The oyster beds have been destroyed. Guillemots, puffins, petrels and cormorants are dying in their thousands. The damage has been compared by one professor to that caused by nuclear explosion. In addition, hundreds of people whose livelihoods depend on the sea have been put out of work for months on end.

Mr President, we are witnessing the world's worst sea disaster since the tanker *Metula* ran aground off the

coast of Chile on 9 August 1974. The spring of the *Amoco Cadiz* disaster will be remembered in Brittany as a particularly black period.

At this very moment another tanker, the *Tarsus*, is in flames off the Azores. At this very moment a small oil slick is affecting 8 km of coastline near Bastia in Corsica, because a freighter unlawfully cleaned out its tanks at sea.

Eleven years ago almost to the day — again around the time of the spring equinox — the *Torrey Canyon* ran aground on the Seven Stones, a disaster which, like today's led to anguish, misery, despair and revolt on both sides of the Channel.

I recently re-read Jean Mabire's book entitled 'La marée noire du Torrey Canyon'. It should equally well have been called 'La marée noire de l'*Amoco Cadiz*', because over the past three weeks history has repeated itself with amazing accuracy : there is the same painstaking work of clearing up, with primitive methods, in which the bucket and spade once more prove their worth ; there is the same use of sawdust, dispersants and detergents, which are incapable of holding back the huge wave of so-called black gold ; there is the same make-shift use of the inadequate materials which come to hand, the same barrage nets stuffed with straw and, above all, the same firm solidarity of people who are conscious that Brittany is not a rubbish dump but a unique part of our heritage which must be preserved at all costs.

We must pay tribute to the thousands of voluntary workers now wading through the filth and to all those who have sent a contribution, including — let us not forget — the staff of the European Parliament, to whom I extend my warmest thanks.

However, Jean Mabire's book also refers to the lack of any policy or concerted action to avoid such catastrophes, a situation surprisingly similar to today's. It discusses the problem of giant oil tankers in the Channel and elsewhere, the scandal of flags of convenience, the inadequacy of safety regulations for freighters, marine pollution, and the question of coastal surveillance, etc. Unfortunately none of these problems has been solved over the past 11 years.

There have been many studies but few decisions.

The *Amoco Cadiz* is Brittany's fourth disaster in eleven years, along with the *Torrey Canyon*, the *Olympic Bivert* and the *Boblen*.

We must bear in mind, however, that in the same period a total of 213 similar accidents occurred throughout the world. Thus, together with the deliberate discharging of oil at sea, over 6 million tonnes of hydrocarbons have been poured into the oceans. So although Brittany is hardest hit at present, the problem is an international one ; and no country can provide a satisfactory solution.

### Cointat

The people affected and other observers are right to ask why the European Community has so far done nothing to improve the situation. 'Where is the progress we keep hearing about?', a disillusioned Breton was heard to ask.

However, the European Parliament has given ample warning of such catastrophes. For example, between 1974 and 1977 reports were published by Mr Seefeld and Mr Prescott, as well as the memorandum of October 1977 the Group of European Progressive Democrats, whose rapporteur was Mr Nyborg.

The Commission is submitting its first proposals today, and Mr McDonald will be presenting his conclusions in May. On 4 April, moreover, the Council decided to award priority to this major problem. But all this is not enough. We need not only to provide help but also to establish and apply consistent overall policy. Above all, we urgently need to implement the plans we have already prepared.

Does the Commission not agree, for example, that rather than protest about flags of convenience, Member States should ratify all the international agreements already drawn up: the 1969 and 1971 amendments to the international convention — drawn up in 1954 — for the prevention of marine pollution by oil, the international convention of 1973 on the prevention of pollution by ships, the 1969 convention on action to be taken at sea in the event of oil pollution, the 1969 convention on civil liability for damage caused by oil pollution, the 1971 convention on the setting up of an international fund to compensate for damage caused by oil pollution, and the 1976 convention of the International Labour Organization on rules governing seafarers? I have no doubt omitted other international agreements which have not yet been ratified by the Member States. But these agreements would be appreciable if only the Member States — which account for 25% of international trade — would ratify them.

That is the situation which prompted the many questions put to the Commission by the various groups in this House. Positive action is needed urgently, and I hope that this debate will help to achieve some progress.

I should like to make one final comment, Mr President.

The Commission has granted aid of 500 000 EUC to the disaster victims in Brittany. I appreciate that this loan was made in all sincerity. In fact, Article 59 was devised for this purpose on the initiative of the European Parliament. But this sum is ludicrously small in view of the extent of the damage. It should be increased — as a matter of the utmost urgency — by at least a million EUC.

Furthermore, the way we provide help is as important as the help itself. If it is to be effective, it must be given quickly and directly. I believe that aid should be channelled as closely as possible to the victims them-

selves — that is, it should go straight to Brittany's Regional Council, which is a public body qualified to administer such loans and whose president, Mr Colin, is with us today. To channel the aid via the authorities in Paris — for whom I have the greatest respect — would lead to unnecessary delays, as happened with the aid to the flood victims of Gers, for example. At present only a third of this aid has reached those concerned.

Aid should be decentralized because of the urgency of the situation.

Finally, Mr President, I earnestly hope that our voices will be heard and that a long-term, consistent overall policy will be devised to prevent similar disasters occurring in future. I hope that the Commission will help us to draw up such a policy.

*(Applause)*

### IN THE CHAIR : MR YEATS

*Vice-President*

**President.** — I call Mr Kofoed.

**Mr Kofoed.** — *(DK)* Mr President, I am afraid I cannot express myself as eloquently as Mr Cointat, but otherwise I go along with what he said. I fully understand his reaction to the disaster which has occurred off the coast of Brittany.

The background to the initiative on the part of the Committee on Agriculture to submit a motion for a resolution to the European Parliament is quite simply that we are concerned with the problems of marine and coastal life. I should like to say on behalf of the Committee that it is a sad state of affairs if disasters of this kind have to happen before the competent authorities take action. After all, it was known that this could happen, we have already witnessed similar, if perhaps not quite so catastrophic incidents. There is no point in me trying to outline what the full scale of the disaster may be. I think the important thing now is to take political action, firstly by expressing our solidarity with the people hit by this disaster, then by getting down to work with a view to preventing similar occurrences in the future and finally by setting up a Community level mechanism to deal with the consequences of incidents of this kind — or at least soften the blow — if and when they occur.

We in this Parliament will, I think, have no difficulty in agreeing that we are ready to give financial assistance. The question of taking preventive measures is, however, perhaps more difficult, since the Community cannot take the necessary measures regarding, for example, navigation conditions in Community waters alone. Navigation is an international matter and solutions must be found at international level. However, it is up to the Community to take a lead in this work so that the international conditions regarding navigation routes and methods may be introduced as soon as possible.

## Kofoed

The next point I should like to make is that this disaster shows once more that no individual State can be adequately equipped to intervene in such cases. It seems, therefore, obvious to us in the Committee on Agriculture that adequate provisions should be made at Community level. I might refer to the Corrie report which demonstrates that we could have foreseen a disaster such as this months ago. For this reason, general fishing inspection vessels should be authorized to intervene in disasters involving oil pollution.

I do not think there is any disagreement in this Parliament regarding our good intentions, but I do believe that the most important thing in this debate is to give expression to the political will of this Parliament to urge the national authorities and the Commission to take the necessary steps to avoid a further disaster of this magnitude. This is a serious problem, and we can learn from this disaster how to avoid the next one. This is the political task before this Parliament and the national parliaments and governments.

**President.** — I call Mr Natali.

**Mr Natali, Vice-President of the Commission.** — (I) Mr President, ladies and gentlemen, the *Amoco Cadiz* disaster has aroused strong feelings throughout the world particularly among the population most directly affected, who have wondered and continue to wonder anxiously what will become of their principal means of livelihood. To them I extend sympathy, both personally and on behalf of the Commission. The Commission understands their justifiable fears and, conscious of its own responsibilities, will actively pursue the efforts already begun to combat marine pollution.

The *Amoco Cadiz* accident has once more dramatically highlighted the problem, which is not limited to the disastrous social, ecological and economic consequences of exceptional accidents. Although the importance of such accidents must not be underplayed, the problem must be considered in the more general context of marine pollution caused by hydrocarbons and of the need to provide for adequate prevention, as well as of the search for more efficient ways of dealing with it when it occurs.

The last serious assessment of marine pollution by hydrocarbons was carried out in 1973 by the United States Academy of Sciences. It shows that out of about 1 000 600 000 tonnes of hydrocarbons carried in one year on all the seas of the world, about 6 000 000 tonnes of oil are discharged each year into the ocean. Most of this marine pollution comes from earthquakes and similar land movements (about 44 %). Operational discharges from oil tankers account for 18 % of the pollution. Next come three other sources of pollution of equal importance (about 11 % each), namely leakages in harbours or dry docks, natural seepage and exploitation of the sea bed; there is also atmospheric fallout. This last factor accounts for 5 % of the total. This means

that on average 300 000 tonnes are accidentally discharged into the sea, compared with 2 600 000 tonnes deriving from movements of the land mass.

It is therefore a question of conceiving, developing and implementing a wide-ranging policy which takes account of the fact that action to prevent pollution must be seen in the context of an effective policy relating to maritime traffic, conditions of work at sea and conditions in the shipbuilding industry.

I should like to remind honourable Members that the Commission presented proposals to the Council well before the *Amoco Cadiz* accident. Thus as early as in June 1977 the Commission sent a communication to the Council accompanied by a draft resolution on action to prevent, control and reduce pollution caused by accidental discharges of hydrocarbons at sea.

In particular, the Commission proposed that a system be set up to assess and provide information about the means of action available in the event of accidental discharges of hydrocarbons, and that a programme of research be drawn up on the technology to be employed for removing and treating discharged hydrocarbons and for analysing their effects on marine fauna and flora.

In order to further coordinate Community action, the Commission recommended to the Council that the Community should adhere to the Bonn Agreement of 1969 on the pollution of the North Sea by hydrocarbons, and to the second Protocol of the Barcelona Convention on cooperation in the event of large discharges of hydrocarbons and other harmful substances.

The Environment Council of 14 June 1977 agreed to examine this document as soon as possible. The Commission notes that the Council was not in a position to devote more than a single preliminary meeting of experts to the study of the document.

Moreover, in its communication on the reorganization of the shipbuilding sector, sent to the Council on 9 December last, the Commission examined some measures designed to prevent pollution, with particular reference to respect for safety rules and minimum social requirements.

It is also worth mentioning that action to prevent or combat pollution by hydrocarbons is part of a wider international context, and is governed for the most part by conventions on a world or regional scale. A first group of international conventions deals with prevention of marine pollution by ships.

The first agreement was reached as early as 1954. This was the OILPOL Convention incorporating rules on operational discharges of hydrocarbons by tankers caused particularly by degasification and deballasting operations. This Convention was first modified in 1962 in order to extend the prohibited zones for discharge and to exercise more careful control over new ships of more than 20 000 tonnes.

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discharge hydrocarbons. This amendment came into force on 20 January last, i.e. 9 years later.

Finally, in 1971, the problem of accidental discharges was dealt with in a third amendment to OILPOL which envisaged new regulations for the arrangement and size of the cargo tanks. This last amendment has not yet come into force.

In 1973, as a result of the developments in the law of the sea which were taking place, a new conference on the prevention of marine pollution by ships was held in London with the aim of strengthening the rules in force for hydrocarbons and extending them to other dangerous substances and waste from ships through a new Convention known as MARPOL.

This Convention strengthens the regulations for construction of tankers, provides for special zones such as the Baltic and the Mediterranean in which no discharge is permitted, strengthens the checking procedures and urges the contracting parties to cooperate internationally in detecting violations. It was this Convention which was amended in London in February 1978; new regulations have been introduced into it for preventing operational and accidental discharges. These new technical rules make it compulsory for new tankers of more than 20 000 tonnes to have tanks with separate ballast, or for the cargo tanks of old-type ships of more than 40 000 tonnes to have separate ballasts for cleaning to be done with crude oil. The MARPOL Convention of 1973 and its latest amendments are not yet in force.

A second group of conventions concerns the general safety measures applicable to ships and to safeguarding human lives at sea. The earliest one, which date from 1948, have often been modified and gave rise in 1974 to a new Convention known as SOLAS. This was, moreover, supplemented in February 1978 by provisions relating to inspection of equipment, shipyards and the use of ships in general and of tankers in particular.

The international freeboard convention of 1966 lays down various rules to be followed with regard to maximum cargo of ships with a view to ensuring their stability, as well as cargo checks and certificates and enquiries to be made after any accidents.

Moreover, further international conventions relate to action to be taken on the high seas in the case of accidents which involve or may involve pollution by hydrocarbons, as well as aspects of civil liability for damage caused by hydrocarbon pollution. The latter convention was supplemented in 1971 by the creation of an international fund for compensation of the victims of large scale disasters involving hydrocarbon pollution.

The OIL Convention No 147 of October 1976, relating to the minimum standards which States undertake to draw up and apply to freighters, provides for minimum rules for the safety of the crew, their qualifications, hours of work, social security and working conditions on board, as well as a procedure enabling the State in which the port is situated to take the necessary measures

to deal with any situation on board which may constitute a danger to safety or health.

With respect to safety of navigation as such, various international conventions (SOLAS 1974, MARPOL 1973, Convention on prevention of collisions 1972) provide for the creation of shipping lanes and safety zones in areas of heavy traffic. These traffic separation zones have been adopted in the course of successive IMCO assemblies.

Finally, since 1969 the major tanker owners have signed and implemented two agreements relating to responsibility for hydrocarbon discharges.

One of these is the TOVALOP Agreement signed by the large tanker companies, which guarantees the reimbursement of expenses for cleaning coastlines up to the equivalent of 10 million dollars. The CRISTAL Plan covers damage not covered by the TOVALOP Agreement up to 30 million dollars. This amount is obviously inadequate, as the *Amoco Cadiz* accident has shown.

Complementary provisions exist at the regional level for the North Sea, the Mediterranean and the Baltic with a view to organizing cooperation among coastal States in the event of large discharges of hydrocarbons.

This long list of conventions shows that the problems of safety of ships and prevention of pollution by hydrocarbons have been the subject of international action for quite a long time.

As the first Community action programme on the environment has envisaged since 1973, the Community's action must obviously fit in with measures taken by these specialized international organizations. However, Western Europe, because of the indented nature of its coasts, but above all because it is the main meeting place of maritime traffic, has more to gain than any other region of the world from effective action on a world scale against marine pollution and more particularly against the dangers inherent in the transport of oil, including the risks of serious pollution of the coasts caused by accidents occurring on the high seas.

The value of international action through conventions is, however, often lessened by too long a lapse of time between the signature of the final act of a convention, its coming into force, and its effective application.

Thus, in the context of the international action I have mentioned the only conventions in force are those relating to action to be taken on the high seas and to civil liability, as well as the two regional agreements applicable to the Mediterranean and the North Sea.

Effectiveness depends also on motivation and on the possibility of cooperation among the parties to these international conventions. Experience shows that this cooperation is difficult to achieve on both the regional and the world level.

Moreover, there is no direct relationship between the means available to deal with the results of serious cases of pollution and the cargo transported by tankers. Nor

**Kofoed**

are the means of treating oil slicks yet adequate, either in terms of effectiveness or in ecological terms.

I now move on to the detailed points raised by Members, with which I have not yet had a chance to deal.

With regard to flags of convenience, the Commission accepts that the countries in question are not always in a position to fulfil their responsibilities. The Commission is considering the implications of this. In any case it would like to draw the attention of Parliament to the considerable differences which may exist among the various flags of convenience particularly in respect of the average age of the ships, the conditions on board and the number of accidents. In the Commission's view it is advisable in the first place to deal with the problem of ships which do not comply with the norms, whatever their flag.

In this context, the Commission is already investigating how the Community can subscribe to the administrative agreement concluded on 21 March 1978 by eight North Sea countries, relating to the norms and procedures for all ships of whatever flag which put into their ports and which do not comply with the specific standards deriving from international agreements (minimum age of crews, licences, catering, medical examinations, accommodation, prevention of accidents on board).

Experience has shown that accidents at sea are more often caused by the mistakes of the crew than by technical defects. A first draft of an international convention on the training of seamen and the issuing of licences has just been completed by IMCO in cooperation with the International Labour Organization. This first draft will be examined in the course of an international conference in London next June.

With regard to the competence of coastal States in the field of combating marine pollution in the 200-mile zone, and with regard to maritime routes, their control and the 'special shipping lanes', I think it worth reminding you that technical problems are dealt with within IMCO, while political and legal problems are covered by the United Nations' Third Conference on the Law of the Sea, whose seventh session is taking place at the moment in Geneva.

The document drawn up by that Conference in the course of its last session (entitled 'Composite unofficial text of negotiation' — TNCO), which serves as the basis for the current negotiations, provides that coastal States may adopt laws and regulations applicable to ships making an innocent passage across their territorial waters. Such laws and regulations concern safety of navigation, the regulation of maritime traffic, and the prevention, reduction and control of pollution in the waters of the coastal State. The same text confers on coastal States a certain number of powers to ensure compliance with such laws and regulations.

However, these same laws and regulations cannot apply to the design, construction, crews or equipment of foreign ships, unless they give rise to generally accepted international regulations.

Moreover, the coastal States can insist that foreign ships availing themselves of the right of innocent passage in their territorial waters, particularly tankers, should use special shipping lanes in those territorial waters. It was in accordance with this principle that the day before yesterday the French Navy stopped and escorted into port a tanker which was failing to respect the special shipping lane off Ushant.

Within the economic zone which covers the 188 miles outside the 12 miles of territorial waters, States also have the opportunity, according to the composite unofficial text of negotiation (TNCO), to adopt laws and regulations designed to prevent or reduce pollution by ships, on condition that these laws and regulations conform with the generally recognized international rules and norms drawn up by the competent international organizations.

These same States are endowed with some powers of control with regard to ships which do not respect the laws and regulations thus promulgated, and in the most serious cases (discharge which may cause serious damage to the coastline) they can begin criminal proceedings against such ships.

I would remind you that the Council of the Communities, in its resolutions at The Hague in November 1976 decided that Member States should establish a zone of 200 miles off their coasts limited to fishing, which therefore does not have the full status of an economic zone in the sense of the provisions of the Law of the Sea Conference, particularly in the sector of conservation of the marine environment. Only France has established a complete economic zone which includes jurisdiction over pollution aspects.

In the present situation, therefore, the Member States, with the exception of France cannot use the powers of regulation conferred on them by the texts of the Law of the Sea Conference in respect of combating pollution outside territorial waters. This legal situation obviously limits the capacity of Member States to take action to deal with accidents outside those waters. I must also remind you that in general the Member States have always been rather reluctant to countenance excessive extension of coastal States' powers of regulation and policing for combating pollution in the economic zone, for fear that certain third countries might exercise greatly extended powers in this field in such a way as to hinder unjustifiably to the freedom of navigation of their own ships in the zones of jurisdiction of those third countries. The Member States consider that on certain points the present texts of the Law of the Sea Conference do not offer them all the desirable guarantees, on certain points.

In such a delicate matter it is therefore necessary to establish the right balance between the need to guarantee freedom of navigation to the Community's ships in the waters of third countries and the need for the Community to have adequate means of combating risks of pollution of its coasts.

## Kofoed

We are therefore dealing with a problem in which all the political, diplomatic and economic aspects must be carefully considered and the Commission for its part intends to devote particularly thorough attention to these without delay. The maximum tonnage of tankers was discussed at international level in 1971 shortly after the *Torrey Canyon* accident. The question was raised whether it was advisable to limit the tonnage of the tankers or that of the cargo tanks.

It had not occurred to people at the time to limit the tonnage of tankers since the correlation between tonnage and risk of accidents was not evident. On the contrary, it was thought that the limitation of the tonnage of tankers would possibly lead to an increase in the number of ships in circulation, with the possible result of increasing the risks of collision.

Moreover, large tankers offer advantages both in economic terms and in terms of prevention of operational and accidental discharges, in particular since they make it possible to use more sophisticated technology. However the *Amoco Cadiz* accident leads one to ask whether all the factors were taken sufficiently into account in the design of the supertankers, particularly the possibility of towing. Moreover, the considerable volume of the cargoes carried poses the problem of providing adequate means of dealing with such cargoes when they are accidentally discharged into the sea.

With regard to aids to the affected population, the Commission decided on 22 March 1978 to grant an aid of 500 000 EUC as credits under Item 59 of the budget. This amount has already been sent to the French Government. In doing this, the Commission intended to help to cover the most urgent needs of those affected by the disaster and to protect their sources of income. Moreover, in the regulation concerning structural improvements to the fishing fleet compensation is envisaged for lack of fishing during certain periods. The Commission could investigate whether such compensation could also be granted for possible lack of fishing caused by marine pollution disasters such as the present one.

What, then, are the first conclusions which we can draw from this long but necessary analysis — and I apologize for its length ?

The European Council, in the course of its last meeting at Copenhagen after hearing to a communication from President Giscard d'Estaing on the subject, expressed the view that the Community should make preventing and combating marine pollution, particularly that due to hydrocarbons, an important objective. The European Council invited the Council of Ministers, on a proposal from the Commission, and the Member States to adopt the appropriate measures as soon as possible and to take up common positions in the international bodies responsible for combating pollution and for fixing minimum standards for ships.

We have instructed our departments to prepare in the shortest possible time a report accompanied by proposals to the Council, dealing with all matters relating to the prevention and combating of accidental pollution by hydrocarbons.

The Commission hopes that appropriate measures can be taken to ensure that the international Conventions I have mentioned, particularly the MARPOL and SOLAS (1974) Conventions and their Protocols, as well as the OIL Convention, come into effect as rapidly as possible and are rigorously applied in the Community.

It will, moreover study the methods to be used and will make proposals to ensure that the aims indicated in those Conventions may be achieved in optimum conditions, particularly through their speedy ratification by Member States, or through their application.

The Commission will examine the problem of detecting violations and applying sanctions to ships which contravene the provisions of international and regional conventions. The measures to be taken in this context should make it possible to strengthen the procedures in Community ports for checking that ships conform with international standards and any Community standards.

As I indicated earlier, we shall propose that the terms of the administrative agreement concluded on 2 March 1978 by eight North Sea countries be adopted by the Community ; we shall also propose common action with regard to the IMCO Conference of June 1978 on the training of seamen and the issue of licences.

Finally, the Commission will renew its request to the Council that it should examine the documents already transmitted to it concerning both measures against pollution and the reorganization of the shipbuilding sector, and that it should reach decisions on these as soon as possible. These documents could perhaps be supplemented in the light of the results of recent consideration of the circumstances of the *Amoco Cadiz* accident.

With regard to combating hydrocarbon pollution, which comes within my direct responsibility in the Commission, I intend to propose that an action programme on the following points be transmitted to the Council, which could discuss it on 30 May next :

- the setting-up of a system of collection and dissemination of information on the manpower and material resources available in the Member States for combating this type of pollution ;
- the setting up of a system of collection and dissemination of legal and technical information relating to tankers putting into Community ports ;
- Community action to strengthen the cooperation and effectiveness of national anti-pollution teams and possibly to set up national or multi-national teams ;
- a possible contribution by the Community to the designing of special ships for recovering hydrocarbons discharged into the sea ;
- a research programme dealing particularly with the identification of harmless chemical means of dispersing oil slicks ;
- finally, the study of modifications and possible improvements to the laws on insurance and towing.

## Kofoed

Mr President, ladies and gentlemen, I apologize for the length of my speech, but I thought it necessary to explain the complex nature of marine pollution, which is indissolubly linked with the solution of maritime traffic problems, with a whole range of legal and political implications.

To give an idea of the complexity of the problems does not mean and is not intended to mean that we are powerless to solve them; on the contrary, it shows our firm intention to identify these problems in order to work out the necessary action for overcoming and solving them.

The awareness shown by the European Parliament in this field further strengthens our resolve and represents decisive support for the action the Commission wishes to take in order to safeguard the seas upon which the fate of millions of European citizens depends.

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

**Mr Prescott.** — Mr President, what the Commissioner lacked in passion he certainly made up for in his ability to read the brief. Frankly, I would say to the Commissioner that if it had not been for the last part of his speech, I would have been hard pressed to say what the difference was between his speech and what I can get from the library; this is a debating arena, not a place for people to be lectured to about basic facts which are available in any library. Nevertheless, I think he saved the day in the latter part of his speech, where he showed that he was beginning to get a grasp of what the argument is about, and I certainly congratulate him on that part.

We in the Socialist Group have been concerned for some time — and this can be seen in the records of this Parliament — about the reasons why these collisions occur, and indeed why we can predict that they will continue to occur, and we would like to say that the real issue in the matter we are debating today — and I congratulate those who have introduced and spoken on this motion — is how we prevent them. And it is not only a matter of collisions; there are other problems of pollution which, I am sure, some of my comrades from my own group will be dealing with, particularly the threat to the environment.

What I want to concentrate on is how we prevent these incidents, and here there are three things we must bear in mind: first, that this particular incident is not unique; secondly, that these incidents continue with regularity and the contributory causes of such incidents have common features; and thirdly, the need to advocate yet again what the Socialist Group has continued to advocate in this Chamber ever since the Seefeld report in 1974, which the author of the question, Mr Cointat, referred to and which, incidentally, as a matter of history, was opposed by the

Conservatives. This shows how far the debate goes back in time.

The question of uniqueness is clear, as pointed out by Mr Cointat and indeed, the Commissioner. The 'Torrey Canyon' is the one often referred to, but Mr Cointat pointed out incidents that are occurring at this very time. As an ex-seafarer concerned about this problem for the greater part of my life, I have constantly made the complaint to this Chamber that these incidents are not necessarily due to the malfunctioning of a modern ship. Rather they are due to the inefficiency and incompetency of those who are in charge of that craft at that particular time, and there is considerable evidence to bear that out.

I am bound to say that it is also not simply a problem of pollution by tankers; there is a matter of the ship 'The Seagull', that sank off Sicily in 1974 with a highly dangerous cargo. There was a great deal of concern at that time, but, you know, the whole crew disappeared. There was no inquiry by Liberia, the state the ship was registered with. There was not much concern about the crew of 34 who were missing. In fact, I sometimes think that oil on our beaches has more effect than blood. There are many, many seafarers who die in these incidents, and very little attention is paid half the time to that particular aspect.

The common feature in these incidents, clear for everybody to see, is that they happen to be flags of convenience ships. Certain countries sell the advantage of their flag for taxation reasons to companies — particularly Western companies but also Communist China, so I am not making a point about the West as such — who use the advantage of a flag of convenience to avoid the safety regulations, to gain tax advantages and to have very slack controls on these vessels. There is a very good commercial reason why the importance of the flags-of-convenience countries has grown in 25 years from almost nothing to a situation where they now control over 25% of the world's tonnage. Indeed, we note that Greece, who wishes to become a member of this Community, has an ever increasing proportion, at present over 50%, of her tonnage registered in flags of convenience countries, and there is some evidence of this developing on a considerable scale among European shipowners also. We also note that the ships registered in these countries tend to be lost at twice the rate of the traditional maritime countries. These are the OECD figures. The OECD also shows that whilst in some years the flag-of-convenience countries may be responsible for 25% of the total tonnage, their losses may account for 44% of the total loss of tonnage, so quite clearly, for the reasons I have given you, the fatalities and the losses of vessels are concentrated in these countries, and there is a correlation between the standards you impose on your vessels and their loss rate, and fatal accidents and pollution of our shores.

**Prescott**

What evidence have we of inquiries being conducted? I have been in constant conflict with Liberia over incidents costing hundreds of men's lives that have never been inquired into by Liberia. Ships pick up their crews in some part of the world like Africa where the men are desperate for any kind of job, they are lost at sea, and nobody holds an inquiry to find out what happened to them. That is a deplorable state of affairs for any civilized community, yet we allow their ships to come into our waters, despite such cost. I have asked what inquiries they hold — they hold barely any at all. Indeed, to say that they have held inquiries into one percent of ships lost would be an overgenerous estimate of what they have actually done. Those that they have held — into the Torrey Canyon, the Royston Grange — have been the result of public pressure either from Americans or from Europe, but they did hold them. And those inquiries — I have copies of the documents here if people want to see — have always established that the crews had no certification, that their competency as seamen was negligible, and that these were contributory factors to seamanship decisions associated with the collision or loss of the vessel. This association between incompetence and the incidents leading to collisions, or running aground or loss of ships is certainly well established.

But do bear in mind that it is not only those countries that offer their flags that are guilty. The guilty men are the shipowners of this Europe and everywhere else in the world who take advantage of this system, with scant attention to the effects of pollution or the danger to men's lives. This only reflects what commercial greed will lead to unless we put limits on its development. If they avoid the standards we say should be imposed on crews and their competency, the consequences are all too evident.

I welcome the Commissioner's reference to the delay in notifying the authorities once a ship has gone aground. You must understand why there is a delay. It is because the owner does not want to allow the first tug available to take a line on the ship — because the tug will claim the main value of the cargo of a ship in distress. So they haggle and negotiate while the ship drifts with no power, at the risk of men's lives and pollution to the shores. That is why there is a delay, that is why the incident is so bad when it happens — it is all about money. However you look at it, that cannot be acceptable to us here. The Commissioner rightly said that we should find an international solution. We are aware of the existence of international conventions. I will not bore the House with, too many details, but I will say this: the Commissioner is right to point to the international conventions, but the real issue is that they are not ratified. The reason they do not get ratified in the main is because flags of convenience countries are growing in size, and one of the conditions of ratification is not only how many nations ratify, but what proportion of world shipping

tonnage they represent. So the more these flag of convenience countries grow, the less likely they are to ratify international controls, since it is precisely because they have agreed not to impose these controls nationally that people turn to them and use their flags. So any hope that we can somehow look to international conventions to solve our problem in the immediate future I think has to be regarded as a very slow possibility of achieving anything positive. Yes, that is the solution in the long run, but it is certainly not the solution at the moment. We have to tip the balance for those countries to make them recognize that they must ratify these agreements.

The one way that we can do that is to use the really powerful position we are in at this stage of being able to say that a tanker that does not recognize the standards we say are necessary will not be allowed into our ports. In the main they all come into our territorial waters, so we can catch them in our territorial waters, where international law allows us to intervene in the interests of safety to prevent ships sailing and to prevent them coming into our harbours. So we have a sanction. We have a power. We don't know whether we've got the guts to impose that power. That is the question that is now posed for us. We have tried constantly to get people in this Assembly and elsewhere to recognize the importance of imposing these powerful sanctions. Already there is considerable demand from all over Europe, including areas that are not associated with the seas. I received a letter from a place that I have had some association with, Chester, which really has nothing to do with the sea, demanding that we do something about this, and this demand is being reflected all over Europe. I want to say that the way forward, Mr Commissioner, is indeed to establish the political will which I think you have begun to show is perhaps developing in the Commission. I am not a keen advocate of political power for the Commission, but I think this is one area in which it clearly has a very positive contribution to make, and in two spheres in particular: use the port-state power. Ask nations to use that and agree on what we consider are the minimum conditions for reducing the factors that contribute to these kinds of incidents. Secondly, recognize that while you cannot get all the world to agree, we can get regional agreement.

The Hague statement of the North Sea countries, of which six are the Community countries to which you referred, is certainly a positive step forward. It was only agreed to in March, but I hope the Commission can take the initiative with those states to do a number of things. One, it must begin to define what the minimum standards are for certificates, competency and long hours. The Torrey Canyon tanker captain had been on that ship a year without getting ashore. How can a man be competent in a job of such scale on a tanker, without having a day off from his job?

These are typical contributory factors. But, you know, it is not just flag of convenience countries that ignore



**Prescott**

international regulations on hours or, indeed, as the Commission has pointed out, on certificates. If we look at certificates, the only people who have ratified matters of certification are Germany, Ireland, Luxembourg, the Netherlands and the United Kingdom. The only people who have ratified the matter of long hours and wages is France. So there is an awful lot to be done in our back garden before we start banging on the flags of convenience. You cannot have one law for us and one law for them. So the first thing is what the Commission has suggested. The Council of Ministers say they want to do something. Well, why don't they draft something that says that we all immediately ratify these ILO conventions? We all agree at the ILO that we will accept them, but we do not ratify them. We have the best of both worlds. We make great speeches about action, and then we do not get it implemented. So there is our first step.

The second step the Commission should take is to have discussions with the unions through the Economic and Social Committee, which the last Commissioner, Mr Giolitti, mentioned. He talked about international regulations, but the problem does not lie there: it is a matter of regional agreement. The unions in the Committee have been asking for that, but because the owners will not agree, the Commission is in some difficulty. Over-ride those difficulties! Let us get down to discussing how you solve the problem and the social conditions that are at the heart of it.

The third area we should now be taking action in is not only the ratification of the ILO, but the oil pollution conventions. Europe is responsible for almost 25% of world tonnage. If they all agreed in the Community to ratify these conventions, then overnight they would become applicable as international law. It is within our own hands to do it. Not to make statements saying we might do it, and 'let's hope' and 'this is terrible'. It is within our hands to do something about it, and therefore it is a bit hypocritical to suggest that the problem is confined to the international area.

The last point I wish to make is one that has been mentioned in previous reports in the record, and which the Socialists have advocated since as far back as 1974 — certainly in January of this year, when we debated this very issue and predicted similar incidents. This was the development of what we've called the European coastguard. You are already giving money, as the Klinker Report has shown — and I took part in those discussions — to the extent of £42 million towards the development of aircraft and ships for the development of a fishing conservation fleet. Why do we not use those same ships that we use for air-sea rescue, for pollution control, for fishing conservation, in coordination with national facilities, so as to develop for the first time a comprehensive European coastguard facility? We have gone part way about it. It is just a matter of organizing it, and I hope the Commissioner will do that.

Forgive me one small political plug. You must base such a body as this in the area that is nearest to the centre of the Community waters, and that is Humber-side. I hope in the report that I am going to be producing in two weeks' time we will have spelt it out in more detail to the Commissioner.

Mr President, we as a Socialist group are extremely concerned about this. We have it on record that since 1974 we have been making the point. We think people are now recognizing what we have been saying for so many years, but there is a lot that the Community can do itself. I hope this debate is the first visible sign that we will take a positive step towards re-organizing and taking effective action, such as using the power of the port-states, thus taking on this problem in a positive way.

*(Applause)*

**President.** — I call Mr Colin to speak on behalf of the Christian-Democratic Group (EPP).

**Mr Colin.** — *(F)* Mr President, ladies and gentlemen, the scale of the disaster which occurred on 16 March after a 230 000 tonne oil tanker ran aground on rocks off a small fishing port — Portsall — in north-west Brittany, and its human, social and economic repercussions, should inspire all our leaders to implement an effective policy to combat pollution. If you had been in Brittany — which I cannot talk about dispassionately as I was brought up there among the fishermen — you would have witnessed a ghastly spectacle; it is impossible to describe it without calling to mind a scene from a French television film in which a seabird was seen shown drowned in oil. It tried to fly away but its wings were too heavy. It reached the shore, where it was again unable to fly. Then, as if by instinct, the bird returned to the sea — or rather the oil — where it was somehow swallowed up by death. It was a hideous sight, and the disaster has seriously damaged the economy of the region and has posed a severe threat to all the fishermen, seaweed gatherers and oyster breeders, etc., whose livelihoods depend on the sea.

We greatly appreciate the solidarity shown by the Commission, although not enough people are aware of this solidarity and, as Mr Cointat said a moment ago, arrangements will have to be made to ensure that help reaches those affected without delay.

I feel that there was particular need for European solidarity of this kind, because a large proportion of the 500 million tonnes of shipping which use the Channel to the north of Brittany every year is bound for the European ports in the Channel or the North Sea. All the countries of Europe are therefore jointly responsible for any disasters which occur in the Channel, near the French coast, or in the North Sea, near their own countries. The *Amoco Cadiz*, for example, was due to unload its cargo at Le Havre and then proceed to Rotterdam.

### Colin

Now that the excitement has died down, we should try to take effective action. We must remember that, in view of our all too frequent experience of such disasters in Europe, our only effective way of combating pollution is by preventing it. Various kinds of coastal pollution may be tackled on a small scale, but no country in the World is equipped to cope with pollution of this magnitude, particularly if the weather is unfavourable.

Of course, Mr Natali, I noted the proposals which you put to the Council of Ministers in 1977. Without wishing in any way to diminish your authority or my respect for you, I must say that these proposals are totally out of date, and that even if they had been implemented by the Council of Ministers, the recent disaster would not have been averted.

We need to take more drastic action now. Since you appear to be concerned about the catastrophe which has hit Europe, I should like to submit some proposals to you.

You referred to the existing shipping lane, in particular in the Channel, which creates a one-way traffic system with a view to avoiding collisions.

Could we ask all the member countries to move these lanes further from the coast? The lane being used by the Amoco Cadiz was only about 10 miles off shore. If I understood you correctly — and there is some doubt on this point — I am not sure whether it is strictly compulsory to use these lanes, and this is another reason why they should be moved further out to sea. I do know that some tankers sail outside the lanes and that no one complains. I hope that, in 1978, it will be made compulsory to keep within lanes, and that the system will be extended and not confined to certain shipping areas.

Secondly, unless we set up a uniform information, warning and salvage system, the next oil slick will occur where we least expect it.

Of course such a policy has international implications, but given the Community's power to take action, it could be highly effective.

Since the catastrophe France has decided to construct a powerful radar installation on the island of Ushant which could be used to monitor shipping in the area. I think that this idea ought to be developed and that if the other countries agreed to set up similar monitoring systems, links should be established between them so that shipping can be monitored over the entire coast of Europe. I think that the Commission should give some thought to this proposal.

This is the context in which we ought to discuss flags of convenience, as these are often dealt with too superficially without considering all the difficulties involved. In my view, the proposal made in Luxembourg by the French Foreign Minister to the Community's Council of Foreign Ministers is more realistic

and effective: this is that the nine Member countries should agree to bar from European ports all ships which do not meet internationally agreed standards. If the Community decided to set minimum standards for oil tankers, berthing at its ports this would have an enormous impact throughout the world, because about one third of the oil transported by sea is shipped along our coasts and unloaded in Community ports. A regulation governing tankers using these ports would be bound to have a marked effect on the world's tanker fleets. I think it would be a good idea if the Commission and Council considered such a policy.

However, regardless of our information systems and regulations governing access to our ports, we must devise a suitable emergency procedure. Information systems shipping lanes and regulations on access to European ports would have been useless on 16 March, as we were unable to intervene. South Africa, for example, does not allow ships to come within 20 km of its coast. It has built up a tug fleet — each tug weighing 12 000 tonnes — which removes all ships inside the limit, thus eliminating the risk of pollution. Each country should naturally build its own publicly or privately owned tug fleet, but in order to be effective all of Europe's resources emergency facilities should be pooled so that we can take action wherever we need to.

Finally, the Commission proposal on data banks, that is the collection of all information on the facilities available, is a good idea, as is the proposal to set up a research and study centre for pollution control. Resources are extremely limited, we are almost ashamed to admit. The human race seems very adept at producing things, but is rather backward when it comes to controlling the harmful effects of production. We are reduced to using household implements to fight pollution on our shores. There is an immense amount of research to be carried out, and I think you could also take action in this area.

Finally, as you are no doubt aware, the giant oil slick is spreading daily. Changes in the wind tend to nullify the cleaning work already carried out. When the wind blows from the west, it carries the oil further up the Channel, while if it blows from the east, it takes it back to places which have already been cleaned, or even further, which is how my own region was affected. Immense damage has been caused. An entire region has been hit, and workers are deprived their livelihoods. But for how long? When will they be able to start fishing or collecting seaweed again? It is impossible to assess damage such as this. That is why, Mr Natali, whatever help European organizations give to the disaster victims, you are faced with the task of redeveloping a region which was not very prosperous to begin with and which could suffer for many years to come. I appeal to you to implement a Community policy to restimulate Brittany's economy.

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

**Mr Bourdellès.** — (F) Mr President, ladies and gentlemen, like Mr André Colin I have just returned from Brittany, from that part of Brittany which, on account of its rocks and its pink sand, has gained the reputation of being one of the most beautiful coastlines in the world.

It will thus be no surprise to you if my words echo his, although I may express myself less eloquently.

I too find it very difficult to overcome my emotion and find words to tell you of the tragedy which is at present taking its course in my country, in my district, in the small commune of which I am the mayor.

**After being afflicted three times before in ten years by the tankers *Torrey Canyon*, *Olympic Bravery* and *Bohlen*, Brittany has been wounded once more. The wound goes deeper than the visible contamination. The whole region is in distress. This oil disaster, 230 000 tonnes of crude, is the biggest the world has ever known.**

For three weeks now I have been haunted by the sight of hundreds of oil-covered birds in their death throes, drifting with the current or being washed up on the shore in droves: puffins, razorbills, gullmots, gannets, cormorants and terns which had come, as they do every year in early spring, to nest on our islands a few miles off the coast. The shellfish — the carpet-shells and clams — are coming out of the sand poisoned by oil. The lobsters, the crayfish and the prawns are already being deprived of the plankton they need to survive.

The fishermen are in a desperate position. After a hard winter, the time had come for them to put to sea to make a living for their families. But their boats are trapped in the oil and the fish are not fit to be sold.

The oyster farmers, the hotel and restaurant keepers, the shopkeepers, the owners of camping sites and furnished accommodation and the seaweed gatherers, who earn the major part of their income in the summer months, are wondering anxiously what the 1978 tourist season will bring.

That, ladies and gentlemen, in a few words is the sombre picture of the disaster caused by the *Amoco Cadiz*. Thousands of families in distress, a region disfigured.

However, while certain militants are spending their time organizing marches and demonstrations, people are working hard along our coast. The mayors and the elected representatives of the communes affected, surrounded by volunteers, have rolled up their sleeves. The French Government has mobilized very considerable resources, involving the cooperation of the arm and navy and of staff from the ministries of the interior, regional development, agriculture and civil

defence. The fire services are taking part in the clean-up operation. Radio, television and the other mass media have everywhere encouraged the creation of solidarity campaigns. A massive operation is under way; the tides, the currents and the winds will do the rest. The people of Brittany are convinced that their sands and their beaches will be clean. The best way of helping them, ladies and gentlemen, is to come in large numbers as holidaymakers or tourists during the coming summer months.

But that is not enough. Have we the right to accept a situation in which our people must continue to live with this perpetual fear of seeing another *Amoco Cadiz* founder on our coast tomorrow or the day after? In 1967, when we were hit by the oil from the *Torrey Canyon*, everyone — here and elsewhere — swore to do everything possible to prevent any further such disasters. What has actually been done, particularly in Europe? Nothing? Or at least nothing concrete. Nothing that could be of any help to us today in making good the disaster that has befallen us.

Now the wreck of the *Amoco Cadiz* was not due to fate. It is the result of human carelessness and was avoidable. Mr President, following the Ekofisk accident on 14 June 1977 the Commission of the European Communities proposed to the Council of Ministers responsible for the environment a series of measures for the prevention, monitoring and reduction of pollution caused by accidental spillages of hydrocarbons at sea. The Council of Ministers did nothing. This proposal was left to gather dust, and it was only after this new disaster that the Foreign Ministers reconsidered it in Luxembourg on 4 April.

The motion for a resolution tabled by Messrs Cointat, Colin, Spicer, Carpentier, Eberhard and myself on behalf of our respective groups is based in part on the Commission's proposals. Allow me to comment briefly on these proposals with the addition, for the benefit of the Council of Ministers, of a few suggestions which are the fruit of numerous conversations with those whose living depends on the sea.

First of all, there is a need to adopt preventive measures and to combat megalomania. There are already vessels of 550 000 registered tonnes with a draught of 28 metres, and there are plans to build tankers of 600 000 tonnes! The scale of the disaster caused by the *Amoco Cadiz*, which was of 230 000 registered tonnes, should cause such inordinate projects to be abandoned.

Secondly, compulsory conversion of tankers. Experts propose a double steering system, two totally independent engines, multiple leakproof compartments and, for vessels not meeting the new safety standards, a ban on unloading in ports.

Thirdly, the need for the oil industry to dispense with the services of fleets flying flags of convenience, which are responsible for a large part of the 3 million

### Bourdèlles

tonnes of hydrocarbons discharged each year into the seas of the world, and also for the common and criminal practice of discharging ballast at sea, which apparently causes even more serious pollution than the oil resulting from accidents at sea. Real latter-day slave ships, vessels sailing under flags of convenience make up a third of the world fleet. Liberia, which is by far the leading flag of convenience, has the largest merchant fleet in the world, and this Liberian fleet, with under-qualified crews and second-rate officers, is largely unaffected by minimum legal requirements on working conditions and basic maritime law.

Fourthly, moving the shipping lanes further from our coasts. In the event of either mechanical failure or collision, this increased distance would provide time to take effective action. There must be an up-channel lane and a down-channel lane, situated as far as possible from our coasts. The ideal solution in the English Channel would be to take as an axis a line more or less midway between Britain and France. The risks would thus be divided between the two countries, who would then have to agree on the surveillance, supervision and possible guidance of ships, as is already more or less the case in the Straits of Dover. Arrangements should be made for the installation of radar systems capable of tracking ships more closely, as Mr Colin pointed out just now, the creation of a fleet of powerful tugs ready to put to sea at a moment's notice, and finally the compulsory use — for a particular route and for vessels over a certain tonnage off dangerous coasts — of a deep-sea pilot who would perhaps not provide a sovereign cure in case of trouble but would surely be a great help by virtue of his knowledge of local conditions and currents, emergency facilities available and the necessary contacts with the authorities on shore.

Other measures are no doubt feasible, but none of them will be implemented without the agreement of the IMCO, the Inter-Governmental Maritime Consultative Organization. It is this body, therefore, that the European Community must approach.

Those, ladies and gentlemen, are a few preventive and supervisory measures. There remain the measures aimed at reducing pollution once an accident has happened. The Commission has communicated to the Council a series of measures which seem to me to be sensible. Mr Natali recalled them just now, so I shall with the conviction that this motion for a resolution before us will be adopted unanimously by Parliament, it remains for me to appeal to the European authorities and the governments of the Nine to ensure, firstly, that the wave of solidarity which has followed the *Amoco cadiz* disaster is reflected in real terms in substantial material assistance to the people affected and, secondly, that every effort is made to prevent similar disasters as far as possible. This disaster proves — if proof were needed — that a *laissez-faire* attitude to maritime transport is no longer tolerable. Each year more than 450 million tonnes of oil pass along the

shipping lanes off Brest. That corresponds to some 10 000 tankers — for not all of them, fortunately, are of the size of the *Amoco Cadiz*. Ladies and gentlemen, let us not abandon the people of Brittany to fear and anxiety, now that they are aware of the constant risks they run. This fear and this anxiety are reflected in what I was told the day before yesterday by an old fisherman in my constituency, who pointed at the boats moored in a little Breton harbour choked with oil and said: 'War is not as bad as that, Sir, because with war you know when it is finished; with the oil slick, you never know.'

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

**Mr Spicer.** — Mr President, it would be wrong for me, coming as I do from the West Country, which has a particular affinity to the people of Brittany, not to say a word about the problems that they face. Our hearts must go out to them, because we have seen this in part in the West Country before and we know the problems they will have. And of course the problems they have in Brittany today could so easily, by sheer chance, have been those of Guernsey or Jersey. If they had managed to tow that ship off rocks with only one tank ruptured, I understand there was a thought of towing it into Lyme Regis Bay and offloading it there into smaller tankers, but there would inevitably have been spillage, so that if it is Brittany's turn today, it could be the south-west of England tomorrow, or anywhere else. I think that Mr Cointat in his excellent opening speech made it quite clear that we are all in this together, and we must find a cure.

We must find a cure, and we must take preventive measures in the early stages. With respect to the Commissioner, it must be said that the list of conventions gets longer year after year. We know there have to be conventions and conferences, but what we are concerned with now is that there should be some action within the Community. The Commissioner has stated that there is going to be this conference. He is going to call his people together and make quite certain that they put sensible proposals to the Council of Ministers. I wonder if he would bear in mind one or two thoughts that I would like to put to him.

First of all, I wonder if there exists anywhere within the Community or in Europe any, as I would call it, master control-room which at any given point in time can tell us: 'Yes, this facility exists there; that is where we have an oceangoing tug'. I bet it does not, and if it does not, then this is certainly something that we should establish. Even within the Community, if we had a master control-room like that, with all the tugs listed hour by hour and day by day, there would come a time, as there inevitably came a time during this particular disaster, when that master control-room should take over. It should not be the responsibility of the salvage firm to work with the owners of the ship;

## Spicer

if there were tugs in the area that were not from the same company, irrespective of where they came from, they should be called in by that master control-room. What is vital is that the moment there is any damage to any tanker, that information in particular should be relayed by the tanker to a national government as a matter of legal necessity, and at a certain point the Community or the national government should take over the operation and deal with it. I am sure the ocean-going tugs are there, but it is a question of their distribution and location.

Secondly, there was some mention earlier on about the question of international shipping-lanes, but my understanding is that the Intergovernmental Marine Consultative Organization laid down that shipping lane close to the French coast only in 1971. It is quite ludicrous to have a shipping-lane that close to the mainland when you are dealing with tankers of this size, so for God's sake, let us have an immediate meeting and at least get that inner shipping-lane removed and force the super-tankers to move out into the outer shipping-lane, which is there and, if need be, can be revised as a matter of urgency.

There are many other points I would like to bring to your attention, sir, but I would mention rapidly three or four others. First of all, it has been suggested to me that there might be a review of the Lloyd's open form. Now, your experts will know far better than I do what is implied by that. It stops the haggling; it stops the hanging about; it takes the salvage company and the tanker-owner to arbitration and they get into action straight away. None of us know what happened in this particular instance; it may be that time was wasted because of haggling.

Secondly, when a ship does run aground, then the salvage company has to be certain that there is enough incentive for them to get it off, or make a really determined effort, that there is enough oil left on board in terms of salvage for them to go in and risk their ship. That is a matter that I think should be looked at.

I think there should be the firm imposition of a load on top. Now, we all know what it means when these people clean their tanks. A lot of oil was dumped in this particular instance, but, my goodness, the oil that is dumped daily by people who do not operate a load-on-top system is quite beyond belief, and every beach in the Community is polluted by people who operate on that basis.

Finally, sir, there should be better supervision of substandard shipping. We can talk; some people feel strongly about flags of convenience and so on, but it is sub-standard shipping, whether it be under a flag of convenience or under a national flag, that we ought to be getting at. What do you call a flag of convenience? Is a Greek flag a flag of convenience? Because some of the tankers that operate under the Greek flag leave a lot to be desired.

Over the years, the people of the Community have seen more and more oil on their beaches, more and more pollution; they are sick and tired of it. And the reputable oil-companies are also sick and tired of being made the scapegoats for what I would term the 'cowboys of the oil industry', who abuse those firms and try and do things on the cheap. Let us by all means have convention after convention, conference after conference, but it will be much better for us within the Community to go for short, sharp, immediate action following this latest disaster, because if we do not, then it will be on our shoulders that the blame will fall — and rightly so.

(Applause)

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

**Mr Lemoine.** — (F) Mr President, the catastrophe that the wreck of the *Amoco Cadiz* has brought upon the Breton people and the economy and ecology of Brittany compels us not only to take substantial and speedy action to help the victims of this disaster, but also to do all we can to elucidate its causes and the responsibilities involved. In this respect I welcome this debate, which should contribute to ensuring the safety of ships at sea, particularly that of tankers. It is, indeed, none too soon. The 200 000 tonnes of oil spilt into the sea by the *Amoco Cadiz* are not the first. Do I need to remind you that the same coasts of Brittany were previously affected in the same way eleven years ago by the oil from the tanks of the *Torrey Canyon*? Since then there has been a succession of other cases — albeit on a smaller scale — of this type of pollution, not to mention the oil continually being released by tankers degassing their tanks at sea. To tell the truth, the French Government — and it is not alone in this — has taken no significant action and, more particularly, has failed to make any move towards organizing the international cooperation which is so manifestly necessary. This shows that it has been not only heedless but irresponsible. Look, for example, at the letter from the magazine 'L'Expansion', which informed us on 14 March this year that the government had instructed the captains of supertankers to make a systematic reduction in distance by taking the shortest routes, which means passing close to our coasts. This is clearly a general measure which, in the light of talk about the quality of life, is highly inconsistent. In fact, the French authorities have failed in one of their essential functions, which is to guarantee the protection and security of the people, and in the present case this is the result of a tolerant attitude to flags of convenience. In effect, it even amounts to complicity, since the French shipping companies — one of which is state-controlled — use them for a third of their business. The reasons for this are well known. The flags of convenience are attractive for the oil multitis: there are little or no social insurance contributions; for the crew, wages are miserable and sometimes remain unpaid; and at the same time the

### Lemoine

cases of pollution in which the major oil companies are involved are not brought before the courts, as a confidential Shell report, also dated 14 March, recognizes. According to this report, proceedings against the company ought to have been taken in twenty-eight cases — and it is this same company which now has the impudence to take a consumer association to court and which, together with others, is threatening to boycott the port of Brest because the people of Brittany have demonstrated their anger at those responsible for the disaster. And meanwhile, what about the government's inaction? In fact, it waited until 4 April, i.e. 19 days after the disaster, before requesting Community assistance as provided for in the Treaty. We were faced with an emergency, and that is why the French Communists in this Parliament immediately appealed by telegram, to the President of the Commission, Mr Jenkins. In reality, however, the French Government is guilty of a much longer delay; it is after the *Torrey Canyon* disaster that it ought to have taken the initiative in organizing consultations at European level, for this is obviously a field where international cooperation is necessary in order to establish effective means of prevention and protection. In particular, this involves defining strict shipping lanes at a sufficient distance from the coasts, and here the seven-mile limit is regarded by shipping experts as insufficient. This means making a comprehensive study of shipping in the Channel and the North Sea; it involves construction standards for tankers and overhaul requirements.

I would remind you that the *Amoco Cadiz* had not been overhauled for 4 years. It is also a question of developing the means of combating maritime pollution and pursuing research on the elimination of oil slicks — and the results now being obtained with coagulants show that this is possible. Lastly, it means taking action against flags of convenience. I too would like to point out, by the way, that following the Ekofisk disaster the Commission put forward concrete proposals on which the governments, including the French Government, have done nothing. And yet, solving these problems of maritime pollution required and continues to require extensive cooperation at European level.

This was and still is the aim of Mr Bordu's proposal for setting up within this Parliament a special committee of inquiry with the purpose of elucidating, as far as possible, the causes of disasters such as the *Amoco Cadiz* and thus preparing the way for definite solutions.

I welcome the fact that the Bureau of our Parliament was favourably inclined towards this proposal, and that this morning it took steps to gather the information needed to draw up constructive proposals, so that the contribution of the European Parliament will thus not end with this debate.

**President.** I call Lord Bruce.

**Lord Bruce of Donington**, *chairman of the Committee on Regional Policy, Regional Planning and Transport.* — Mr President, I am happy to announce to the House that after obtaining the approval of my committee's bureau, the committee has decided to hold a public inquiry within the next two months, at some convenient time, to determine the most effective means of preventing accidents to shipping in Community waters, and of avoiding consequent damage to the marine and coastal environment. My committee believes that it is high time a European initiative was taken in this regard, and I am happy to inform the House that enquiries over the last seven days have elicited the cooperation, or the willingness to cooperate, of the organizations concerned. The Intergovernmental Maritime Consultative Organization (IMCO), the Conference of the Peripheral Maritime Regions of the Community, the Liaison Committee of Community Shipowners, the Committee of Transport Workers' Unions in the EEC and, only this morning, the users of these tankers, have intimated their willingness to appear and give evidence before such an inquiry. An invitation will of course also be sent to the Commission.

Few of us here, Mr President, after hearing the addresses of Mr Cointat and the other speakers today, will be under any doubt that the menace with which we are confronted is, in essence, a Community matter. The coasts of Brittany are the coasts of Europe. The shipping that goes up past Brittany and through the Channel is of vital concern to Community business. The crews in many of the ships involved are Community citizens, and the vast commerce of the maritime community of the EEC is itself intimately involved. We therefore think it high time that some initiative should be taken at Community level to bring these matters into sharper focus. In this connection I am bound to say, Mr President, somewhat with regret, that the degree of initiative displayed by the speakers of this Parliament this afternoon has been rather greater in intensity and in purpose than that of the dismal catalogue of treaties and conventions that has been read to us this afternoon by the Commissioner, illuminated only at the end by the conventional undertaking that the Commission will show will and determination. We ourselves propose, in this Parliament, to help the Commission to show will and determination, to bring these matters into sharper focus, where decisions can take place — where the Commission can, if necessary, receive that degree of parliamentary and public approval for the kind of action that it would propose to take. Consequently, Mr President, we shall not propose to inquire into matters that are *sub judice*, because the Liberian government has already ordered an inquiry under the chairmanship of a British judge. The French Government is proceeding with its own inquiries. IMCO itself is meeting shortly. The Council of Transport Ministers is meeting on 14 June, and there is a number of other inquiries going on at the present time. With these inquiries, which are in essence inquests, we shall not be concerned.

### Lord Bruce of Donington

What we shall be inviting the experts and the representatives from the bodies I have named to bring their minds to bear upon, are the questions that have already been raised in the debate this afternoon, and raised so very cogently by the various contributors from the floor of the House. They comprise, among other things — and the list is by no means exclusive — the whole question of routing and of shipping lanes, the whole question of ship design, including the question of steering gears and of whether they should be single or twin-screw, the whole question of ship's manning levels and of operating levels and competence, the whole question of crew training and conditions at sea, the whole question of salvage conditions and the enlistment of aid from outside and from governmental sources, the question of communication both from ship to ship and from ship to shore, the role, or the prospective role, of the EEC within IMCO itself, and the desirable steps that may be taken in this direction. We will deal, among other things, with the ratification of existing conventions and treaties, and, above all, with means of enforcement of decisions already arrived at. Mr President, these are only a few of the matters which it is proposed to consider by public hearing with the utmost expedition in order that a prompt report may be made available to Parliament.

Mr President, the Committee on Regional Policy, Regional Planning and Transport already has parliamentary authority to organize such a public hearing on its own initiative. Application has, however, of course already been made to the enlarged Bureau, and was made indeed last week, because there are two essential elements which require their approval. The first is the question of any extra expense to be incurred, and quite obviously expense will be involved in bringing the expert witnesses to the hearing. The second thing upon which an enlarged Bureau decision is required is the question of venue, if it is other than in Brussels. Mr President, my committee would consider it appropriate in all the circumstances, particularly after the Amoco Cadiz accident, that the venue should be Paris, and we therefore trust that the enlarged Bureau at its next meeting in Rome will give expeditious consideration to the application that has been made on the committee's behalf.

Mr President, may I conclude by assuring the House that all the members of my committee will give the most urgent attention, not only to the evidence that will be presented to them in due course, but also to the wealth of data that has already been supplied to them by outside organizations and by the resourcefulness of the committee staff itself.

**President.** — I call Mr Carpentier.

**Mr Carpentier.** — (F) Mr President, ladies and gentlemen, I hardly like to intervene in this debate in view of the fact that the speeches we have already

heard have more or less dealt with everything there is to say on this extremely serious problem.

Having said this, the only excuse I can offer is that I too come from the region affected, although it is admittedly a little further south in Brittany. But after all, what has happened on the northern coast of Brittany could one day just as easily affect the southern coast, either out at sea or in inshore waters, just as, indeed, a similar accident might occur anywhere, along another nation's coastline, so that in fact this problem concerns all of us.

Mr Natali, I should like nevertheless to go into the question just a little because I have got the impression — or at any rate the feeling — that somewhere along the line we started digressing somewhat. Of course I entirely concur with everything that has been said — and very well said too — by my Breton colleagues from Finistère and the Côtes-du-Nord. I should just like to emphasize two or three points which seem to me to be fundamental to the question and to draw the Commissioner's attention to the problems lying in store if he really intends to take this problem by the scruff of the neck.

Mr Natali, I listened to your enumeration — following on from what Mr Cointat had done earlier — of all the conventions, all the reports, all the meetings which have been held to deal with this general problem of pollution and of the law of the sea, and I thought to myself — on the strength of this new case, from which there are already lessons to be learned — that despite all the activity, very little had in fact been done. I felt a keen sense of frustration because, as my colleagues have already said, this is nothing new as far as we are concerned. If this were the first time we had been confronted with an accident of this kind on the coast of Brittany, we might perhaps write it off as the result of providence or just bad luck. But this is the fourth time this kind of thing has happened in eleven years. So just quoting lists doesn't seem to me to be a very effective remedy, and if nothing else is done Brittany will be faced with yet another accident of this kind within the next two years. And if nothing is done by then — and why expect anything to be done tomorrow if we haven't learnt yesterday's lessons yet? — The coast of Brittany will be exposed again and again to tanker spills of the order of 200 000 or 250 000 tonnes of crudeoil. What is needed is a more serious attitude.

You referred, Mr Natali, to the action taken recently by Mr Giscard d'Estaing and the French Government. As a result of one of the measures taken, a Greek tanker was stopped and boarded somewhere in the North Sea. But this is a mere detail, nothing more than a drop in the ocean.

The French Government is responsible for the present state of affairs, because in the last eleven years it has done *nothing at all*, and there are facts to prove this.

### Carpentier

The paltry measures taken to deal with this disaster have condemned the Government in the eyes of the public. But this is, after all, a matter for the French Parliament and not for the European Parliament.

Apart from developing more effective means of dealing with oil spills (such as building tugs and carrying out research into chemical dissolvents, detergents and dispersants), the main problem is one of prevention. I believe that, despite all the excellent ideas we have heard, no one has really got to the bottom of the problem.

People will not be placated simply by compensation and, in any case, the damage done to the flora and fauna in an area where — and I don't think anyone has mentioned this fact — a regional park was specially created for the preservation of endangered species is literally incalculable. This is a question not of money but of nature.

There are two prevalent attitudes to this state of affairs and to these problems. On the one hand, we have the optimists (I have heard people say: 'In 12 months' time, the movement of the sea will have cleaned everything up, the seaweed will have re-established itself and the birds will be coming back'); on the other hand, we have the pessimists who say: 'We simply don't know, maybe in 5 years, maybe in 10 years'.

But if the same thing happens again in two or three years' time, I should simply like to know, naive as I am, when the flora and fauna will get a chance to re-establish themselves.

We have been discussing the question of flags of convenience, but with the emphasis on questions of health, the safety and qualifications of the crew, all of which is relevant but which falls short of the mark. There is undoubtedly a common denominator which I have been looking for, and I don't know whether I have found it or not. We have also been discussing the discharging of ballast by ships, some of which quietly and unobtrusively offload their waste into the sea. And we went on from there to talk about the question of shipping routes.

Well, to my way of thinking, the common denominator is as follows, and this is where you will come up against obstacles in whatever measures you plan to take (which does not mean to say that I am doubting your will or your ability to implement your plans successfully).

Let us take some concrete examples. It has been suggested that we must place a limit on the size and capacity of oil tankers. I would agree by all means, although some people will tell you that by limiting the load you will slightly increase the number of tankers using the shipping lanes; the result will be increased traffic and, possibly, a higher level of risk. But let us leave this argument aside.

What is there to prevent an oil company, if it is thus disposed, to order a tanker capable of carrying a

million tonnes crude? And this kind of thing really is in the pipeline. No sooner had we tankers capable of carrying 500 000 thousand tonnes then there was already talk of million-tonne tankers, and there are already shipyards prepared to build them.

If a company orders a tanker of this size from a shipyard, who — in the first place — will take it upon himself to prevent the company from ordering the ship, and who — secondly — will forbid the yard to accept the order and thus take upon himself the responsibility of taking work away from the shipyards?

Let us follow logically the pattern of tanker traffic, with everything this involves. A tanker on the high seas degasses its residue tanks not just for the fun of it and not out of pure malice, but simply because the captain is answerable to his employer. Now, an employer wants to see his vessel start making a profit as soon as possible, and so this vessel has got to be kept on the move. We are perfectly well aware that what a shipowner, a charterer or a company finds it difficult to accept is the cost of having a ship — and particularly an oil tanker — kept in port longer, particularly in a port with the necessary degassing facilities.

So the vessel is allowed to leave port and to discharge its residue cargo into the sea. The first step is to locate the tell-tale oil slick, and here we come up against the problem of supervision and detection. We must also have some means of supervision. And finally, we need sanctions, because supervision without sanctions will be ineffective. What kind of sanctions should we apply? A suitable fine would have to be of the order of several million francs, but even this would nowhere near compare to the cost of keeping the same vessel in a port and degassing it at special terminals.

My third point concerns the question of shipping lanes. Everyone — and especially the people living in the north of Brittany — deplores the fact that there is such heavy traffic in vessels which are dangerous by dint of their cargos in such a bottleneck as the channel between western Finistère and Ushant.

*(The President presses the speaker to conclude)*

I would remind you of a conversation which has been reported in the press and by Dr Bombard himself. A few hours before the *Amoco Cadiz* accident, he was lunching with a high-ranking civil servant responsible for these very questions of safety and pollution, the two things being bound together. This civil servant told him that the very volume and size of oil tankers made them safe from an accident of this kind. But what, said Bombard, if an accident were to occur nevertheless? Because there is a technique, there are parameters, Mr Natali. The parameters are the winds, the tides, the waves, the rocks. I think it was Mr Colin who said that, according to whether the wind is



**Carpentier**

blowing from one direction or another, this enormous slick is moved to the west, south or east. This is quite right, and no one can predict what will happen — not even a meteorologist — because the weather changes very quickly.

*(The President presses the speaker to conclude)*

And so they hug the coast within the shipping lanes, because this tanker was *in the shipping lanes* before the damage occurred. It was committing no offence, because this is after all the shortest route, and the cargo must be delivered as quickly as possible so that the vessel can get back and load and deliver again. This is the rule of maximum returns, or in other words the profit motive.

So you will come up against obstacles here, and I hope that the course of action you adopt will be an effective one.

Mr President, quite apart from human and economic considerations — and this is important — we must also take steps to preserve the natural ecological balance. The only means of doing this — *and there is only one* — is to ...

**President.** — Mr Carpentier, you have had far more than your time. I cannot allow you to continue to speak. I am very sorry.

I call Mrs Krouwel-Vlam.

**Mrs Krouwel-Vlam.** — *(NL)* Mr President, in view of the shortage of time I shall keep my contribution to this debate very brief. I should like to draw your attention to the following statistics. In eight years, there have been 213 accidents involving oil tankers. Every day 350 ships cross the North Sea in order to supply the ports of Rotterdam, Antwerp, Hamburg, London and Gothenburg and three of these are supertankers. These are some brief, simple but telling figures.

If we now pause and consider the recent oil disaster, we are forced to recognize that nature has won and man has lost once more. We must admit that this is something we do not like to hear, i.e. that in spite of the incredible technical progress in many areas, the government authorities have had to acknowledge their own impotence. Man has had to fight with his bare hands and is still fighting the greatest case of oil pollution in history. Really, the report drawn up recently by the French Government on the infringement of regulations and pollution by oil tankers should be generally distributed, in order to ensure that the coastal protection regulations, which are not being followed, are in future properly observed.

It is also depressing to note that other oil tankers have taken advantage of the Amoco Cadiz disaster and surreptitiously discharged their waste in the same area.

At the risk of stating the obvious I would point out that, like the Ekofisk, Seveso, Softenon and other

cases, this disaster represents a risk to our civilization caused by industry, and which the ordinary citizen can do little or nothing to combat. Society must pay for the consequences of disasters resulting from actions by human beings.

I am even more depressed when I consider the answer to written Question No 867/76 by Mr W. Müller to the Commission of the European Communities on marine pollution resulting from accidents involving tankers. This question was put on 28 January 1977. The Commission was asked to state whether or not the supplies of dispersants available to the competent authorities in the Member States were far too small to penetrate the oil slick in the case of a disaster, and whether or not it was true that there were no special ships in the Community which could be used, for example, to remove the oil from the surface of the sea by suction.

The Commission's answer was disconcertingly evasive. Clearly, it has no precise information regarding the technical resources such as supplies of dispersants, special ships etc. which the Member States have at their disposal to deal with oil slicks. I assume that the European Commission cannot always be prepared for disasters, but in view of the simple figures and the major environmental disasters caused by other tankers such as the Torrey Canyon, I would have thought it was more than high time to do something about these catastrophes. It is already too late in the case in question. And there is another point I would like to make. In the case of disasters of this kind, enormous damage is caused, but the liability *vis-à-vis* the thousands of fishermen put out of work as a result and a great part of the hotel and catering industry in this coastal region of Europe is very limited. Should the use of supertankers of this kind be allowed to continue, therefore?

My answer to this question is 'no'. Either the owners of such tankers should accept full liability in the case of disasters of this kind, or we should use smaller tankers.

In both cases, preventive action must still have the highest priority and there should be a geographical spread of technical resources which should be kept available on an adequate scale so that efficient action can be taken in the case of a disaster.

Even though it is already too late in this case, I should like to urge the Commissioner, in the light of this disaster, to do everything he can in both the economic and the ecological field to establish more concrete preventive and supervisory action.

Finally, one more request. The possibility of holding a hearing has been mentioned here today and this strikes me as a very good idea. May I ask, therefore, that the members of the Committee on the Environment, Public Health and Consumer Protection also be

**Krouwel-Vlam**

invited to take part in this hearing if it is held, in view of their great interest in this matter?

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — Mr President, I have listened for three years to Michel Cointat, as a fellow member of the Committee on Budgets and often in the Socialist Group to my colleague, Georges Carpentier. I thought that they made moving speeches, and would like to extend sympathy to our French colleagues from, if I may say so, fellow Celts, who have had, not a similar experience, but at least the threat of a similar experience.

I am not going to direct any harsh words at the Commission, because hindsight is a very wonderful thing. But I do not think it entirely out of place to put a number of direct questions to Mr Natali. First of all, last year this Parliament had a great deal to say about Ekofisk. There was, seemingly, an undertaking that the Commission would go into the possibility of either establishing better facilities for such a crisis, or setting up some establishment roughly equivalent to those of Red Adair and Boots Hansen. I think this is a good opportunity to ask how far this has got.

Secondly, I would like to ask the Commission a number of specific questions which have not been answered. One is: why did the ship's steering gear fail so severely that a tug was contracted to tow it all the way to its destination in Lyme Bay? Are the rules for steering gears to be changed? It is an issue that has raised its head a number of times in the debate, and I put that as a question. Another question — and I don't ask it in an aggressive spirit: why did the French Navy fail to react to calls for assistance from the stricken ship — as the one tug on the scene, *The Pacific*, did — when the navy had some tugs nearby? The navy's tugs were certainly nearer than Cherbourg, from where a second large ocean-going tug sailed, unfortunately arriving just in time to witness the tanker's grounding. Now, the general issue is: what are the obligations of navies in these circumstances? It is not quite a sufficient answer to say: well, that is up to the nation states. Because we are all in this together, and there will be a future occasion. I do ask: what is the navy's position?

Many of the other detailed questions are perhaps better left to Lord Bruce's committee but I think that I would be in order if I quoted from our most reputable magazine in this sphere, the *New Scientist* of 30 March 1978, which published a leader under the heading of *Plus ça change*:

Eleven years ago to the day *New Scientist* published the editorial, reproduced below, with the substitution of the short words *Amoco Cadiz* for *Torrey Canyon*. It stands today, as well as it did then. So much for progress. Since 1967 our pages have carried discussions of a wide variety of alleged solutions to major spillages. There are claimed

to be better and less harmful detergents. Ingenious mopping-up booms abounded. There was talk of sawdust and other absorbants. But, comes the crunch, a mere man is as incompetent as ever against the elemental forces of wind and wave. Perhaps we should have taken the lesson of Canute more to heart.

I am not going to read the whole thing but it does start off:

There is a lesson for all of us in the wreck of the *Torrey Canyon*. It is not merely that when huge cargoes of crude oil are spread upon the waters, there ought to be international machinery for cleaning up the mess. It offers its own challenge to the concept of bigness which economic logic is imposing on many branches of industrial activity. One cannot blame the economist who points out the savings to be made by more concentration, nor the engineer eager to help who designs machines or even whole plants on a gigantic scale. But in this desperate struggle to be efficient and competitive, are we giving enough thought to the possible consequences of developments which can become established practice before society as a whole is really aware of what is going on, by which time it is usually too late to protest...

And so the leader goes on. It does seem to me to be a little too late to vent one's wrath on the Commission in general and Mr Natali in particular, because frankly, if there is to be blame, we are all to blame. Yet in the House of Commons time and again — and I am sure it is true in other parliaments — we have gone on asking Ministers about the various contingency plans they have for precisely this kind of event. I do not know whether it is in the Nature of Ministers to be complacent, but ever since the *Torrey Canyon* incident, frankly, a lot of people, both serious journalists, such as Dr Peter Stubbs who wrote this article for the *New Scientist*, and indeed politicians, have constantly asked questions about contingency plans and always the answers have been that far more is being done than appears to have been done on this case. What I plead is: we have a disaster — let us not, for heaven's sake, forget about this one, let us not forget about Ekofisk and let us see what we can do in the future.

**President.** — I call Lord Kennet.

**Lord Kennet.** — Mr President, this has been a fascinating debate for me because I perceived three time-scales in it. There was, if I may say so, a strong element of the past in Commissioner Natali's speech to us, there is a motion for a resolution before us from Mr Kofoed, from the relevant committee, the Committee on Agriculture, which is an about the present, and many speakers have spoken about the distant future and what we must do in order to prevent this sort of thing going on for the next thirty years. Nobody has yet, I believe, mentioned the Corrie report, which we have to discuss tomorrow morning and which addresses itself precisely to that aspect — the long-term future.

**Lord Kennet**

I have two amendments to move to the urgent motion from the Committee on Agriculture, and I do so in the name of the Socialist members of another relevant committee — the Committee on the Environment, Public Health and Consumer Protection. If this were not an urgent motion I might have had time to enlist yet wider support for the amendments that I now want to mention to the Parliament. They have been circulated as Amendments Nos 1 and 2 to Document 37/78, and we shall, I understand, vote on them tomorrow morning. The first one applies to paragraph 1 of the Kofoed motion, which calls upon the Commission to bring sea transport within the compass of Community rules. Well, Mr President, I think that belongs to the far future. It is probably a very good thing to do, but at the moment it is going to strike the Member Governments as being part of cloud-cuckoo land and is going to cause this resolution to fail to achieve the political weight it should. I therefore propose the wording:

Under mandatory control through the Intergovernmental Marine Consultative Organization and the United Nations Law of the Sea Conference, (in both of which the Community should act as one);

I draw your attention to the fact that this amendment was first circulated with a misprint, which called upon the Community to act 'at once'. This would no doubt be a very good idea, but what I meant was 'as one', and an amended version has been circulated. At present, it is well known in UNLOSC that the Community delegation — that is, the Commission delegation — is not the greatest power-house of ideas for the future. That is wrong, and I hope that if we amend this motion for a resolution it may strengthen the resolve of the Commission to become a power-house of ideas in UNLOSC.

Amendment No 2 applies to paragraph 2 of the motion, which states that the formation of a European coastguard service would be the most effective way of ensuring the application of the Community rules it has just talked about. Now once again, Mr President, the formation of a European coastguard service is, as an immediate, emergency measure, going to be ruled out of court instantly by the Member States of the Community, and the suggestion will deprive this urgent resolution of much of its potential force. I therefore propose the wording: 'coordination of national coastguard and naval services'.

On the assumption, which may be a hopeful one, that those few Members now present are the representatives of their party groupings for the moment, may I ask them to ask their friends to back these two amendments tomorrow morning? I believe, in its amended form, the otherwise excellent urgent motion for a resolution from the Committee on Agriculture could have a real effect on the present political situation.

**President.** — I call Mr Natali.

**Mr Natali, Vice-President of the Commission.** — (I) Mr President, my reply will be short since it is clear from what we have heard from Members during today's debate that there has been a real effort to avoid considering the *Amoco Cadiz* affair in simply emotional terms. The speakers have attempted to look at the problem in the context of maritime pollution and have called for action.

Several speakers have noted that the Commission submitted proposals for resolutions to the Council at the time of the Ekofisk disaster. It is very likely that these were inadequate, but at least they showed that there some desire for control in this area.

I believe that the guidelines on which the Commission is to base its proposals have been noted. I hope that the next Council of Ministers on environmental affairs will discuss these problems, perhaps in the wider context of problems relating to shipping, the law of the sea, and so on.

The problem is certainly one of international collaboration. Shipping is important not only for the Community but for the whole world. I think I am speaking for the Commission if I say that the need, which has been emphasized, to promote some definite action in this sphere has the full backing of my colleagues. As for specific Community action, I have taken the opportunity here on an earlier occasion of indicating the guidelines which the Commission intends to follow ...

**Mr Dalyell.** — Before the Commissioner sits down, I wonder whether he could give just two undertakings. One is that perhaps he could write to us about the action that has been taken in relation to Ekofisk, which he mentioned, and on setting up an organization like those of Red Adair and, Boots Hansen which I mentioned.

Secondly, could he undertake to find out from the Member States precisely how they see their obligations regarding the use of their navies, because this is a very grey area in relation to the *Amoco Cadiz*?

**Mr Natali, Vice-President of the Commission.** — (I) ... Perhaps I was not clear enough earlier. In connection with the Ekofisk accident, I have to tell you that we have submitted to the Council a draft resolution providing for a whole series of concrete measures. For the time being the Council has got no further than giving it initial consideration. We intend to submit additional proposals which are naturally linked to those which we submitted last July.

**Natali**

On the question of shipping lanes, I pointed out during my speech that this problem is dealt with by IMCO. What that organization has to do is to find some means, if possible, of rerouting shipping lanes to less dangerous areas.

One last comment: I should particularly like to express our solidarity with the people of Brittany, who have suffered so much, and state that on the basis of the solidarity which Parliament has shown today we can lay the foundations for further action, not only to cope with this emergency but for the economic, social and civic recovery of that region.

**President.** — I note that no one else wishes to speak. I have received three motions for resolutions with a request for an immediate vote pursuant to Rule 47 paragraph 5 of the Rules of Procedure, to wind up the debate on the oral question (Doc. 28/78) to the Commission on shipping regulations:

— motion for a resolution tabled by Mr Fellermaier, on behalf of the Socialist Group (Doc. 51/78);

— motion for a resolution tabled by Mr Cointat, on behalf of the Group of European Progressive Democrats, Mr Colin, on behalf of the Christian-Democratic Group (EPP), Mr Bourdellès, on behalf of the Liberal and Democratic Group, and Mr Spicer, on behalf of the European Conservative Group (Doc. 53/78/rev.);

— motion for a resolution tabled by Mr Cointat, on behalf of the Group of European Progressive Democrats, Mr Carpentier, on behalf of the Socialist Group, Mr Colin, on behalf of the Christian-Democratic Group (EPP), Mr Bourdellès, on behalf of the Liberal and Democratic Group, Mr Spicer, on behalf of the European Conservative Group, and Mr Eberhard, on behalf of the Communist and Allies Group (Doc. 55/78).

I shall consult Parliament at the beginning of tomorrow's sitting on the request for an immediate vote.

The vote on the Kofoed resolution (Doc. 37/78/rev.) will be taken tomorrow at the end of the sitting.

The joint debate is closed.

*9. Agenda*

**President.** — I call Mr Damseaux on a point of order.

**Mr Damseaux.** — (*F*) Mr President, since it is getting late, would it be possible to postpone the oral question on regional development programmes until tomorrow morning?

**President.** — I call Mr Schyns.

**Mr Schyns.** — (*F*) Mr President, I wish to ask you to postpone until tomorrow, to follow the item referred

to by Mr Damseaux, the consideration of the motion for a resolution on trade union action on unemployment. The Commissioner has also agreed to this.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — I should like to ask whether the delicate report by Mr Hamilton on the political affiliations of officials is being postponed until another part session. If it is being deferred that would seem to be a reason for giving Mr Schyns and our colleagues what they are asking for. Is the Hamilton report in fact being deferred?

**President.** — We first decide whether to adjourn these items until tomorrow. Having done that, Mr Dalyell, it will then be possible to decide where tomorrow we would place them. These are two separate things, I think.

**Mr Dalyell.** — We still have to consider whether the report by Mr Hamilton is going to be deferred so as to allow our colleagues the time that would inevitably be taken by that report for their important items tomorrow morning.

**President.** — I have had no request with regard to the Hamilton report. I think we can take a decision independently on this matter.

I call Lord Kennet.

Lord Kennet. — I would very much regret it, and I believe many Members who are now absent would also regret it, if the Corrie report on the Commission proposal for financing fishery patrols in Danish and Irish waters were postponed until next month. By all means let us postpone the rest of this evening's business until tomorrow, but not if the price is to drop the Corrie report until next month.

**President.** — We are not now concerned with items on tomorrow's agenda. Any Member who wishes to raise matters concerning that agenda may do so tomorrow at the opening of the sitting.

I propose that the oral question with debate (Doc. 25/78) by Mr Damseaux and Mr Durand and the motion for a resolution by Mr Schyns and others (Doc. 48/78) be postponed until tomorrow's sitting.

Are there any objections?

That is agreed.

We must now decide at what point in tomorrow's agenda these items will be taken.

I call Mr Dalyell.

**Mr Dalyell.** — We move as a group the postponement of the Hamilton report.

**President.** — Mr Dalyell, you cannot do that now. I suggest that you repeat your request tomorrow morning.

I propose that the two items which have been postponed be taken tomorrow immediately after the procedure without report.

I call Lord Kennet.

**Lord Kennet.** — I would like to suggest that they be taken after the Corrie report tomorrow morning, for the practical reason that, as we all know, people start leaving on Fridays. I did suggest just now that it would be important not to postpone the Corrie report until next month, although I take your point that this ought to be settled tomorrow morning, not now.

**President.** — I call Mr Fletcher-Cooke.

**Mr Fletcher-Cooke.** — I would support Lord Kennet's proposal that these items should come after the Corrie report. This is of some importance, and I would not like to see it any further down in the list than it at present stands.

**President.** — It is proposed that these two items should be considered tomorrow morning after the Corrie report.

I call Mr Schyns.

**Mr Schyns.** — (F) Mr President, I am sorry to have to disagree with my English colleagues, but I believe the two items which Mr Damseaux and I have asked to be postponed — for the sake of all the Members — were to be taken before the Corrie report. So I think we could deal with them tomorrow morning at 9 a.m.

**President.** — I suggest that for the moment we adopt what is the normal practice when matters are not finished on a Thursday and leave them over to first thing on Friday. Then it would be open to anyone to make an application tomorrow morning at 9 a.m., when the agenda is being fixed, to have the order of any of these items modified.

Are there any objections?

That is agreed.

#### 10. *Accession of the Republic of Djibouti to the Lomé Convention*

**President.** — The next item is the report (Doc. 768/77) by Mr Lezzi, on behalf of the Committee on Development and Cooperation, on the

communication from the Commission to the Council on the accession of the Republic of Djibouti to the ACP-EEC Convention of Lomé and proposals for certain legal acts relating thereto

I call Mr Lezzi.

**Mr Lezzi, rapporteur.** — (I) As you will know, on 27 June 1977 the French territory of Afars and Issars became independent under the name of the Republic of Djibouti. In the referendum held on 8 May, 98.7 % of the votes cast were in favour of independence, the terms of which were worked out during 1975 and 1976 under the guidance of the African Popular League for Independence. On 15 July, the Republic of Djibouti submitted its application for accession to the Lomé Convention. This was an extremely important development, especially since it enables the Community to strengthen its presence in the Horn of Africa, where the troubled situation might lead credence to the conviction that Europe is not devoting to Africa as much of its attention as it once did.

The accession of Djibouti to the Lomé Convention is a positive development of a significance that will soon be understood. However, let us not forget that the political and economic future of Djibouti is very much dependent on the internal and external affairs of the neighbouring countries, Ehtiopia, Somalia and Eritrea, and on the consequences of the disastrous war.

It is generally considered that Hassan Gouled, leader of the Popular League and President of the Republic, has anything but an easy task ahead of him. Djibouti's problems stem not only from differences between its ethnic groups and a precarious economy, but also from the international complications which still plague the Horn of Africa and which, despite its links with Ethiopia and Somalia under the Lomé Convention, the Community has done little or nothing to resolve. This shows that the Community is too willing to listen to the Organization of African Unity's urgings not to interfere in the conflict, once again leaving the field clear for the two superpowers to work their disruptive influence, and that in an area of strategic and economic importance for the Community and for Mediterranean security.

With the accession of Djibouti this is perhaps an opportune moment to persuade the Community to introduce some continuity in the pursuit of its interests in this part of the world, interests which hinge upon peace and economic cooperation. This may be the time to remind everyone that Somalia, with every right, is applying to the Community for large-scale technical and economic aid to help carry out its economic development plans, which have suffered a severe setback as a result of the recent conflict and political crises.

**Lezzi**

Similar considerations obviously apply to Ethiopia, which has recently embarked on a programme of economic development. It is in her interests to have as many trading partners as possible.

Faced with the tragedy in the Ogaden, the European Community should do everything in its power to help the survivors there, the hundreds of thousands of refugees, through immediate food and medical aid and also through a prompt and peaceful solution to the conflict based on respect for frontiers, withdrawal of all troops, non-interference in internal affairs, and recognition of the principle of autonomy. We must act consistently with the spirit of Lomé and of Maseru. We must regard the Lomé Convention as an instrument of peace. We must welcome wholeheartedly the accession of this 53rd nation to the Lomé Convention, not simply for the important economic landmark it is, but also and above all for the opportunity it gives to the Community to play a part, through peace and cooperation, in the development of the Third World.

**President.** — I call Mr Cheysson.

**Mr Cheysson, Member of the Commission.** — (F) Mr President, the Commission is extremely grateful to Mr Lezzi for the resolution he has tabled, asking us to welcome the Republic of Djibouti to the Lomé Convention as an independent State.

We are happy to note that Djibouti applied for accession exactly a fortnight after achieving independence. Interestingly enough, all territories which were dependent at the time the Lomé Convention was signed and have since gained their independence have so far applied to accede to the Lomé Convention.

Mr President, the honourable Member has mentioned some of the more general problems of that part of the world. By giving aid for development in the countries concerned, we hope to bring stability to the area.

In the case of Djibouti, the programme has been prepared and various measures in connection with STABEX and food aid are already in hand. I need hardly remind Parliament that we are by far the largest source of development aid to Somalia and Ethiopia. We have in fact increased the assistance given in the form of special and other aid to Somalia, which is in a particularly distressed state, and I shall, moreover, be going to Mogadishu in a few weeks' time and from there to Addis Ababa. It so happens that Somalia turned in the first place to us with an urgent request for technical aid, as Mr Lezzi has already pointed out; the departure of Soviet and Cuban experts and the withdrawal of educational and training facilities in the USSR and other Eastern-bloc countries have created a serious problem for Somalia; and it is a source of some satisfaction that Somalia has asked the Community to coordinate the operations designed to help her

out of her difficulties. Following our missions over there and our contacts with the member governments, we can reassure Parliament that the Community will meet in full Somalia's new needs resulting from the abrupt cessation of development assistance by one of her former allies.

At the same time, of course, and following the spirit and the letter of the Lomé Convention, we are working together with her neighbour, Ethiopia. We have, in fact, just recently begun a programme of aid in that country and I am pleased to report that over half of it has been implemented.

**President.** — I note that no one else wishes to speak.

The motion for a resolution, as such will be put to the vote at the end of tomorrow's sitting.

11. *ACP-EEC Convention*

**President.** — The next item is the oral question, with debate (Doc. 26/78), by Sir Derek Walker-Smith, Mr Stetter and Mr Fletcher-Cooke, on behalf of the European Conservative Group, to the Commission:

Subject: ACP-EEC Convention

A new Convention to replace the present Convention between the European Community and the ACP States is shortly to be negotiated. In this context, does the Commission accept the necessity to include any new Convention an obligation for all participating States to apply the basic human rights contained in Articles 3-14 of the Universal Declaration of Human Rights?

I call Mr Fletcher-Cooke.

**Mr Fletcher-Cooke.** — Mr President, in the absence of my right honourable and learned friend, the task falls to me, inadequate as I am, to ask this question relating to the intentions of the Commission in the negotiation of a new convention between the ACP and the European Community, otherwise known as the Lomé Convention. My purpose is to probe the extent to which the Commission, and eventually the Council, propose to include in such a renewed convention a requirement that those States who accept the privileges of aid and access to our markets are prepared to undertake to abide by certain very simple and basic human rights. I have been provided with a terrifying list of those countries included in the Convention which are already in breach of the most elementary human rights. I will not read them out — they would be terrifyingly invidious — but there they are, and I will supply anybody who wishes to have them with the list.

## Fletcher-Cooke

In think our European constituents are very restive that Europe gives these advantages to countries that are in many cases in breach, and flagrant breach, of the values which Europeans hold most dear, and we wish, therefore, to see if possible, that there is some machinery by which those countries and those régimes do not enjoy these privileges, for such they are, so long as they continue to flout these European values. If they do not like the European values, then they need not have the European aid and assistance. Now the question suggests that human rights which should be observed are only the very basic ones: Articles 3 to 14 of the Universal Declaration of Human Rights. These are very modest requirements, and I point this out in case people should think that we are perhaps imposing too great an obligation upon these countries. Perhaps I might say that they do not include those articles relating to the right to property, the right to freedom of thought, conscience and religion, or the right of free speech — they do not include those. They are simply the very basic ones, about torture and slavery, and freedom from those two horrors. So we are not asking very much. We are very modest in our request. What we would like to see is in the revision of Title 1 of the Convention, the following two articles:

Article 1: The objective of this convention is to maintain and develop the friendly relations and cooperation between the Community and the ACP States, with a view to ensuring a constant improvement of the living and working conditions of their peoples, according to the principles of the United Nations Charter and the Universal Declaration of Human Rights.

Article 2: In order to attain this objective the Community and the ACP States agree to take all measures necessary to ensure respect for, and observance of, human rights and fundamental freedoms, in particular the rights and freedoms specified in Articles 3 to 14 inclusive of the Universal Declaration of Human Rights, and further agree that the provisions of this convention, in relation to aid, shall be conditional in respect of each recipient country upon such respect and observance by the said country.

That, of course, does not touch upon the delicate question of what happens if, having accepted the obligation the aid and the access and the privileges, a country defaults upon that obligation. That is a delicate matter which I do not wish to touch upon tonight, except to say this: that there is, in the existing convention, machinery for the settlement of disputes. There is machinery whereby a country which feels it is being deprived of its rights under the convention can come to the Council of Ministers and make its case for the continuation of the aid and privileges. I see no reason why that machinery should not be adopted as the sanction, for such it must, be both credible and possible, for the enforcement of any such obligation as we wish to see included in any renegotiated convention in the near future, Mr President, I

think I have said enough to put the case, and I hope therefore that this proposal will commend itself both to the Commission and to Parliament.

**President.** — I call Mr Cheysson.

**Mr Cheysson, Member of the Commission.** — (F) Mr President, the Commission could just give a straightforward 'yes' in answer to the question put by the honourable Member on behalf of the European Conservative Group. However, the subject is so important that we feel bound to take this opportunity to place on record our views and anxieties. Over the years during which I have worked at the Commission, I have attended many debates at which may Institution, through the medium of its President, another Commissioner or, indeed, myself, has made its position very clear when human rights have been violated, whether in the Community or elsewhere, as in the case of migrant workers, Greece, Uganda, Chile, the Middle East, terrorists, and so on. We have repeatedly stressed that a respect for democracy, and for human rights is in Europe at any rate, the very cement that holds together the fabric of our Community, of the Europe we are trying to build. This conviction was reaffirmed by the declaration on democracy and human rights adopted by the European Council in Copenhagen a few days ago. But let us remember that the problem is worldwide. Although we must deal with what is happening on our own doorstep, events elsewhere spread their influence throughout the world and we cannot be indifferent to them.

Having said that, Mr President, I would like to carry the analysis a little further. There are, of course, cases of human rights, being violated in the Third World. But it is impossible to arrive at simple classification. It is not a prerogative of the poor countries, nor of the rich! In poor countries such as Botswana or Mauritania and in most Caribbean states the situation is very good, whereas in rich countries like Argentina it is not. Neither is it a prerogative of the right or the left: indignation at events in Cambodia was no less vocal than it was at events in Chile. We must respond to excesses wherever they occur. Let us learn from the lessons of history: we countenanced totalitarianism and racialism in a country that was one of the greatest industrial powers in its day, and as a result we had to endure the worst war the world has ever known.

However, when we speak of human rights let us be aware of a certain ambiguity, since the term does not have the same meaning when applied to us here in Europe, and to the Third World, our society is protected by economic, social and cultural rights, or what we might call the positive right to development, to security and to work, as well as by the rights of the individual, of the human person. When we speak of human rights in the Third World, we must make it quite plain that we do not seek to pass judgement on

## Cheysson

the political complexion of their society or on the expression of the will of the peoples. But we must be deeply concerned with respect for human dignity and for human values. If I may follow the honourable Member in quoting from the Universal Declaration of Human rights proclaimed by the United Nations in December 1948, I would recall that it begins with the phrase: 'Whereas recognition of the inherent dignity... of all members of the human family...'. It is these rights and these rights alone that we wish to see respected throughout the world, including the Third World.

Could we be indifferent to violations? If so, we should be guilty of grave error, for, as I said just now, the effects of our bad example would be dangerous. We should be guilty of grave error because we should lose the support of public opinion, of our peoples, our workers, our youth, on whom we have to rely if we are to have any great influence in the Third World. We should also be guilty, if I may say so, of a technical error, since unquestionably where there is tension resulting from a breach of human rights there can be no development. Unless the people as a whole benefit from it and indeed are involved in it, then one cannot speak of real development. By this definition, development is incompatible with any basic violation of human rights.

In this connection however, important though it is, we must respect the rejection by our Third World partners of any meddling in their internal affairs. It is the normal and logical reaction of emerging nations to be sensitive to any encroachment on their right to determine their own destiny. This is most clearly seen in the attitude of former colonies towards the old colonial powers, and here we should be particularly careful not to interfere. Over the past twenty years we have evolved a series of aid systems which have taken aid outside the sphere of politics. On the one hand, there are powerful international organizations, such as the World Bank and others, in which the countries of the Third World are full partners and, like us, have a say in determining their policy; on the other, we have the contractual system under the Lomé Convention, based on international law.

Here, then we have this apparent conflict between two fundamental principles, the one being concerned with human rights and the other with the rule of non-interference. This is a particularly important feature of the policy underlying the Lomé Convention, which goes further than other instruments of development aid. Lomé is a binding treaty, a partnership between our countries and countries of the Third World, covering all areas of cooperation. Lomé implies a common existence, a special relationship which makes any violation all the more offensive for being perpetrated on people to whom we are tied.

The ACP countries have realized only too well that the internal logic of Lomé policy has very often resulted in a rather liberal interpretation of the terms of the Treaty, especially in technical and economic matters. You may recall the appeal made to us by Botswana when the prices of beef and veal slumped on world markets, and you may also recall our response, which we would not have been able to give had we stuck to the letter of the Convention. The ACP countries have gone well beyond the scope of the Convention. It was they who demanded that we take a firm, solemn and public stand against breaches of human rights in southern Africa. It was they who demanded that we condemn racialism and that we condemn excesses. And what would any of these our partners have said if we had asked them which Article they were referring to? And what would they have said if we had replied that that was not covered by the Treaty? They would not have understood — and rightly not.

On 1 December 1977, the joint parliamentary meeting in Maseru between this Parliament and the ACP countries paid tribute to the thousands of men, women and children who were giving up their lives or suffering torture or imprisonment for the right to live in freedom and independence. This declaration was fully in keeping with the spirit of the Convention.

We have by implication come to the realization, since we must be consistent in our attitudes, that we have to get together with our partners to establish common criteria and define the common objects of our cooperation. Without in any way interfering in the political systems of these countries, one of the objects must be to enhance the dignity of man and help bring out his unique and precious qualities.

We should now reflect on the attitude we ought to adopt if one of the basic principles of our cooperation is violated. Mr President, I should like, if I may, to make my analysis a stage further. Any violation should, of course, elicit a solemn and public condemnation from the Community and all its institutions, but is that enough? Are we to be satisfied with making pious speeches? Are we looking just to ease our consciences? Or do we want to act?

If we want to act, as the European Conservative Group rightly recommends — and I am sure that they speak for all the Members in this House — what should we do? Are we again trading fine words or are we interested in improving the situation? Reducing the number of violations? Bringing relief to those afflicted? Whilst the reply is obvious, we need to have a greater understanding of the factors that lead a country to permit such violations. There are unfortunately some cases of upheavals and disturbances where, to be realistic, nothing can be done. In our own countries we have had civil wars and revolutions and we are familiar with the excesses they have engen-



## Cheyssou

dered. Such episodes are generally short-lived, but while they last effectual intervention is impossible.

Some countries — and, unhappily, they include some of our Lomé partners — are ruled, if you will excuse me for saying so, by psychopaths. Let's not waste time persuading them to see reason. But what of the people? Should we ignore the fact that they may have basic needs and, inasmuch as these psychopaths may bring their countries to the brink of economic disaster, may they not need our assistance? We all accept the need for relief operations following earthquakes and floods, so I do not see why we should regard man-made disasters in a different light. Let us take some more stable and therefore all the more outrageous situations. They generally relate to countries which are less advanced and poorly structured (through the fault of the former colonial power). In these countries, there is sometimes a charismatic leader who was once one of the champions of independence and who now abuses his power. Let us be very cautious in our reaction to violations in such cases. Let us consider the impact on neighbouring countries, which should not have to suffer the consequences of misrule by such a leader. Let us remember also that public condemnation of a charismatic leader sometimes strengthens his authority. And I do not shrink from saying to you from this platform, shocking though it may seem, that we have done a lot to prop up Idi Amin Dada in the last two years.

And above all let us consider the people themselves. In the very poor countries, I say to you quite categorically, stopping aid and breaking off relations will not embarrass their governments in the slightest and will only serve to harm those people most in need. In other words, the basic human needs are still there, no matter how wicked or outrageous the ruler of that country. Have we the right to ignore these needs? Can we wash our hands of such situations? History and the Gospel tell us that we cannot.

Mr President, these Commission views have been strongly endorsed in recent months in numerous discussions that we have held with other people. A very good study, commissioned from Professor Douglas Williams by the Overseas Development Institute, came to the same conclusions as our own.

We have been very surprised to find that no less than 66% of Sweden's aid, one of the most remarkable bilateral aid programmes in the world, goes to countries condemned by Amnesty International. In the preamble to the Aid Bill presently before the American Congress, we see that whilst the Bill seeks to exclude countries where there is flagrant violation of human rights, it nevertheless adds one important qualification, namely: 'unless such assistance would directly benefit the needy people in such a country'.

I therefore think, that, without in any way departing from the basic principles that have motivated the

European Conservative Group, we must be much more circumspect and, at the same time, much more courageous in our approach, in the full knowledge that to cut off aid and sever relations with a country automatically on the grounds that it has been guilty of a breach of human rights would be an irresponsible and dangerous attitude to adopt towards the people of that country.

What, then, is the response we propose — and which we, the Commission, propose not simply in order to follow Mr Carter's lead, but because the problem is there and because we need to put forward proposals that will be accepted by our citizens?

Mr President, after careful consideration and many hesitations and consultations, the Commission submitted its proposals to the Council of Ministers on 20 February. We propose that the text of the new Convention should contain a clear and explicit reference to the obligation of all signatories to respect the most fundamental human rights. This would form one of the guiding principles of the Convention.

The Community would, moreover, state its intention to draw up a formal unilateral declaration, to be annexed to the agreements, reserving the right publicly to condemn any violation of the principles and objectives laid down in the Convention. In such an event, while the Community would not freeze relations under the Convention — unless it were decided to invoke the denunciation clause — it would adopt special measures for the implementation of its aid to the ACP country concerned. These measures would help to ensure that aid was directed exclusively to those projects or actions meeting the basic needs of the population in a way that guaranteed that the peoples themselves would benefit from them and that the aid could not be diverted to other purposes.

This, then, is the position we have taken, Mr President, in order to abide by the fundamental principle, while leaving a way open for us in the event of a violation to help the peoples themselves through food, nutritional and rural aid, and so on.

Is there a chance that our motives will be understood? I would say to Parliament that I am confident of the good sense of our ACP partners. In the beginning our proposals gave rise to many misunderstandings, because people did not know what we were driving at. Even now not all suspicions have been dispelled, but as soon as our partners come to realize that these principles are of crucial importance to us, in view of public opinion in our countries, I am sure they will understand. I think I see confirmation of this in a declaration by the President of the ACP Council, Mr Patterson, made on 1 March 1978 at the opening of the ACP-EEC Council of Ministers, in which he said that the supreme objective of our cooperation was to serve man himself and to promote respect for his dignity as a human being.

**Cheysson**

Mr Patterson went on to call for the condemnation of the daily acts of racialism which profoundly injured the dignity of man. I am not saying that this is acceptable to us or that this is what the Commission proposes, but I do say that the President of the Council, speaking on behalf of all the ACP countries and in the presence of 40 ACP Ministers, has seen fit to include this reference. I believe that, if we do not yet have their support, we are at least understood by our ACP partners.

Mr President, I should be failing in my responsibility as a Commissioner if I did not state my belief that we are less well understood and still less well supported by the governments of the Community. Since the Commission submitted its proposals, it has been extremely concerned about the hesitancy and signs of hostility coming from that quarter. We suspect — please God that we are wrong — that the only reason why some Community countries are opposed to these measures is that they are afraid that any violations of human rights in our own countries may be seized upon by our ACP partners.

We are, I am sure, aware that in recent months, in some of our Member States, migrant workers have not been treated in a way consistent with full respect for their human dignity. Such bilateral treatment is not something of which these Member States are proud, and they are deeply worried in case these matters are raised at Community level. This serves to bear out how useful and important to the Commission is Parliament's position. When the Commission ventures into such a fundamental domain it should feel that it has Parliament's support.

However, Mr President, if I may speak with the frankness that has always characterized our debates, the articles proposed in the draft resolution have aroused reservations among members of the Commission.

This motion refers to Articles 3 to 14 of the Universal Declaration of Human Rights. It is striking that we stop at Article 14. Is it because Article 15, a declaration ratified by all our national Parliaments, recognizes the right to a nationality and because we would rather not bring up this subject in view of the Palestinian question? The provisions of some of Articles 3 to 14 might also be embarrassing. Article 10 recognizes the right of any person arrested to be judged by an independent and impartial tribunal. How do we account for the procedure under which undesirable aliens can be deported purely on the basis of an administrative decision and under which they are held in prison until they are deported? Article 12 refers to violations of the privacy of the home and interference with correspondence. How do we account for the exceptional measures which unfortunately have had to be introduced in certain parts of the Community such as Northern Ireland? Are we so sure that these articles cannot be invoked against us? And it would not

be surprising if they were, Mr President, for, as I would respectfully remind the European Conservative Group, the Universal Declaration of Human Rights is not a legally binding text but a statement of objectives, and that is altogether different. The Declaration sets forth a common standard and to achieve this common standard it proposes 'keeping this Declaration constantly in mind ...' to '... strive by teaching and education to promote respect for these rights and freedoms...' The Universal Declaration of Human Rights is a magnificent text. It is a text setting out intentions and objectives, but that does not make it a rule of law. And I believe that to insist that some of these articles be made legally enforceable would be to risk raising considerable problems.

These are legal and to some extent political observations which in no way detract from the fact that the Commission hopes Parliament will see fit to take a clear and resolute stand to ensure, in the spirit of the resolution tabled by the European Conservative Group and in line with their recommendations, that respect for fundamental human rights is an essential criterion in our relations with countries of the Third World and above all with the Lomé countries.

I apologize, Mr President, for taking up so much time, but the subject is so important to us that I felt bound to give you a full account of our views and to ask for your support.

*(Applause)*

IN THE CHAIR : MR MEINTZ

*Vice-President*

**President.** — I call Mr Fletcher-Cooke.

**Mr Fletcher-Cooke.** — I must thank Mr Cheysson very much for the comprehensive, careful and sympathetic reply which he gave. The reason why Articles 3 to 14 were chosen was not any sinister motive. It was simply that they were the basic human rights, and if the Commission prefer some definition other than those included in the UFD, good luck to them. This was thought to be the absolute bare minimum, and when I said it was modest, it was modest because it excluded all sorts of human rights which I should like to see enforced. When the Commissioner says, 'Oh well, they may throw various stones at us', so be it. I have no doubt that stones may be thrown at us, and if they want to, let them do it. But of course, as far as breaches of human rights are concerned in Europe, we have, and rightly, machinery for the enforcement of it — machinery that has been used to good effect recently, in all countries. I merely ask that some machinery be applied to those who are accepting our aid and assistance, and it does not seem to be a very great demand.

**Fletcher-Cooke**

When Mr Cheysson suggests that it is possible, where one of these countries is in the grip of a tyrant, to somehow go over the head of the tyrant and to get aid to the people of the country, even though the tyrant is in flagrant breach of basic human rights, I must say that I wait to see what sort of machinery he proposes to enforce that particular leap-frog. I seems to me quite impossible for the countries of Europe to get aid and assistance to the peoples of those countries over the head of the tyrant. I may be wrong about that, but I have never seen it done, and I do not believe it is possible. However, if it can be done, so much the better, and we shall be watching with intense interest the proposals both of the Council and of the Commission as these negotiations develop.

We hope that the spirit of Mr Cheysson's answer will find its place in the final revised convention in a few months' time.

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

**Mr Broeksz.** — *(NL)* Mr President, I should like to begin by thanking Mr Cheysson for his very full response to this item. I am particularly sorry that we have so little time, because this item — I do not mean the oral question itself, but the points made by Mr Cheysson — is so important that we should have liked to speak on it at greater length.

I am glad the Commission will submit proposals. Mr Cheysson is quite right. The first time the question of human rights was raised at the plenary assembly of the Lomé Convention, all the countries whose representatives spoke came up with serious reservations about including this in the new convention. At the time, I said that our concern was with the most flagrant violations of human rights. I referred to such things as torture, political murders, detention without trial. These are among the most serious violations of human rights which are open to checks. We all know now what Amin has been doing in Uganda, and if we are now adopting certain measures, it is not by virtue of the Convention I am particularly glad that that will soon be possible.

But what we actually have on the agenda is this oral question by the Conservative Group. I find it rather astonishing. At this very moment the Conservatives are stirring up racial discrimination in Britain over immigration, and our Conservative friend, Mr Osborn, has been speaking in Lesotho in terms that have been making every one's hair stand on end in that part of the world. It is difficult not to conclude that the Conservatives should not be speaking about Articles 1 and 2 of the Convention at all. Yet the Conservative Group now comes out with specific references to the Declaration on Human Rights.

This relates to particular aspects of human rights where it simply is not possible to check for violations

— and never will be. Who is going to check up on observance of Article 8, or Article 10, or Article 11? Is this to be the responsibility of the Commission? Who on earth could possibly do it? I shall therefore pay no more attention to this oral question, because it quite simply is not worthy of it, in my opinion.

What is worthy of our attention is what was brought out in Mr Cheysson's statement. I am in complete agreement with what Mr Cheysson had to say and with what the Commission has proposed to the Council. But what is not clear to me is, who is going to put these measures into effect: the Council of Ministers of the nine Member States and the fifty other countries, or the Commission itself? These are questions that have to be raised. Because if you do adopt measures of this kind, then one of the first things that have to be done is to arrange for checks to ensure that the measures are in fact implemented. That is something we are naturally very keen to hear about. Who decides who has committed a flagrant violation, and who then takes the appropriate action? Is it to be taken unilaterally, or by joint agreement?

It is perfectly natural for a number of these countries to be especially sensitive to interference in their internal affairs. It is only natural to want to make your own decisions. To have certain reservations about a number of the provisions contained in the Declaration of Human Rights, to be in the position of being quite simply unable to implement them, is something I can understand. Not all countries can allow freedom of the press. It is just not possible at present. Some countries have only just gained their independence and still have to learn for themselves how democracy works. We certainly did not learn to live with democracy overnight in our own countries, and — let's be honest with ourselves — we are still guilty of quite a few infringements.

My group would therefore like more specific information from Mr Cheysson about how and where these ideas will be set out. In a preamble or in one of the articles? What methods of implementation and arrangements for carrying out checks are being suggested? These are all matters that must be discussed. I unfortunately have only five minutes, Mr President, and I see that your gavel is about to descend, but it must be clearly understood that there are certain questions which we all want to see resolved. It is highly unfortunate that with Mr Cheysson making a statement on such an important matter, we have to be content with debating an oral question which is hardly worth considering in itself, but which restricts our time to much less than we need to deal with what Mr Cheysson has said.

I hope it will be possible to return to Mr Cheysson's statement at a subsequent part-session, so that we can

**Fletcher-Cooke**

debate it fully. I must unfortunately leave it at that for now.

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

**Mr Osborn.** — Mr President, first of all I would like to congratulate my colleagues, Mr Fletcher-Cooke, Sir Derek Walker-Smith and Mr Stetter, not only for their contribution to the debate, but also on the work they have done within the Conservative Group.

Of course, we have the difficulty here of dealing with a very serious problem. This is a serious issue, where one has got to define the borderline between aims, and law and its enforcement. Now obviously, within the Community, we are trying to evolve an understanding of human rights. There is a possibility of evolving a Community charter, because many countries in the history of Europe have from time to time been dominated by tyrants or dictators. Obviously, we in the Community hope we shall not find that we have a member country so dominated in the future. Then again, there has been the possibility of a Community ombudsman, which certainly works well in some countries, including my own. And of course, we are feeling our way in the Court of Human Rights in Strasbourg.

There are many problems. I have had the privilege of taking part in the discussions on the pre-Helsinki agreement with the Inter-Parliamentary Union in Belgrade, and it is Basket Three and human rights there that have been the stumbling-block of foreign ministers, heads of state, and even Presidents — not excluding President Carter. Within the sphere of the Lomé Convention and aid to the Third World, already Amin and Uganda have faced countries, certainly my own country, with a problem. Many of us could describe personal experiences. Mr Broeks and Mr Cheysson have referred to our visit to Lesotho. The election in Lesotho went sadly astray in 1970. I went to meet the man who was then Leader of the Opposition, and I found I had to meet him in prison. My experience on that occasion of the observance of human rights was not of the best, but then we have to decide what categories of human rights must be considered. Obviously, we are concerned about human rights such as freedom from torture and arbitrary arrest. Political rights and the development of a parliamentary democracy are another issue. Perhaps social and economic rights and the standard of living constitute a third, but Mr Cheysson has replied to this initiative. I refer to his statement of 20 February, and I welcome that he has done this.

But, of course, he has raised the real difficulty. If a country is not observing human rights, does one cut off the supply of food or rural aid? These are issues that we must understand ourselves. The hard fact is,

though, that whatever we may do, countries with their own aid programmes — Britain being no exception — have had to take arbitrary decisions about Uganda. The real problem, and Mr Broeks touched on this, is: when there is a breach of human rights, who is to say there has been a breach? Is it to be a political decision, or a decision in the Community by the Commission? It might be better for a country receiving aid to prove that it is observing human rights. Perhaps we had better concentrate on aims, rather than meticulous law.

In the brief time here, I thank the Commissioner, Mr Cheysson, for his constructive reply and welcome his constructive approach to what must be a delicate situation. There is a challenge in working out criteria to determine whether or not we wish to continue aid when breaches of rights of all types occur, and which type. I certainly endorse his views on respect for human rights and the dignity of mankind. But we have two practical restrictions: the taxpayers in our countries do like to have a system to ensure that money given to the Third World is given to countries that deserve it and look like preserving a reasonable standard of human dignity and human rights. And those elected to the Community or to our national parliaments, particularly to the Community after direct elections, will have a responsibility for that.

The second challenge is how — and I share, to a certain extent, the emphasis on aims rather than rigid law — when re-writing the Lomé Convention, we lay down conditions to our friends who are members of the Lomé Convention to ensure that aid is given where there is respect for human dignity, whereas it is not there. I thank my colleague, Mr Fletcher-Cooke, for raising this very deep issue, and it will be up to this Parliament to discuss it and give it further thought in the weeks to come, because we shall be doing so in Grenada and elsewhere when we talk about the revision of the Lomé Convention.

**President.** — I call Mr Bersani to speak on behalf of the Christian-Democratic Group (EPP).

**Mr Bersani.** — (I) Mr President, I, too, wish to thank Mr Fletcher-Cooke for once again raising such an important issue in this Parliament, and I am equally grateful to Mr Cheysson for the positive, objective and forthright way in which he has tackled this delicate problem.

We all know that such issues form part of the natural process of evolution of this great partnership which now unites the countries of the Community with many countries in Africa, the Caribbean and the Pacific — in fact nearly one — third of the countries of the world. This explains why the problem is of such great international importance. It has arisen at a time of greater preoccupation with human rights and the obligations of governments in this matter.

**Bersani**

However, it is only natural that the Convention should have evolved in a way that places greater emphasis on these obligations. I should like to see this as a positive rather than a negative factor. We want this great encounter between peoples and nations to be vested with broader objectives. Above all, while making it clear that these moral obligations apply equally to all, we must make our partners understand that the Convention is not a means of interference, but neither can it be a cover for hypocrisy. As its scope is extended and closer cooperation develops, so obviously problems of this kind will come to light. However, as Mr Cheysson said, only experience can lead to true cooperation.

In Lesotho we approved, admittedly after some minor disagreements, a document which emphasized the need to cover this problem in the Convention of Lomé II. A few days later, I and other colleagues from the European Parliament (among them Mr Osborn) had occasion to attend one of the meetings of the Association Council, in which we heard stronger and more general objectives raised. Soon, the debate was taken up at the OAU and, from what we gather, right at the last minute a majority of the OAU came out in favour of the proposition to face this problem with dignity and courage in inter-African relations.

The fact that this issue was discussed by both partners to the Convention represents a positive step forward. It demonstrates an awareness that the problem is of importance to all the member countries, in other words it is a problem affecting the consciences of us all. I believe, therefore, that the time has come for us, as a Parliament, to be more deeply involved in determining and improving our relations with the countries of the Lomé Convention, with whom we are now so closely united.

In the preamble to the Convention we must not only affirm our belief in the inviolability of basic human rights, but also set ourselves objectives for the future. And here I agree with Mr Cheysson that we must work out and apply an impartial system which would bring to light every case of discrimination or interference and, in time, put our relations on a level of common moral responsibility.

*(Applause)*

**President.** — I call Mr Edwards.

**Mr Edwards.** — Mr President, after the very constructive speeches by the Commissioner and the Members who have already participated in this short debate, it seems that there is little left to be said. I feel like saying 'ditto!' and sitting down, but there are one or two points which I would like to emphasize.

Thirty years ago, if you will forgive my saying so, it was my privilege to preside over the first conference of European Socialists after the war, when we started to campaign for the establishment of this Parliament.

The year after, I also presided over the conference at which we decided to bring our friends from Africa into our European Socialist Association, and it lifted up my heart when I attended the Assembly of the Lomé Convention to see that the things we had advocated so many years ago and thought were a majestic dream had become a practical reality. It is indeed a majestic achievement of this Parliament and this Community to bring in old colonial territories who have won their independence and freedom and to link them with their traditional enemies, if you will forgive my saying so, in a convention and a congress of this nature.

I was happy to meet some of my very old friends of 20 and 30 years ago, many of whom are now heads of governments. But there were many of my old friends, fighters for the independence of their native countries, who were not there. Many of them had died under torture in prisons, others were in exile and yet others were still in prison. So the fighters for freedom often enough became the first victims of the tyranny that arose out of independence.

Now we are experienced enough as politicians to know that what took us hundreds of years to achieve — complete parliamentary democracy — is not going to be achieved in 20 or 30 years in the new independent states of Africa and the Caribbean. We won our freedom often enough on the barricades. In Britain we had a civil war, we had to cut the head off a king, and here in our Europe we had to fight folks and rulers and counts and barons and military adventurers before we got the parliamentary system. What we are concerned about as regards the Lomé countries is not that they should guarantee free trade unions, the free movement of people, an elected assembly; what we are surely entitled to claim is that violations of fundamental rights are not permissible and not acceptable to us. I notice in today's *Guardian* that a judge who had opposed Amin was dragged out of his car and murdered by the police on the streets of Uganda. How can we tolerate violations of that character? I notice that of the 53 countries signatory to the Lomé Convention, 32 violate human rights, 21 of them apply detention without trial, 9 actually have the death penalty for political offences and 12 maintain their right to apply punishment for political activities. Now, that is a dreadful state of affairs and in our negotiations with these good people we should say to them, Alright, we do not expect you to build up a parliamentary system like ours: it took us a long time to do it, but we are entitled to insist on human dignity. The big indignities that people have to suffer — being dragged into prison, beaten to death, tortured in the attempt to extract confessions — cannot be tolerated today, and we should tell them that we expect them to move firmly towards the abolition of these terrible violations of human rights and of human dignity.

**President.** — I call Mr Petersen.

**Mr Petersen.** — (DK) Mr President, I would like to thank Mr Cheysson very much for his answer, which I feel was very well considered. But when it comes to the question of the proposals to be made in connection with the Lomé agreement I cannot go along with Mr Cheysson! I am more in agreement with the sceptical Community governments Mr Cheysson mentioned. I think we may be embarking on something very serious if we follow the proposal contained in the question and take the action implied by the Commission.

It is quite obvious that we must prevent violations of human rights wherever they occur — and they occur in almost all countries of the world today. We must combat such violations and we must use the negotiations as suggested. We can in this case, and we did in the case of the associated countries under the Lomé Convention. We can use protests, public statements and, in special cases, even trade boycotts. But these must be absolute exceptions, and — like the governments — I seriously doubt the advisability of automatically taking such action in connection with trade and aid agreements. I do not think that would be a good idea. Trade boycotts must be used only in exceptional cases, and that is in fact what we are talking about here.

There are two problems: firstly, there are the countries that are not parties to the Lomé Convention, where there can be just as many, if not even more, violations of human rights. We should also discuss boycotting trade with those countries.

Secondly, and to me this is crucial, Mr Edwards mentioned that in 32 of the more than 50 Lomé Convention countries, human rights are violated. A list of them is available. It is certainly true in many cases; but is it true that exactly the same violations occur in all the 32 countries? We must find out. And what does that mean? It means that, before trading or granting aid, the Community must send committees of enquiry to 32 countries to find out what exactly is happening and go into details if we are to be sure. And those committees must have the powers they need if there is to be any meaning in it. And what will be the result? The result will be that those countries will have to face the fact that they are being taken to task and must reveal everything.

It is on those terms that we shall trade with them and grant them aid. We have a situation where the poor relations — whether they are guilty or not — will be generally suspect and will have to prove they are not guilty, otherwise they will get no help from the rich relatives, the same rich relatives that for the past century have been responsible for their existence.

What I am saying here must not be taken as disagreement with these proposals; but I am quite convinced

that in general — and there may be exceptions — the campaign for human rights must not be conducted through our trade or aid policies. If it is, we shall be creating new and fatal barriers between the rich and poor parts of the world.

**President.** — I call Mr Cheysson.

**Mr Cheysson, Member of the Commission.** — (F) Mr President, if I may just reply very briefly, the interest shown by some of the Members here bears out the view that this matter will some day need to be debated more fully.

Mr Fletcher-Cooke contents that we have nothing to fear from any partner who seeks to charge us with violating human rights, because we respect human rights and, in any case, we have the legal machinery to deal with violations if they do occur. I am sorry to say that this is not true as far as foreigners are concerned. Foreign workers are being exploited, limitations are being imposed on their freedom of movement, restrictions are sometimes placed on the families who have not yet joined them, they are liable to be arbitrarily deported, and so on.

Let us look again at our proposals for the Lomé Convention which, let me remind you, were submitted on 20 February. Why? Because they represent a more comprehensive strategy and because the Lomé Convention has implications not only for trade, Mr Petersen, but for all relations between the partners, especially financial and institutional relations.

I am pleased to be able to reassure Mr Fletcher-Cooke that, if such a proposal is accepted, it will include machinery to ensure that aid is channelled to a specific project, which cannot be done when aid is given to correct a country's balance of payments or supplement its budget. When we agree on an aid programme for a nutritional centre or to sink boreholes for an irrigation scheme, it is that programme and none other that will get the money and I really do not see how this money could be diverted. I would add that in some cases we have introduced controls to make sure that aid reaches its destination. For example, when we decided to resume food aid to Chile we made the condition that distribution was placed in the hands of the World Council of Churches and that a large part of it went to the families of political detainees. We can then see exactly what we are doing.

As I mentioned a while ago, the Americans — who are no beginners at this sort of thing — now emphasize the importance of satisfying basic needs even in countries that are otherwise discredited. They, too know that it is possible to see that aid is used solely to satisfy basic needs. Mr President, I frankly cannot tell you how such a system would be operated, because I do not know. I believe that, for the moment, it is important to achieve coordination of such measures

**Cheysson**

among the major suppliers of aid in the Western world. I am in no doubt that if the Scandinavians — and the aid provided by Sweden and Norway is exemplary in many respects — if Canada, America, the Community were all to adopt the same general policy on these problems, they would be in a position to exert an influence the power of which we should not underestimate. Then we could go on to see exactly what machinery we can work out. I would hope for some harmonization here, too, so that we were all heading more or less in the same direction.

Mr President, when I think of the future of relations between the North and the South, I am sometimes assailed by feelings of considerable anxiety. If we give aid to the South, it is not only out of a sense of moral obligation but also, let us not forget it, because it suits us economically and politically. I fear that one day, our cynicism, or excessive idealism, may lead to the disappearance from our lists of beneficiaries of the vast majority of the countries of the world, leaving our self-interest as the sole criterion. And believe me, we do have interests to protect — our aid programmes are going to expand to help our industry and revive our economy. But unless our relations with the South are inspired by a general concern, without sacrificing the moral and political principles to which we are committed, we risk giving aid only to those dictatorships on which we depend for the supply of raw materials and for the opening up of new markets. This is the threat we face if we do not direct our policy so as to place it in a more general context.

Perhaps I have exaggerated in case, Mr President, but if it teaches us one thing, it is that we must exert pressure, by means of our policies and through public opinion, to ensure respect for human rights. Guided by a sense of realism, we must nevertheless be persuasive in our arguments to win over public opinion. Throughout history, every major piece of legislation has required the force of public opinion behind it. This is exactly what we are seeking to bring about,

and inasmuch as the proposal submitted by the Commission strikes the right note I fear it would be dangerous to reject it, for it is unlikely that we should be able to achieve more.

**President.** — The debate is closed.

12. *Agenda for the next sitting*

**President.** — The next sitting will be held tomorrow, Friday, 14 April 1978, at 9 a.m., with the following agenda :

- Procedure without report
- Decision on urgency for three motions for resolutions on shipping regulations
- Oral question, with debate, to the Commission on regional development programmes
- Motion for a resolution on unemployment
- Hamilton report on enquiries into the political affiliations of Commission officials
- Liogier report on statistical surveys of areas under vines
- Corrie report on surveillance operations in Danish and Irish waters
- Oral question, without debate, to the Commission on food policy
- **Früh report on aid to hop producers**
- Bangemann report on Parliament's budgetary policy guidelines for 1979
- Baas report on imports of fresh lemons
- Adams report on negotiations between the EEC and Yugoslavia
- **Nyborg report on hot-water meters**
- Albers report on navigability certificates for inland-waterway vessels (without debate)

*At the end of the sitting.*

- Vote on motions for resolutions on which the debate has closed.

The sitting is closed.

*(The sitting was closed at 9.55 p.m.)*

## ANNEX

*Questions which could not be answered during Question Time, with written answers**Question by Mr Klepsch*

Subject : Reduction of the monetary compensatory amounts in the mixed animal feeding stuffs sector

What is the Commission's opinion regarding the excessively heavy contractual burden which the short transitional period for trade adjustment provided for in Regulation (EEC) No 3005/77 altering monetary compensatory amounts places on undertakings and organizations in the Federal Republic of Germany which export mixed animal feeding stuffs ?

*Answer*

The notice was short — it had to be, because the undue profits which were being made (in other words, distortions) had led to a substantial increase in this special trade. Therefore the Commission had to react quickly in order to prevent a further increase in trade.

The transitional period originally decided upon was prolonged by 14 days. The strike in German ports during parts of this period is not the responsibility of the Commission.

*Question by Mr Dondelinger*

Subject : Persecution of the Jewish community in Argentina

What action does the Commission envisage at international or bilateral level to protect the Jewish community in Argentina, where antisemitism, tolerated and even encouraged, has already caused 100 000 Jews to leave the country since the junta came to power and places the Jewish community in a situation of insecurity comparable to that obtaining in the early years of the Third Reich ?

*Answer*

In its representations to the Argentinian authorities with regard to the respect for human rights, the Commission has been, and will continue to be, mindful of all cases in which these rights are violated, whether on grounds of race or, for example, on political or religious grounds.

*Question by Mr Howell*

Subject : Excess of cows

In view of Commissioner Gundelach's statement that no market exists for 15 per cent of the milk currently being produced, would he agree that this means that an excess of at least 3 million cows is being maintained in the European dairy herd, and is he satisfied that adequate steps are being taken to correct this situation ?

*Answer*

Given the increased production of milk per cow as well as present trends of declining consumption, it is difficult to arrive at an exact definition of the number of cows in excess

In proposals we have now presented, the Commission proposes to extend the premium schemes for converting from milk to meat production and for the non-delivery of milk to the end of the 1978-79 year simultaneously with, *inter alia*, an increase in the amounts of the premium. The Commission believes that this will result in a certain reduction in the number of milk cows.



*Question by Mr Ryan*

Subject . Underwater electric link between Ireland and Britain

Can the Commission say when a report on the studies relating to a possible underwater electric link between Ireland and Britain will be published, and if such a link is considered feasible? Will Community financial assistance be granted towards the construction of such a link?

*Answer*

The Commission understands that the question of an underwater electric link between Ireland and Wales is being studied by the appropriate power-supply undertakings in Ireland and the United Kingdom. The linking of the two supply systems would require approval by the governments of the countries concerned. It is for these governments and/or the two undertakings concerned to decide whether and when to publish a report on the project.

In the Commission's opinion, the link is feasible, if agreed, it could be put into service about 1985. If a request for financial assistance is submitted to the Commission, it is likely to be favourably considered, subject to a detailed examination of the project.

The proposal for a Council Decision (COM(78) 26 fin., 30 January 1978) empowering the Commission to issue loans for the purpose of promoting investment within the Community envisages that the Commission would issue loans to finance investments which will help attain the Community's priority objectives, in energy-related and industrial projects and in infrastructure projects, taking account of their regional impact. An underwater electric link between Ireland and the United Kingdom would be eligible for such assistance.

*Question by Mr Herbert*

Subject . Protocol 30 to the Treaty of Accession

What measures does the Commission intend to propose to implement the undertakings contained in Protocol 30 to the Treaty of Accession?

*Answer*

1. The institution of Community regional policy and its development since 1975 in themselves constitute implementation of the undertakings contained in Protocol No 30 to the Act of Accession

In 1975 the decision was taken to establish a European Regional Development Fund with an endowment of 1 300 million units of account for the period 1975-77, 6.46 % of this was allocated to Ireland (whose population represents 1.21 % of that of the Community). The Commission's initial proposal envisaged a Fund appropriation of 2 250 million u.a

In 1977, the Commission submitted to the Council a Communication (COM (77) 195 final) concerning guidelines for Community regional policy, in which it stressed the importance of regional problems in the Community and dealt with proposed actions to solve them.

In the Communication, the Commission indicated that, when drawing up its proposals on the implementation of the Community's main policies, it gave especial attention to the regional consequences of these policies (for instance, fisheries, distressed industrial sectors, agriculture, etc.).

As regards more particularly ERDF intervention in Ireland and certain other Community regions (Greenland, French overseas territories, Ireland, Northern Ireland and the Italian Mezzogiorno), the Commission proposed that the Regulation allow a maximum rate of 50 % for the Fund's contribution to financing infrastructure projects of particular interest for the development of the region where they are located. For other regions qualifying for aid from the ERDF, the maximum rate is 30 %.

2. As regards the Social Fund, the amended Regulation <sup>1</sup> provides that at least 50 % of the assistance granted shall be directed to the 'regional' objectives referred to in Article 5 and that the financial contribution from the Social Fund may be up to 55 %, instead of 50 %, in certain priority regions. <sup>2</sup>

<sup>1</sup> OJ L 337, 27. 12. 1977. Council Regulation (EEC) No 2893/77.

<sup>2</sup> The regions concerned are those referred to above.

3. As regards the EAGGF (Guidance Section), Directive 268/75 on mountain and hill farming and farming in certain less-favoured areas is being implemented in one-half of Ireland. The rate of Community reimbursement of the compensatory allowance for which the directive provides is 35 % in Ireland and the South of Italy, as against 25 % for the other Community areas.

Moreover, the Commission in its communication to the Council concerning the amendment of some socio-structural directives, which it submitted on 30 November 1977,<sup>1</sup> proposes modifications to take greater account of the conditions in regions experiencing particular difficulties. The Commission proposes, in particular that in certain less-favoured agricultural regions the rate of EAGGF intervention should be raised (for instance, a 50 % rate is proposed for Community reimbursement of the compensatory allowances already referred to).

The same communication of 30 November 1977 contains a proposal for the acceleration of drainage operations in the less-favoured areas of the West of Ireland.

4. As regards the application to Ireland, of Articles 92 and 93 of the EEC Treaty, the Commission's attitude has been defined in the principles for coordinating the general regional-aid system contained in the Commission's Communication to the Council of 26 February 1975 (COM (75) 77 fin.). In accordance with these principles, Ireland, together with Northern Ireland, the Italian Mezzogiorno and West Berlin are all placed in the category of regions receiving most-favoured treatment in the Community (with the exception of Greenland, whose situation is altogether exceptional). It is expected that regions in this category will continue to benefit from most-favoured treatment even if the principles should be revised.

*Question by Mr Cousté*

Subject: Distortions created by compensatory amounts

Is the Commission of the opinion that the system of monetary compensatory amounts helps to distort competition, is unfair, encourages the FRG to re-export food products which it procures at low prices from the French market, was originally provisional and thus not designed to sustain monetary movements on a large scale, that it must therefore be replaced and that the Commission ought to have proposed an alternative solution?

*Answer*

I would beg the honourable Mr Cousté to refer for a complete answer to his question to the report entitled 'Effets économiques du système agri-monnaire', which was recently transmitted both to the Council and to Parliament, the number of which is COM (78) 20 final, dated 10 February 1978.

*Question by Lord Ardwick*

Subject: Pharmaceutical industry

Can the Commission indicate the cases where it has learned over the last five years of failure to comply with the Community provisions on the law of competition, in the field of pharmaceutical products, as well as cases in which it has imposed fines for excessive prices or profits?

*Answer*

In the last five years the Commission has established, in three cases, that Community competition law has been infringed by pharmaceutical producers. In the Bayer-Gist-Brocades case, the Commission approved a specialization agreement between two undertakings after the latter abandoned a project to set up a joint subsidiary. It acted against Beecham Pharma on a clause concerning the resale of an intermediate product otherwise than in the form of a finished product. It issued a decision against Hoffmann-La Roche Vitamins concerning the granting of a 'fidelity rebate' and fined the firm 300 000 u. a. Judgment of the against of Justice is pending on an appeal by Roche against the decision.

<sup>1</sup> OJ C 304, 17. 12. 1977.

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Furthermore, in October 1975 Parliament was informed of an investigation which had been opened to discover reasons for the high prices being charged in two Member States for a medicament used in the treatment of an excess of uric acid. This last is the *only* case of an allegedly 'unfair' price now being investigated in respect of a pharmaceutical product manufactured by an undertaking having a dominant position. The case is being examined also in the light of a point made in the judgment handed down by the Court of Justice on 14 February last in the United Brands Company case. In the judgment, the Court, while finding that the Commission had not adequately proved in law the unfair nature of the prices concerned, emphasized the serious difficulties besetting any attempt to determine production costs.

The Court, nevertheless, has provided the Commission with valuable guidelines, which have reinforced the latter's determination to apply systematically the provisions of Article 86 to undertakings having a dominant position which directly or indirectly impose discriminatory or unfair prices

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## IN THE CHAIR: MR MEINTZ

*Vice-President*

(The sitting opened at 9 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. *Agenda*

**Mr Dalyell.** — Mr President, could I, on behalf of the Socialist Group, move the deferment of the report

by Mr Hamilton on the political affiliations of members of staff? This is an issue with ramifications which perhaps, had not occurred to all of us at an earlier stage. What we are agreed on in the group is that it is a subject that really does merit discussion in prime time on a Monday, Tuesday, Wednesday or Thursday. I hope the enlarged Bureau will see fit to slot it in on some occasion at the next part-session or at least the one after that, when Members of all nationalities are here in strong numbers.

**President.** — I call Mr Yeats.

**Mr Yeats.** — Mr President, I am not opposing this proposal. I have no particular view one way or the other. I am only going to make the point that this might well have been raised with advantage last Monday.

**President.** — The rapporteur in fact, wanted to make this request on Monday, but, for reasons beyond his control, he arrived 2 minutes after the order of business had been fixed.

I consult the House on this request.

Are there any objections?

That is agreed.

### 3. *Verification of credentials*

**President.** — At its meeting of 13 April 1978, the Bureau, pursuant to Rule 3 (1) of the Rules of Procedure, verified the credentials of Mr Christensen, whose appointment had already been announced, and made sure that this appointment complies with the provisions of the Treaties.

It therefore asks the House to ratify this appointment. Are there any objections?

This appointment is ratified.

### 4. *Membership of committees*

**President.** — I have received from Mr Christensen, non-attached Member, a request for his appointment — to the Committee on Economic and Monetary Affairs, in place of Mr Brugha, and

— to the Committee on Energy and Research, in place of Mr Power.

Are there any objections?

These appointments are ratified.

### 5. *Texts of treaties forwarded by the Council*

**President.** — I have received from the Council a certified true copy of the Trade Agreement between the European Economic Community and the People's Republic of China. This document will be deposited in the archives of the European Parliament.

### 6. *Petitions*

**President.** — I have received

— from the MONDIAAL, ALTERNATIEF, a petition presented as part of our International Action 'Save the Migratory Birds', to encourage the study and recognition of the economic value of nature with a view to promoting a New International Ecological Order as the basis of a New International Economic Order; and

— from Mr FEIDT, on behalf of the Secretariat of the GUPEO-EP, a petition on the pension scheme of officials of the European Parliament.

These petitions have been entered under Nos 5/78 and 6/78 respectively in the register provided for under Rule 48 (2) of the Rules of Procedure and, pursuant to paragraph 3 of that same rule, referred to the Committee on the Rules of Procedure and Petitions.

### 7. *Procedure without report*

**President.** — During the sitting of Monday 10 April 1978, I announced the titles of those proposals from the Commission to the Council to which it was proposed to apply the *procedure without report* laid down in Rule 27A of the Rules of Procedure. Since no Member has asked leave to speak and no amendments have been tabled, I declare these proposals approved by the European Parliament.

### 8. *Resolutions under Rule 47 (5)*

**President.** — The next item is the decision on the request for an immediate vote on three motions for resolutions tabled, pursuant to Rule 47 (5) of the Rules of Procedure, on shipping regulations:

— by Mr Fellermaier, on behalf of the Socialist Group (Doc. 51/78);

— by Mr Cointat, on behalf of the Group of European Progressive Democrats, Mr Colin, on behalf of the Christian-Democratic Group (EPP), Mr Bourdellès, on behalf of the Liberal and Democratic Group, and Mr Spicer, on behalf of the European Conservative Group (Doc. 53/78/rev.); and

— by Mr Cointat, on behalf of the Group of European Progressive Democrats, Mr Carpentier, on behalf of the Socialist Group, Mr Colin, on behalf of the Christian-Democratic Group (EPP), Mr Spicer, on behalf of the European Conservative Group, and Mr Eberhard, on behalf of the Communist and Allies Group (Doc. 55/78).

I call Lord Kennet.

**Lord Kennet.** — Mr President, on behalf of the Socialist Group, I wish to withdraw the request for a vote without reference to committee on the motion for a resolution (Doc. 51/78), tabled by Mr Fellermaier and to ask that it be referred to the appropriate committee for further consideration. I understand that a corresponding proposal is to be made about the second motion for a resolution on the agenda tabled in the name of Mr Cointat and others. My proposal hangs together with that.

**President.** — I call Mr Yeats.

**Mr Yeats.** — On behalf of the Group of European Progressive Democrats, I move the reference to committee of the motion for a resolution (Doc. 53/78 rev.) tabled by Mr Cointat and others.

**President.** — Are there any objections?

In that case, these two motions for resolutions are, pursuant to Rule 25 of the Rules of Procedure, referred to the Committee on Regional Policy, Regional Planning and Transport as the committee

**President**

responsible and to the Committee on Economic and Monetary Affairs and the Committee on the Environment, Public Health and Consumer Protection for their opinions. In addition, Doc. 51/78 is referred to the Committee on Agriculture for its opinion.

I put to the vote the request for an immediate vote on the motion for a resolution tabled by Mr Cointat and others (Doc. 55/78).

An immediate vote is agreed. It will take place at the end of the sitting.

*9. Regional development programmes*

**President.** — The next item is the oral question, with debate, by Mr Damseaux and Mr Durand to the Commission on behalf of the Liberal and Democratic Group on regional development programmes (Doc. 25/78):

1. Article 6 (1) of the Regulation establishing a European Regional Development Fund stipulates that 'Investments may benefit from the Fund's assistance only if they fall within the framework of a regional development programme'.

Paragraph 2 states that these programmes should be available *by the end of 1977*.

- Did the Commission in fact receive all the regional development programmes by the end of 1977?
- 2. On 6 and 7 October 1975 the Regional Policy Committee adopted the outline for regional development programmes, in accordance with its mandate from the Council under Article 3 (1) (c) of the Council Decision setting up a Regional Policy Committee.
  - Do the programmes which have been received conform to this outline?
- 3. Assistance from the Fund is granted according to 'the relative severity of the economic imbalance of the region where the investment is made and the direct or indirect effect of the investment on employment' (Article 5 (1) of the Regulation establishing the Fund).
  - Does the information contained in these programmes enable the Commission to assess the value of the investments in respect of the criteria laid down in Article 5 of the Regulation?
  - Does it enable the Commission to take account, in particular, of:
    - (a) the investment's contribution to the economic development of the region,
    - (b) the consistency of the investment with the Community's programmes or objectives,
    - (c) the situation of the economic sector concerned and the profitability of the investment...?
  - In this connection, the number of jobs to be created or maintained is of vital importance, as is the year-by-year implementation schedule. Has adequate information been provided on these aspects?
- 4. In its outline the Regional Policy Committee proposes that a number of development measures be considered

which may have a significant impact on regional development (end of paragraph 3)

- Do the programmes propose measures related to 'vocational training' and 'socio-cultural amenities of the regions'?
- 5. — Is the geographical size of the regional programming units satisfactory?
- Is the Republic of Ireland still considered as a single region for the purpose of submitting development programmes?
- What is the situation with regard to the other Member States, in particular Belgium?

I call Mr Damseaux.

**Mr Damseaux.** — (*F*) Mr President, the purpose of the oral question on regional development programmes is to stimulate debate on the development programmes received by the Commission. It is hoped this debate will help guide the Regional Policy Committee in formulating an opinion on these programmes for the Commission to study.

Point 271 of the section on regional policy of the Eleventh General Report on the Activities of the European Communities in 1977 states that 'by December the Commission had received all the programmes due'. 'Programmes were received from Denmark, the Federal Republic of Germany, France and the United Kingdom in time for them to be studied by the Commission and the Regional Policy Committee during 1977'.

Today's debate comes at an opportune time, since the Commission can draw certain conclusions from its preliminary study of programmes received during 1977 and our discussions will provide guidelines for Regional Policy Committee decisions to be included in its opinion on development programmes received subsequently.

We must point out that regional development programmes are not drawn up on a once-and-for-all basis but are continually updated to take account of efforts by the Member States to align their content more closely with the outline for Regional Development Programmes drawn up by the Regional Policy Committee and proposed at the end of November 1975, in accordance with the mandate given it by the Council of Ministers.

'This outline... is indicative, and should be interpreted in a flexible manner, bearing in mind the considerable differences between Member States...'. We should recall, however, that these programmes, which are mandatory from 1 January 1978, not only provide a framework for projects submitted for Regional Fund assistance, but are also of the greatest importance by providing a mechanism for a closer coordination of the different financial instruments of the Community and the Member States, and for the

**Damseaux**

coordination of regional policies and other policies with regional implications.

For this reason it is important to be able to assess the value of the programmes received. In point 271 of the Eleventh General Report, the Commission declares that 'the programmes are not yet fully operational as guides to the allocation of the European Regional Development Fund's resources'. The Commission also notes that 'Member States were having some difficulties in achieving full compliance with the Common Outline for regional development programmes. Generally speaking, problems arose in quantifying objectives... and in costing measures'. We hope that this debate will help define the guidelines needed to bring about a progressive improvement in the shape and content of regional development programmes.

The Commission has said here are problems with quantifying objectives. In this connection, the second chapter of the Outline for Regional Development Programmes, dealing with development objectives, says: 'This chapter... should go beyond a simple indication of broad aims'. The objectives must be 'quantified, at least in so far as certain basic elements are concerned'. Among the essential elements to be defined, the Outline mentions 'the level of employment and, where possible, the number of jobs to be created or maintained'.

It is essential to quantify this objective because Article 5 of the European Regional Development Fund Regulation stipulates that 'the fund's assistance shall be decided... in accordance with the direct or indirect effect of the investment on employment'. Since high levels of unemployment are one of the major problems besetting our economies, we have to persuade the Commission that the quantifying of employment objectives must feature prominently in the regional development programmes.

The Commission notes in the Eleventh General Report that 'generally speaking, problems arose... in costing measures'. However, it is essential that a correlation be established between the development objectives, the measures for development envisaged in order to attain the objectives indicated, and the financial resources needed to implement the development programmes.

We believe that the development programmes should include estimates of the financial resources to be put at the disposal of the European Regional Development Fund for use in the regions over the next few years; but, if we cannot cost the measures, it will be difficult to establish the total Community resources to be allocated for a specific regional development programme. Chapter 4 of the Outline for Regional Development Programmes, which deals with financial

resources, requires, however, that a clear distinction should be drawn between Community, national and other sources of finance and between various types of expenditure, such as outlays to finance infrastructure and direct aids to private investment. Under both categories of expenditure, those that qualify for an ERDF contribution must be clearly indicated in regional development programmes. Finally, we must stress that these development programmes apply, as their name implies, to the regions. Next, we consider the geographical size of regional units to be covered by such programmes. For example, when presenting its development programmes the Commission must not regard the Republic of Ireland as a single region, since that would in effect amount to examining a national programme and obviously there are considerable social and economic differences between the West and East of Ireland.

It seems that Belgium has submitted only two regional development programmes, one for the Flemish and one for the French-speaking part of the country. In this connection I should like to ask the Commission if these programmes take full account of the essential economic differences between these regions and if their size is not too large for a comprehensive and cohesive programme to be implemented.

In conclusion, I wish to stress the importance that Parliament attaches to the presentation of regional development programmes, both to allow a check to be kept on whether Community funds are being used wisely and to ensure that measures financed by the European Regional Development Fund are effective.

It is worth citing at this point paragraph 4 of a resolution of 5 July 1973, based on a report on regional policy presented by Mr Delmotte, in which Parliament

Considers that this European sense of responsibility can only be created if regional development programmes are put in hand to ensure and control the sound management of resources:

These development programmes are instrumental in concentrating and coordinating the resources available and in directing them to priority development objectives at Community and national levels.

In an important resolution of 21 April 1977, based on an excellent report by Mr Delmotte on certain aspects of Community regional policy to be developed in the future, the European Parliament said that it

Considers it essential to initiate development programmes with a view to ensuring such coordination, concentrating resources and checking the effective use of aid.

The contents of these programmes are thus vitally important, and I hope that our debate will make some positive contribution to the progressive improvement of these programmes.



**President.** — I call Mr Giolitti.

**Mr Giolitti, Member of the Commission.** — (1) Mr President, I thank Mr Damseaux and Mr Durand most sincerely for drawing the attention of Parliament to a subject that the Commission and I myself see as being of the greatest importance to the future of Community regional policy namely, regional development programmes. I would give special thanks to Mr Damseaux for the detailed analysis of the objectives of regional development programmes and of what he feels these programmes should contain, particularly regarding employment objectives and the geographical size of regional programming units.

In answering the questions, I must say that the Commission received all the regional development programmes by the due date set by the Fund Regulation — that is, before the end of 1977. These programmes are now being studied by the Commission's staff and are also under discussion by the Regional Policy Committee, as required by the Fund Regulation.

I wish to draw particular attention to the fact that this whole procedure involves a great many contacts, whether multilateral or between the Commission and the Member States, throughout the various stages of the Regional Policy Committee's work. These contacts give the Member States an opportunity to amplify and clarify the proposals sent to the Commission during 1977, so that the final stages of the drafting of programmes can proceed under the best possible conditions. The Commission hopes that the Committee will be able to complete its work before the summer recess. Since the programmes have not yet been finalized, whatever information I give you today must be regarded as provisional.

I can confirm that the programmes are being drafted broadly in accordance with the Outline adopted by the Regional Policy Committee and under the five chapters — namely, social and economic analysis, development objectives, measures for development, financial resources and implementation.

The information contained in the programmes will enable the Commission to assess the effect of the investment on the basis of criteria set in Article 5 of the Fund Regulation. I would say that the latest information contained in the programmes complements information that the Commission already has and forms a basis for assessing the applications for assistance from the Fund. I must emphasize, however, that the assessment of these applications is not based exclusively on information given in the programmes. The projects themselves contain economic justifications pertinent to the criteria set out in Article 5. In fact, any given project may be directly assessed in the context of Community policy, for example when matching the investment against the objectives of

Community policy, or when considering the situation in a given economic sector. I can confirm that the highest priority has been given in the programmes to the creation and maintenance of employment.

In relation to point 4 of the question, I would say that I have noted with interest that many of the programmes go beyond the strictly economic sector and contain elements touching on vocational training and the social and cultural sector.

As Mr Damseaux has rightly observed, the Outline is only indicative and should therefore be interpreted in a flexible manner, bearing in mind the considerable differences between Member States, particularly in the geographical size of the regional programming units. For this reason, we have allowed each Member State to decide its own programming units defined on the basis of geography or even geo-economic considerations. Thus, Germany has submitted a programme for each of its 22 development regions, France for 21 regions (plus its overseas departments), Italy for each administrative region or sub-region of Southern Italy (the programmes relate exclusively to Southern Italy), the United Kingdom globally or in part for the new standard regions, Denmark for Greenland and four other regions, the Netherlands for the 'North of the country' and for 'South Limburg' (these are the names of these two regions of the Netherlands), and both Ireland and Luxembourg have each submitted a programme that covers the whole country. At the end of 1977 Belgium introduced two programmes, as Mr Damseaux mentioned, one for the French and one for the Flemish-speaking part. Belgium has also announced that these programmes would be replaced by new programmes including various specific measures which are presently being worked out and which relate to the textile and steel industries, to small and medium-sized undertakings and to the provision of infrastructures.

I think I have covered everything and I am happy to have been able to add these last items of information to the details already supplied by Mr Damseaux.

**President.** — I call Lord Bruce to speak on behalf of the Socialist Group.

**Lord Bruce of Donington.** — Mr President, the House will be indebted to Mr Damseaux for having raised today the very important question of the progress that has been made towards the establishment of more firmly based and more imaginative and comprehensive regional development programmes.

The whole of the regional policy of the Community, in political terms, has had claims made for it which are wholly different from the mechanism by means of which the global policy was to be carried out. When the regional policy was conceived in 1975, it had an avowed purpose of being one of the means — and

### Lord Bruce of Donington

only one of the means — of redressing the obvious imbalances between the less-developed regions of the Community and the more highly prosperous sections of it. Indeed, as successive Commissioners have pointed out, notwithstanding the operation of the Community's regional policy through the European Development Fund, the richer sections of the Community have got richer, and the poorer still poorer.

In part, of course this is due to the smallness of the funds that the Community has so far felt able to devote to the purposes of its own declared regional policy. But it is also due to the whole mechanism finally adopted for the conduct of regional policy. The Commission cannot, at any time, on the basis of the existing Regional Fund Regulation, take anything approaching an imaginative step on its own initiative anywhere in the Community — it simply cannot do it. In the first place, under the provisions of the Regional Development Regulation itself, the amount of Community aid that can be distributed to any Member State must be determined by fixed percentages laid down in Article 2 (1) of the Regulation. No matter what the needs of individual Member States may be, the total amount they can take out of the Regional Fund in any one year is limited by a percentage enshrined in the Fund Regulation.

The second reason why the Commission cannot take any imaginative, own-initiative steps in this matter is because, again under the Regulation, the Commission is bound to pay only a percentage of expenditure already pre-determined by the Member State in which the region affected lies. In other words, if 100 million u. a. are for, shall we say, the North of England, all the Commission can do, if the project is approved, is to make a contribution of between 15 % and 17 %, depending on the characteristics and the categories within which it falls. Therefore, at the present time, it is not the Commission that determines the whole essence of regional policy, it is the individual Member States. They submit their programmes and then the Commission make a contribution in approved instances.

It is to be hoped that this position will soon change. We know perfectly well that the Commission is seeking to establish a non-quota section. But one thing of enormous importance does arise from this question. The Commission is now seeking to obtain information from the States to enable it to formulate a programme. So far, according to paragraph 271 of the Eleventh General Report, the information they have is neither satisfactory nor complete. Moreover, I suspect that the Commission has not sufficient staff at its disposal to enable it to make an evaluation. If, therefore, the Commission is serious, my group hopes that, when it comes to the preliminary draft budget for this year, it will seek to equip itself with sufficient staff to enable it to perform its functions, and that in the preliminary draft it will take an even more forthright atti-

tude towards the development of the Regional Fund as a whole.

**President.** — I call Mr Schyns to speak on behalf of the Christian-Democratic Group (EPP).

**Mr Schyns.** — (*D*) Mr President, I don't propose to go into the details of the matter, since Mr Damseaux and Lord Bruce have already dealt with them insofar as cooperation between the individual Member States and the Commission in the area of regional policy is concerned. I want, however, to take up one remark which the Commissioner made a moment ago when he was speaking about Italy. He said quite explicitly that Italy was to use these Regional Fund contributions exclusively — and you laid great emphasis on the word *exclusively*, Mr Giolitti — for reconstruction. On this point I should like to ask the Commissioner why no account has been taken of the demand, made last year by Parliament and its Committee on Regional Policy, that the Friuli region, which was so hard hit by the earthquake, should also benefit. In my view, this is a problem which certainly deserves our attention.

Last year we devoted a great deal of time in committee to two reports by Mr Delmotte and Mr Noè. In the report by Mr Noè, we laid down, in collaboration with the Commission, new and clear regional policy guidelines. To the best of my knowledge, these guidelines were subsequently submitted by the Commission to the Council for its consideration. This leads me to ask the Commissioner: Has the Council reacted to these proposals? What is the position with regard to the Commission's action programme for 1978?

I should like to conclude with two further questions to the Commissioner. In its 1978 action programme (Doc. 78/52), we are told that the Commission has submitted to the Council for decision a proposal that the rôle of the Committee on Regional Policy and Transport be widened.

My first question, therefore, is as follows: How does the Commission see this extension of the rôle of our Committee on Regional Policy? Is the committee to deliver an opinion on every individual proposal submitted by the Member States? Is the Council to decide which projects ought to be given priority, or is the Committee also to have a say in the allocation of the resources available for regional policy expenditure? Is the Commission alone to decide on this matter, or is the committee also to be consulted?

My last question is this: Is the committee to play a purely supervisory rôle in connection with the utilization of Community subsidies to individual Member States? I feel it would be valuable, Mr Giolitti, if you could throw some light on these matters, to give the members of the Committee on Regional Policy an idea of the form which its collaboration with the Commission is to take.

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

**Mr Brosnan.** — Mr President, coming as it does in the almost immediate wake of the recent meeting of the heads of state and government in Copenhagen, this debate on regional policy should help to focus attention on the vital rôle of regional problems in the Community. The European Council, it would appear, has at long last given due recognition to the importance of regional policy and has acknowledged that any plans for economic and monetary union are dependent on an adequate and all-embracing regional policy.

Our group notes with particular satisfaction the initiative taken at that meeting by Prime Minister Lynch in asking as a key objective in their scheme to promote economic recovery within the Community. Another welcome signpost from the European Council was the unanimous agreement of the nine governments to recognize this initiative. I quote the President of the Council, as reported in the *Irish Times* of 11 April:

The pursuit of greater internal cohesion, implying also a reduction in regional imbalances, constitutes one of the key areas of the Community enterprise.

This, then is the clearest mandate we have received since the Paris Summit of 1972 to produce — and to do so without delay — a realistic and comprehensive regional policy. Many hours of debate and discussion have only produced frustration at the meagre attempts to reduce the inequalities that persist in our Community of 250 million citizens. Unless we, the Members of this Parliament, at this, the eleventh hour, on what is virtually the eve of direct elections, find an acceptable workable programme to improve the lot of our less fortunate brethren, whether they be Italians, Irish, Scots or, eventually, Greeks, we shall only be met with cynicism and scorn, and perhaps even the wrath of the electorate in the forthcoming campaign for direct elections to the European Parliament.

It should not be forgotten that the Regional Fund is the most effective, if not the only, weapon the Community has to realize its ideal of economic equality in the Community. It is evident that a European regional policy must not be based solely on one instrument, the Regional Fund. Other instruments, such as the continual and systematic assessment of the regional impact of EEC sectoral policies and proper coordination between all Community measures to assist regional development, should also be applied. All Community measures must be scrutinized in the light of their regional impact. Regional impact must become the focal point of all Community activities.

A European regional policy implies proper and continuous coordination between the regional policies of the Member States. This must be done on the basis of equitable distribution of economic activity over all

regions of the Community, so as to eliminate economic imbalances and disparities. It follows, then, that there must be general acceptance throughout the Community that the more advantaged areas must be prepared to accept some economic constraints to enable their less fortunate economic partners to attain economic viability. This would obviously benefit the Community as a whole in the longterm by the growth of commerce and markets. But in order to achieve these aims adequate coordination between the Member States of economic and social planning is absolutely necessary. The submission of regional development programmes by the Member States should go some way towards laying the basis for this coordination. I hope that the programmes contain the information which will allow the Community to develop its regional policy, taking into account the points I have already stressed.

I would like to refer very briefly to the case of Ireland. As far as most Member States are concerned, regional development programmes would relate to regions within those States; but since Ireland comprises one region for EEC regional-policy purposes, we have submitted a national development programme to comply with the regulations. I am confident that this programme, which is the basis for Ireland's economic recovery, clearly illustrates the problems in our country and I hope that the Commission will recognize these problems and by pursuing these policies help us to resolve our battle for development in Ireland.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — I want to raise three earthy problems. The Saturday before last, I stood for four hours in the shopping centre of the Drumchapel housing estate in Glasgow in the Garscadden by-elections, which, we gather this morning, the Labour Party won. Time and again, of course, I was asked by people coming up: 'Well, you are a Member of the European Parliament: what has the Community done for us?' Now, I say to Mr Giolitti that actually the Community has done a great deal for Scotland, if the truth be known, but of course, like every other government, my government wants to take all the credit it can, play up what national governments have done, and remain rather more silent about what the Community has done. I plead with him once again to find ways of bringing home to people just how much the European Community has done in various ways for them, I am not asking that exaggerations be made, still less that lies be told. It is simply that there must be firmness on the part of the Commission about getting the credit that is due to it — not an undue share of credit, but simply, when European Funds are used, the people must know that the money has come from Europe and is part of the benefits of the Community.

**Dalyell**

My second and third points are blatantly and nakedly constituency issues, but they do affect a lot of people. Could Mr Giolitti talk to his colleagues on a matter that I have raised with Mr Davignon and Mr Brunner, though it also concerns the regions, about help given to the mining industry, where there have had to be closures because of the recession in the steel industry? This has been put very strongly by the National Union of Mineworkers and especially by one particular branch. Where seams have had to be closed before time because they produce coking-coal for a steel industry that is using less than it was, could some of the help that is coming from the Community to the steel industry be extended to those areas which have been indirectly dependent on the steel industry? I do not ask him to answer that off the top of his head, but at least he could give me the assurance that he will have discussions with his colleagues about it and write to us.

Now for the third point. I ask colleagues not to laugh and not to think it a frivolous use of the time of the European Parliament. When I went to my party meeting last Sunday in the Labour Club at Whitburn, a group of men came up to me very earnestly and said, 'Look, Tam, you are a Member of the European Parliament: we really want you to do something for us.' What they wanted was this. They are pigeon fanciers, and a great many Scots people in the industrial belt keep racing pigeons. The truth of the matter is that this is the beginning of the season where they use a good part of their savings to pay for these pigeons to be transported to places like Rennes and Beauvais and other places in northern France so that the races can start and the pigeons can do their 500 miles. Now they said to me, 'We are losing very many of our pigeons, and we have reason to believe that people are shooting them as they are released.' So I said, 'Well, I am not sure that this is the business of the European Commission.' 'Ah,' they said to me, 'but you are a Member of the European Parliament: what else do you do in the European Parliament? What are you for, other than to protect us and our pigeons?' Well, I have to say to Mr Giolitti that pigeon-fanciers are a very important part of the community I represent, and before, Mr Meintz, your gavel bounces for the first time to cut me off, it would be a very great favour if someone somewhere in the Commission were to look into the problems of pigeon-fanciers, because, frankly there are more pigeon-fanciers where I come from than people who are concerned about the ins and outs of the Common Agricultural Policy.

**President.** — I call Mr Giolitti.

**Mr Giolitti, Member of the Commission.** — (1) I should like to say straightaway that Mr Brosnan was absolutely right in drawing attention to the extremely important link between the objective of economic and

monetary union and the part that must be played in attaining that objective by the regional policy, a policy which is not purely and simply identical with the Regional Fund, but is merely one of its instruments. As the President of the Commission, Mr Jenkins, rightly pointed out in his address the other day to this House, this is an issue to which the recent European Council and its resolution gave less prominence than it deserved. I feel, however, that the President was equally fair and astute in his observation that, precisely by attending to the problem of economic and monetary union, the European Council has given fresh impetus to the development of the regional policy which, as Lord Bruce rightly observed, has up to now been held back by various limiting factors and constraints. As regards the specific subject of this debate, viz. the regional development programmes, it has to be realized, however, that some improvement has already been made this year, even before the adoption by the Council of the new Commission proposals, for we have progressed beyond the stage of simply drawing up a list of projects to that of presenting integrated programmes in which the various projects are grouped together.

Lord Bruce touched on a very delicate issue when he referred to the staffing difficulties now facing the Commission's regional policy directorate. The present staff shortage will place an even more intolerable strain upon us when we eventually come to the task of expanding the regional policy, for which we have made provision in our proposals to the Council.

I should now like to answer briefly the questions put by Mr Schyns. The question whether or not the Friuli-Venezia Giulia region should be counted as a region eligible for aid is a matter for the Italian Government to decide. I understand that it is now being considered by the appropriate authorities. Some days ago I paid an official visit, in my capacity as the Commissioner responsible for regional policy, to the Friuli-Venezia Giulia region. I wish to assure you that in the course of that visit I made no attempt to disguise my belief that the region should continue to receive assistance from the Regional Fund.

*(Applause from certain quarters)*

Having said that, there is a difference which cannot be ignored: the problems of the Friuli-Venezia Giulia region have dramatically and unexpectedly arisen as the consequence of a natural disaster, whereas the problems of the Mezzogiorno regions are perennial structural problems arising from their backwardness. It is only right that the Italian Government should take this difference into account. It is my personal hope, however, that aid from the Regional Fund can also continue to be granted for the complete rebuilding and redevelopment of the Friuli-Venezia Giulia region, bearing in mind the scale of the catastrophe it has suffered.

**Giolitti**

As for the role which the Commission expects Parliament's Committee on Regional Policy to play, I can only express my personal hope, drawing on the experience I have gathered over the past year and at the beginning of the present year, that the committee will continue to discharge its functions with the same dedication and sense of commitment that it has demonstrated in the past. I do not see any need for modifying the committee's activities, which are altogether different from those of the Regional Policy Committee. The latter is a Commission body and is required to undertake a detailed analysis of every project formulated. For obvious reasons, projects cannot be referred to Parliament's committee for the same purpose. Nonetheless, the responsible Commissioner will always be prepared to brief it fully on the Commission's views and intentions with regard to the Fund's administration. I am confident that cooperation between Commission and parliamentary committee will be even further consolidated during the chairmanship of Lord Bruce, with whom I have already made the necessary contacts.

I should like now to turn to the three questions put to me by Mr Dalyell. I readily acknowledge the fact — since it is a fact that we have both had occasion to regret at past meetings of the Committee on Regional Policy — that too little is known about the Community's measures and their impact in the regional policy sphere. We are making efforts to remedy this shortcoming and are also endeavouring through our proposals — which we hope the Council of Ministers will shortly adopt — to ensure that information and publicity activities relating to Fund and Community action at regional level are run more efficiently.

My own contribution to this task consists in touring the regions concerned. I have already visited various regions of the United Kingdom and am pleased to be able to inform Mr Dalyell that in June I shall be making a visit to Scotland with a view to establishing the kind of direct links which are perhaps the best means of making the Commission's presence felt in those regions assisted by the Fund. I agree to look into the problems raised by Mr Dalyell regarding the present and future prospects of the mining industry in those areas in which it is indirectly dependent on the steel industry. I shall also see to it that the matter is drawn to the attention of my colleague, Mr Davignon. I am well aware that this problem also has regional implications inasmuch as the crisis in the steel industry and the attendant crisis in the mining industry are very often on a regional scale. Finally, I shall endeavour to keep a watch out for racing pigeons but, since we are dealing here with birds of passage, I think it would be difficult to deal with the problem on a strictly regional basis.

*(Laughter)*

**President.** — The debate is closed.

**10. Agenda**

**President.** — I call Mr Lemoine on a point of order.

**Mr Lemoine.** — *(F)* Mr President, this morning I was unexpectedly delayed and consequently did not arrive in the Chamber until five past nine. I then discovered to my amazement that in the first five minutes — despite the fact that our Bureau had a very long meeting yesterday morning — the agenda had once again been rearranged and the Hamilton report once again postponed. This seems to be becoming a habit with this report.

On behalf of the Communist and Allies Group, I should like to register a strong protest against these delaying tactics, which constitute serious interference with freedom of opinion in an area which directly concerns our Assembly. I would therefore ask that the Hamilton report be debated at the next part-session, on a day when the fact that there are not sufficient Members in the Chamber or the rapporteur is absent cannot be used as an excuse for a further postponement!

**President.** — Mr Lemoine, the decision to defer this report was taken by the Parliament in complete accordance with the rules on a proposal by the Socialist Group, and there is no question of any 'manœuvre'.

I call Mr Fletcher-Cooke on a point of order.

**Mr Fletcher-Cooke.** — Mr President, may I raise the question of the debate on item 38 on the agenda, the report by Mr Corrie on the inspection and surveillance of operations in maritime waters of Denmark and Ireland? Last night Mr Corrie was unfortunately compelled to go back to England, and he asked me to step into his place as rapporteur. At that time I only had three amendments, which were in the names of many Members, headed by Mr Vandewiele, and one by Mr Hughes; they seemed acceptable and on that basis I agreed to take on this task in a field of which I am totally ignorant. This morning, however, I received on my desk at 9 o'clock four amendments, mostly in the name of Mr Ryan, Mr McDonald and Mr L'Estrange, which go to the root of the subject and which are, if I may use the word in no disparaging sense, hostile to the proposals. In those circumstances, if there is to be a challenge to the proposal, I submit that it would be right to have the debate at a time when not only Mr Corrie but a great many more people could be here, and for that reason I would ask that this matter be postponed until the next part-session in Strasbourg.

**President.** — I call Lord Brimelow.

**Lord Brimelow.** — Mr President, I have just been informed that Mr Kofoed, chairman of the Committee

**Lord Brimelow**

on Agriculture, would not be opposed to the postponement of this debate.

**President.** — I call Mr Lange.

**Mr Lange, Chairman of the Committee on Budgets.** — (D) Mr President, as chairman of the committee asked for its opinion, I should like to agree to this proposal; but I should also like to say this to the Bureau: the question who is to deputize for rapporteurs who are unable to attend must be clarified once and for all. It is quite impossible that rapporteurs should be able to seek out the substitute of their choice. This is a matter either for the chairman or one of the vice-chairmen of the committees, or for the whole committee concerned. Rapporteurs should not be allowed to do this — it has occasionally happened before and is happening again now. But this is beside the point. The Committee on Budgets also feels that this item can be postponed today.

**President.** — Mr Lange, your request will be forwarded to the Bureau.

I call Mr Yeats.

**Mr Yeats.** — Mr President, looking at this matter from the point of view of our procedures, I would have no objection to that postponement. However, I think I should point out that the Council are meeting on the 24th of this month to deal with this matter. If we postpone it until next month, they will not be able to do so and will have to postpone it until their next meeting. So, for that reason, I find myself in the position of having to vote against the delay.

**President.** — I consult the House on the request to defer the Corrie report (Doc. 39/78) to a future part-session'

That is agreed.

11. *Unemployment*

**President.** — The next item is the motion for a resolution tabled by Mr Schyns, Mr van der Gun, Mr Santer, Mr Bersani, Mr Vandewiele Mr Wawrzik, Mr Mont and Mr Ryan, on behalf of the Christian-Democratic Group (EPP), on the campaign by the trade unions of the Member States to overcome unemployment problems (Doc. 48/78):

*The European Parliament,*

- having regard to the joint campaign undertaken in Europe by all the trade unions of the Member States of the European Communities on 5 April 1978 to draw the attention of the Council and Commission to the extremely alarming unemployment situation,
- having regard to the fact that the trade unions have called on the Council and Commission to present proposals to improve radically the employment situation,

— having regard to the intention expressed by the European Council of devoting the fullest attention to unemployment — especially those affecting young people and women — and to propose and support appropriate solutions,

1. Expresses its solidarity with the trade unions' joint campaign in Europe;
2. Is pleased that the individual trade unions should have formed a common European front to draw the European institutions' attention to Europe's currently biggest problem, unemployment, and to seek effective solutions;
3. Sees in this joint campaign a confirmation of the fact that employees are in favour of a common Europe which will guarantee and promote social justice and economic strength;
4. Calls on the Council to adopt as soon as possible, on the basis of the proposals put forward by the Commission, practical decisions to bring about a reduction in unemployment;
5. Calls on the Commission to submit additional sectoral proposals for solving the growing unemployment problems, taking into account the initiatives of various Member States;
6. Instructs its President to forward this resolution to the Council and Commission of the European Community.

I call Mr Santer.

**Mr Santer.** — (F) Mr President, having been asked to deputize for Mr Schyns, who is unable to be present, I should like to introduce this motion for a resolution very briefly.

On 5 April this year an important event occurred: the trade unions of the Community Member States held a demonstration to draw the attention of the Commission and the Council to the serious level of unemployment.

We feel that our Parliament should declare its solidarity with the joint action of the European trade unions, for two reasons: first, we regard this action as confirmation that the workers are committed to a European Community which will safeguard and ultimately increase social justice and economic power; and second, we should express our support for this trade-union action in order to make the Commission and the Council take practical decisions with a view to reducing unemployment.

At this time, when we are embarking on a major campaign to interest the public in direct elections, we should step up our efforts to resolve the social problems which are inevitably a matter of concern to the various social sectors in our Community. In our view it is unbelievable, for example, that the Council of Ministers should have recently adjourned its meeting on social affairs on the pretext that the agenda was too short. I wonder, Mr President, when the agenda will be full enough, in view of the fact that

**Santer**

there are almost six million people unemployed in Europe at the moment! In our view, the workers of Europe should not have to be satisfied with the disappointing and disconcerting results of the last Tripartite Conference. I will not go back over the discussions we had on this subject at the Tripartite Conference, based on the report that I presented; but we must ask the Commission — and this is the point of our motion for a resolution — to submit further sectoral proposals to resolve this problem, and above all we must urge the Council to make an effort and take practical decisions to deal with this disturbing situation.

**President.** — I call Mr Klepsch to speak on behalf of the Christian-Democratic Group (EPP).

**Mr Klepsch. (D)** — Mr President, after Mr Santer's convincing remarks I can be very brief. But I should like to refer to our dispute earlier on, when we were putting this item on the agenda. On behalf of my own group I should like to point out that we consider it to be a very good thing that the European trade unions, the representatives of the European workforce, recognize that the European Community is obliged to tackle the problem of unemployment and to ensure that joint measures are taken to come to grips with and resolve, these problems and that it cannot just content itself with a fine-sounding analysis of the subject; for in so doing, they have taken the appropriate initiative.

For this very reason my group feels it is important to give this initiative the strongest possible support, and has no time at all for the argument that such support should be opposed because Parliament's Committee on Social Affairs is already dealing with the question of unemployment, and specifically with that of youth unemployment.

So I should like to say that my group is glad that it has been possible to place this motion for a resolution on the agenda. We are even more pleased that, together with the representatives of the European workforce, we are taking a Community initiative with the aim of effectively combating unemployment. We have already expressed the wish, in the course of the general debate on the Council's policy, that a catalogue of practical measures should be put before us at the next conference in Bremen, so that the matter does not rest with a declaration of our intention to tackle this problem. It is in this spirit that we should like to appeal to the Commission and Council, and we hope that Parliament too will take every appropriate initiative to overcome the problem.

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

**Mr Pistillo.** — (I) Mr President, ladies and gentlemen, our group considers this motion for a reso-

lution to be timely and opportune, dealing as it does once again with the increasingly serious problem of employment in the countries of the EEC.

I should like to draw the Assembly's attention to two things that have recently happened. The first is that during the Copenhagen summit which we discussed yesterday, great emphasis was put on the need to speed up economic growth and, by this means which is certainly the surest, to create new jobs. As we know, a growth rate was mentioned of 4½ %, but we also know that on the day following the Copenhagen summit the first denials were made, as they always are, and interpretations playing down the commitment which had been assumed there. This, in our opinion, is a bad thing, as Mr Bertrand pointed out in his speech yesterday, and certainly does not induce optimism about the future of employment in Europe.

It is true that growth is the key to an effective answer to unemployment. But let us ask ourselves: is it right that this growth is produced exclusively by private enterprise? Here there is serious cause for doubt and concern. It is not for us to deny that private enterprise certainly has a very important, indeed irreplaceable role to play in increasing growth, but let us not think that this growth can be brought about solely by private enterprise! Here we have the very important problem of selective investment. Taking account of certain sectors where the crisis is being felt more keenly, this investment should be of a public nature both in individual countries and at the level of the Community as a whole. The instruments which we have at our disposal are extremely limited in spite of certain good prospects for the future. This is an essential point and we believe we are justified in calling the attention of the Council and the Commission to it.

Let us not delude ourselves that the machine that has become jammed, with all the unfortunate effects which are evident to all, can set itself going again by itself. We must understand that the problem is a difficult one to solve, but that there does not seem to be any other course of action to take. The whole process of integration, the very prospective of economic and monetary union, has come up against a very serious obstacle in the form of the present employment situation.

The other point to which I should like quickly to draw your attention and which is explicitly mentioned in the motion for a resolution is the fact that other Members have already mentioned that workers throughout Western Europe have taken part in a day of protest against unemployment. I do not wish to indulge in rhetoric, Mr President, but I think that 5 April showed an important change in the action taken by the labouring masses, and the working class in particular, at European level. This action took place at this time. Indeed it is unthinkable that the great topics of growth, employment and planning at Euro-

### Pistillo

pean level should figure and be settled only in our discussions without timely, decisive and united action at European level by our peoples and the labouring masses. This action, which we hope will be followed up on suitable occasions and in appropriate ways, and which we hope will attract an increasingly wide participation by workers, should therefore be welcomed as a positive and encouraging fact.

In the light of these two events and since the employment situation is extremely serious as we all know, we consider that the request made in the motion for a resolution is a legitimate and opportune one, asking for concrete proposals, programmes possibly limited in scope but which lay down targets and deadlines so as to get beyond generalities and really get to the heart of the problem.

If this does not happen, we cannot but express our total opposition to a policy apparently inadequate to cope with the seriousness of the situation.

Mr President, ladies and gentlemen, it would be a damning indictment if we were unable to give a first concrete reply to these problems whilst we are busy making preparations for the direct elections to the European Parliament! The people, who are extremely sensitive to the problems of unemployment, would not fail to make known their full protest and opposition to those who so far have not produced palpable positive results.

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

**Mr Cifarelli.** — (*I*) Mr President, ladies and gentlemen, I feel that the most important paragraph in this motion for a resolution is the one that says that Parliament 'sees in this joint campaign a confirmation of the fact that employees are in favour of a common Europe'. We all remember how often the Community has been accused in our debates of being an organization that protected the notorious monopolies and multinational companies (terms used rather wildly, as if these were the demons of our modern world) and of strengthening the hands of the Community's entrepreneurs, thus thwarting the struggle of the trade unions in the various countries. I myself have talked myself hoarse in claiming that if there was one Community, which was an embryo plurinational state — the United States of Europe —, workers' organizations should take their cue from this and forge closer links with each other in order to make themselves stronger and capable of more effective action.

The particularly interesting thing that has now happened is that one of these vast organizations, the Italian trade-union organization most dominated by Communist and Socialist thinking, i.e., the Italian General Confederation of Labour, has broken off its relations with the World Trade Union Federation, traditionally under Communist control, and has

joined the Community workers' organization. This is a very important event, not only from the Italian point of view, but also because it shows that the Communists, whose main strength lies in Italy and France, are prepared to march hand in hand with all the organized forces of labour. We have been assured of this by those colleagues who have spoken on behalf of the Italian Communist Group. However, I do not intend to indulge in rhetoric and say that 5 April is a historic day. For one thing, while Italian public opinion may realize that the trade-union organizations are tackling the problem of unemployment, it has not sufficiently realized that the first expression of this common resolve and this common action has been a strike. You do not fight unemployment with a strike. In a book I was reading on the Italian Alpine regiments, it was said of these soldiers that no matter what misfortune befell them — their boots were pinching, or it was raining or too cold or the coffee was not served up in time — their first reaction was to take the name of the Lord in vain. I do not wish to give offence to anyone, but it seems to me that in the same way, whenever anything goes wrong, the first thing that is always done is to call a strike. This is a mistake, principally because the strike is a very delicate weapon, particularly in the conditions at present obtaining in my own country, where political leaders can only look around ruefully at the amount of harm that has been done by strikes.

It is madness to think that problems such as unemployment can be overcome by strikes and that the very serious problems of unemployment of young people and women can be resolved by means of trade-union negotiations which force the opposite party to agree to what is asked within a time-limit of three or six months. Unemployment is the fruit of a complex of major problems. In our Community we must resolutely resist all forms of corporatism, sectoralism, tax evasion, flights of capital and all forms of double-dealing on the part of entrepreneurs, but we must also stoutly oppose all irresponsible and counterproductive conduct on the part of workers' organizations. Above all, we must realize that what we are tackling is a problem that has been created by all the policies pursued down through the years.

This having been said, I should like to stress that I agree completely with what Mr Pistillo has said just now. He said that in the present world situation it is no longer possible to rely simply on private enterprise. Traditional liberalism is finished. It is as much a mistake to believe that everything can be left to private enterprise as to believe that everything can be left to the State. We are speaking of an economy with two sectors, we are speaking of selective intervention, we are speaking, in short, of programmes of such a kind that all must play an active part in them — workers, businessmen, technical experts, public and political authorities.



**Cifarelli**

I must say that I was very disappointed at the fact that in one Community country — and this request was made at a moment of extreme crisis — the workers' trade-union organizations flatly turned down the idea of a meeting with businessmen and the government. This was a fundamental and tragic error.

We, in this House, who do not represent any single country or any single sector but try, humbly but with complete conviction, to be the voice of public opinion in a Europe that is growing in self-awareness, we must affirm that 5 April is clearly a very important date. Above all, however, it must mark the date when we begin to reflect on the mistakes that have been made and resolve to do something serious about them, instead of reiterating the usual litanies of praise and self-congratulation, with everything going on as before, or perhaps even worse than before.

**President.** — I call Mr Giolitti.

**Mr Giolitti, Member of the Commission.** — (I) Mr President, the Commission agrees completely and wholeheartedly with this motion for a resolution. It feels that, if the construction of the Community is to proceed along the right lines, the social partners must be increasingly closely associated with the decisions taken by Community bodies on economic and social matters. For this reason, the Commission unhesitatingly welcomed the positive and constructive aspects of the campaign organized on 5 April last by the European Confederation of Trade Unions, with the unanimous support of all the national organizations affiliated to it, to draw the attention of the Community institutions, the national governments and European and national business organizations to the insistent demand by Community workers that vigorous action be taken to combat unemployment effectively and to create new jobs that will enable acceptable levels of employment to be restored.

The Commission gave assurances along these very lines to the delegation from the European Confederation of Trade Unions that met President Jenkins and my colleagues, Mr Ortoli and Mr Vredeling, on 5 April. Furthermore, I should like to respond to the invitation contained in the resolution by making it quite clear that the Commission does firmly intend to promote serious measures in the employment sector within the framework of a medium-term overall strategy aimed at combating structural unemployment within the Community, particularly that of young people, and at the same time to promote a growth pattern that will generate new employment and set up a better quantitative and qualitative balance between supply and demand in the labour market.

The work being done on the priorities laid down by the Tripartite Conference of June 1977 will be an

important contribution to the implementation of the strategy to which I have referred. In the course of this work, the Commission has taken the utmost pains to ensure the wholehearted support and the active cooperation of employers' and workers' organizations, with both of which it has agreed upon practical arrangements for tackling the abovementioned priorities. It has suggested that all parties get together to discuss specific working documents drawn up by the Commission's services and draw up a time-table. It has also arranged that, as soon as the Commission has completed its work on any one of these priorities, this work will be discussed in depth with the Council and with the social partners meeting under the auspices of the Standing Committee on Employment and the Economic Policy Committee. It was this arrangement that resulted in the Standing Committee on employment devoting its deliberations of 24 November 1977 to a consideration of the communication from the Commission on the employment of young people. In these debates the points made by the Commission were favourably received and agreed to, as a result of which the Commission drew up its proposals, which have been forwarded within the past few days to the Council of Ministers and to this House.

As far as the redistribution of work is concerned, after exhaustive consultations with the social partners on the basis of an analysis carried out by its services, the Commission drew up a working document which was discussed by the Standing Committee on Employment on 21 March last. This document, which all present felt to be a serious and worthwhile contribution, resulted in an honest and valuable exchange of ideas on the way in which the various arrangements for redistributing work can help to solve unemployment problems. With a view to the forthcoming Tripartite Conference, the Commission was invited to undertake the task of convening a more restricted meeting of the social partners to have a further discussion on this topic.

Other priorities are the competitive position of European industries in the present international situation and the question of investments and the promotion of a growth that will generate employment. The working documents on these topics drawn up by the Commission's services have already been submitted to the social partners for consultation and to the Economic Policy Committee. The latter will shortly present its own ideas on these subjects to the representatives of the trade unions and to the employers.

Finally, with regard to the promotion of employment prospects in the tertiary sector, including the public sector, the Commission only yesterday completed a document setting out its views on this matter, which

**Giolitti**

will be forwarded straight away to the Standing Committee on Employment, a meeting of which has been convened for 12 May next. In this way the Commission will be in a position, as from next June, to draw up a coherent synthesis of ideas and proposals on which the forthcoming Tripartite Conference can be based. In this way it will respond to the request made by the recent European Council in Copenhagen that, for its next meeting in Bremen, it should have before it a coherent package of proposals and action guidelines to solve the critical problem of unemployment.

In the light of these remarks, Mr President, I think I can assure the House on behalf of the Commission that an adequate response will be given to the invitation contained in paragraph 5 of the motion for a resolution.

**President.** — I note that no one else wishes to speak.

The motion for a resolution, as such, will be put to the vote at the end of the sitting.

The debate is closed.

12. *Regulation on statistical surveys of the areas under vines*

**President.** — The next item is the report by Mr Liogier (Doc. 38/78), on behalf of the Committee on Agriculture, on

the proposal from the Commission to the Council for a regulation on statistical surveys of the areas under vines.

I call Mr Liogier.

**Mr Liogier, rapporteur.** — (F) Mr President, ladies and gentlemen, the Commission has submitted to the Council a draft regulation on the introduction of statistical surveys of the areas under vines, instead of a complete revision of the viticultural land register, although a revision every ten years, beginning in 1979, is provided for in Regulation No 26/64/EEC — I must stress this — amended most recently by Regulation (EEC) No 1456/76.

This system provides for basic surveys every ten years, beginning in 1979, covering the whole area under vines in the Community, subdivided according to the nature of the produce, and intermediate surveys of any changes in the areas under vines, e.g., grubbing up, planting, replanting, in relation to the selection of vine varieties.

The Commission believes that the proposed system of surveys will provide the information needed for the administration of the wine market, and will be less expensive. However, your rapporteur, unanimously supported by the Committee on Agriculture, believes that this system is merely a poor substitute. At present, it is more than just the administration of the

wine market that we are concerned with, since we are faced with a structural crisis as a result of rising production, which calls for stringent structural measures.

These measures call for a thorough and up-to-date knowledge of the situation in the wine-growing sector, both in the Community as a whole and in each of the Member States that produce wine. This knowledge and the relevant measures, aimed primarily at managing and controlling production require, in our view, the introduction of a viticultural land register, which was, after all, proposed at a time when the situation was far less serious than the present situation, to which we draw attention in our explanatory statement. Your Committee on Agriculture has therefore unanimously adopted the motion for a resolution now before you, which it asks you to approve.

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

**Mr Cifarelli.** — (I) Mr President, I do not think my colleagues will be surprised to hear me speak on this subject, for from the time I became a member of this Parliament I have been a member of the Committee on Agriculture and, moreover, in Italy I became a member of the Senate as a representative of the western region of Sicily which is one of the most important wine-growing areas and largest wine-producing areas in the Community; I am now member for the region of Emilia Romagna and in this region too there are wine-growing production problems and also problems of structural or short-term surpluses, as in Sicily and elsewhere.

We talk a lot about standardization but we never manage to achieve it even with regard to excise duties which are one of the obstacles to wine production and to wine consumption; I would like to add that another obstacle is the medical profession: it will have to decide whether wine drinking is a good thing or a bad thing! But we can come back to them some other time.

To turn to the subject before us, I agree with the unanimous conclusions of the Committee on Agriculture, competently described by Mr Liogier. I would like to mention my work with a man who for many years was chairman of the Socialist Group of this Parliament and who died here in Luxembourg, Mr Vals, who, as Mayor of Narbonne and with particular authority in this matter, travelled throughout the Community and even visited Italy to attempt to convince the authorities of the need for a proper wine register. I had to combat the facile egoism and superficiality of my compatriots and others who maintained that drawing up a register was only another expensive piece of Community bureaucracy, complicating matters and reducing freedom of initiative.

## Cifarelli

In fact the wine register was interpreted, at least in the region in which I was senator, as being a pretext for tightening up tax payments and therefore the areas declared on the register were extremely small. Francis Vals, whose memory is dear to us all told me that if the amount of wine produced were assessed in relation to the areas declared, it would have produced the miracle spoken of in the bible, with one hectare producing rivers of wine, as there was an enormous gap between areas declared on the register and the wine actually produced, particularly table wine. For this reason, Mr President, I would like to stress not only my group's agreement to the implementation of such a register but also the fact that its implementation must be accompanied by an effort to convince the public that an up-to-date register is in the interests of wine growers and wine producers and their organizations, and that it is also in their interests that this register be used to determine which are the regions and areas suitable for wine growing and to prevent unwise increases in these areas, which is creating serious problems in the Community. The explanatory statement says that there are seven million hectolitres of structural surplus: this surplus may increase further if, on the irrigated plains, there is continued unlimited extension of vine growing, including, sometimes vines producing table grapes, which, as they cannot be fully marketed — this is the problem we mentioned yesterday in connection with producers' organizations, Community preference and the financing of these organizations — is processed into wine, of poor quality, thus creating the conditions for the struggle among the poor, among brothers, which we have seen between Italy and France.

There are areas suitable for wine growing, there are areas with a wine-growing tradition which we must ascertain and where we must take measures to renew, transform and control wine growing. It is not true to say that we must accept controls only in periods of difficulty; it is not true that the modern economy is a *laissez-faire* economy; it is not true that the implementation of rationalization measures will remove freedom of initiative and destroy the social aims which we have set ourselves in the agricultural policy, both in the long term and on a day-to-day basis.

For this reason, in conclusion, I would like to stress that this motion for a resolution is fully supported by my group, convinced as we are that the Commission and the Council — far from adopting the usual stop-go systems of producer premiums and grubbing-up premiums, and of aids to encourage consumption — will make determined efforts to implement a fundamental reorganization which requires, first of all, knowledge of the areas under vines — bringing the register properly up to date — and secondly an examination of whether the areas are properly suited to

wine growing, clearly prohibiting wine growing in any cases where it is being carried out for quick profit at any cost or even for fraudulent purposes.

**President.** — I call Mr Giolitti.

**Mr Giolitti, Member of the Commission.** — (1) Mr President, it is true that, as has just been pointed out, the wine register is the essential instrument at which we must aim. The Commission therefore shares the regrets expressed by the rapporteur, Mr Liogier, at the absence of a single wine register for the whole Community.

On the other hand, we feel that the system of statistical surveys proposed by the Commission is a realistic approach at the present time to obtaining the necessary information on the management of the wine market. I would therefore thank the rapporteur for the important comments he has made on the wine situation in the Community, whose gravity certainly obliges us to adopt suitable and timely measures. A wine register, where and in so far as it operates, remains the general framework within which the statistical surveys operate.

Lastly, I would like to stress that the information which we may gather — without obviously achieving the completeness of a register — will nevertheless allow us to operate a serious control of the wine growing areas and permit the introduction of a policy to absorb the present structural imbalances.

**President.** — I note that no one else wishes to speak.

The motion for a resolution, as such, will be put to the vote at the end of the sitting.

The debate is closed.

### 13. *Effects of the meeting of OECD Agricultural Ministers on food policy*

**President.** — The next item is the oral question, without debate, by Mr Bersani to the Commission on the effects of the meeting of OECD agricultural ministers on food policy (Doc. 31/78):

On 10 February last in Paris the Agriculture Ministers of the OECD member countries adopted a final communiqué, in which they stressed the need to proceed to build up national stocks coordinated at international level and reaffirmed their resolve to bring to a successful conclusion as soon as possible the various negotiations in progress, particularly the multilateral trade negotiations and the negotiations on cereals

Can the Commission indicate the attitude taken by the European Community at this OECD meeting, bearing in mind the positions previously adopted by it? Can it also indicate the practical conclusions it draws from the aforementioned final communiqué, as well as the measures it has taken or intends to take in the short term?

I call Mr Bersani.

**Mr Bersani, rapporteur.** — (I) Mr President, my dear colleagues, we are all aware that the problem of gradually constructing a new world economic order requires a solution to one of the most important problems, that of food resources. Although the problem of raw materials, and the projected Common Fund and the new system to which STABEX has given practical impetus, particularly through its many diverse experiments, are all important, there is no doubt that the problem of regulating food resources is of very special importance.

It is disturbing to note that not only third countries but also countries associated with us through the Lomé Convention (we noticed this during a recent visit by Members of our Parliament) — instead of making progress are falling behind and there are often very serious emergencies which endanger the survival of the population.

The idea, therefore, of setting up buffer stocks on a national level, but coordinated and managed at world level, is undoubtedly of great value and importance.

Many people have expressed reservations about the threat that these stocks, that is to say the manipulating of food resources, could involve dangers for the political development of some countries.

We must, therefore, not only take into account the serious situations arising in some parts of the world, but also try to guarantee that the food problem is not used to exercise political pressure or to distort the natural process of political and democratic evolution in the world.

From this point of view it is clear that the Community's policy must increasingly seek, in the framework of its general objectives, a development stressing consistency and solidarity, so often supported by this Parliament. It appears that on 10 February last, in the OECD — a highly responsible organization, in part because it controls a large part of the world's food resources — the Ministers of Agriculture attempted to make progress and discussed the specific commitment to set up national coordinated stocks in a general and global framework, reaffirming their proposal to accelerate the opening of negotiations on these stocks.

I think that it is interesting for us, because of the close links we have with a number of countries, to know what was the position of the Community's representatives and to stress here that we are more than ever convinced that the Community's responsibility must be made manifest in an increasing preparedness to make a practical contribution towards a new, fairer, organization of the world's resources in which the Community should play a leading role, in line with its responsibilities.

**President.** I call Mr Giolitti.

**Mr Giolitti, Member of the Commission.** — (I) Mr President, I can say on behalf of the Commission that

I fully share the views expressed just now by the honourable Member on the importance of this subject.

The ministerial meeting of the Committee on Agriculture of the OECD was the starting-point for a thorough and very responsible exchange of views on this important subject. In particular, the majority of ministers present at that meeting were in favour on an international agreement to ensure cereal supplies and to set up the system of reserves. Since the Community fully supports this position, the Commission does not feel it is necessary to take new steps in this matter, especially in the light of the negotiations at present under way in Geneva.

**President.** — The debate is closed.

#### 14. Regulation on aid to hop-producers for the 1977 harvest

**President.** — The next item is the report by Mr Früh (Doc. 40/78), on behalf of the Committee on Agriculture, on

the proposal from the Commission to the Council for a regulation laying down, in respect of hops, the amount of the aid to producers for the 1977 harvest.

I call Mr Früh.

**Mr Früh, rapporteur (D).** — Mr President, colleagues, I find myself in a very difficult position, and I should like to start by putting a question to the Commission on a point of information.

A report by a press agency — a very reputable agency — dated 6 April, states that the Council of Ministers concluded its discussion of this report at its session of 5 April and has already taken its decisions. So I could like to ask the Commission whether it can confirm this report, as I see no point in Parliament spending time on a document on which the Council of Ministers has already taken a definitive decision. I should be very grateful, Mr President, if the Commission could make a statement on this before we go any further.

**President.** — Can Mr Giolitti provide the rapporteur with the information asked for?

**Mr Giolitti, Member of the Commission.** — (I) Mr Früh's question is a fair one and understandable. I can state on behalf of the Commission that there has been no formal decision by the Council of Ministers. The Council of Ministers will take this decision when Parliament has expressed its own opinion on this subject.

**President.** — I call Mr Früh.

**Mr Früh, rapporteur (D).** — Mr President, now that the Commission has confirmed that no decision exists, enabling me to describe this news report as premature, I shall be glad to report on how we in Parliament see the situation; and can keep it brief.

**Früh**

Under the common organization of the market in hops, an annual report has to be made, as indeed the Commission has accordingly done this year. It is, however, clear that this should be based on provisional reports sent in by the individual countries. The Commission has then submitted proposals for aid on the basis of these national reports. I do not now propose, on this particular morning, which is always a rush, to go into the details of the report. It is extremely thorough, setting out the world market situation for hops. It also shows clearly how the present situation, which is one of surplus, is affecting the European Community and the United States, as the main hop-exporting countries. This is particularly serious for the Community countries, and especially the Federal Republic of Germany, because hop prices which were not covered by preliminary contracts have fallen substantially. If I may quote the figures — or just one figure — you will see that in the case of one variety the price per Zentner, expressed in units of account, fell from 89 units of account in 1976, the last harvest but one, to 38.4 in 1977. That is a very dramatic change.

What it all adds up to, and this is I believe the aim of the present Commission proposal, is the need to try to reduce the areas under hops. Some progress has indeed been made. It has been slow, but here I must point out that there would be little sense in reducing areas if the consequent decline in production were then offset in other countries, particularly in the USA, and a balance were still not reached on the world market.

Another aim is to improve quality; the Commission proposals also go in this direction. A change has been introduced this year insofar as aid is no longer applied to individual hop varieties, which have been combined in proposed new categories, and this will make the whole thing much easier. Without going into further detail — and what is being proposed for the individual varieties is clear enough — the Commission proposal was approved unanimously by the Committee on Agriculture, in regard not only to the aromatic and bitter varieties but also to other varieties; we agree to the Commission proposal, but we also ask that where areas under hops are being reduced, efforts should be made to ensure, by keeping in constant touch with other countries, that similar reductions are also made there.

That is more or less the substance of this report, which agrees to the Commission proposal, which, perhaps I should just add, the Committee on Budgets has also endorsed.

**President.** — I call Mr Giolitti.

**Mr Giolitti, Member of the Commission.** — (I) Mr President, honourable Members, as early as 1973 the market situation for hops, both at world level and at

Community level, was characterized by major structural imbalances, and this situation prevailed all through 1977. It has been expertly described in Mr Früh's report, on which I would like to congratulate him, and there is little left for me to add to his statement.

However, I would like to make two comments. Firstly, the 1977 subsidy will be granted for the first time to groups of varieties having the same basic characteristics, and not to individual varieties as in the past. This is a result of the recent amendment of the basic regulation on hops as approved by Parliament to help increase the economic efficiency of Community production. Secondly, as is clear from Mr Früh's report, the long-term stabilization of the hop market does not depend solely on the Community but also on cooperation with other producer states throughout the world. The Commission notes the anxiety expressed by the Committee on Agriculture — in Mr Früh's report — that the actions of producers in other countries might unduly disturb the Community market. The Commission will continue to seek international agreement on hop production and will leave no stone unturned to ensure that Community producers do not suffer from considered action by other producer countries.

Lastly, I would like to recommend the conclusions in the report which Mr Früh has put before Parliament, and I trust that the House will approve the Commission's proposals on subsidies to producers. These proposals are aimed at supplementing the revenue of producers without constituting a barrier to the reduction of areas, which is necessary if the market is to be stabilized.

**President.** — I note that no one else wishes to speak.

The motion for a resolution, as such, will be put to the vote at the end of the sitting.

The debate is closed.

#### 15. *Budgetary policy guidelines for 1979*

**President.** — The next item is the report by Mr Bangemann (Doc. 54/78), on behalf of the Committee on Budgets, on

the European Parliament's guidelines on the budgetary and financial policy of the European Communities for 1979 (Part II Sectoral and basic problems relating to budgetary and financial policy — adoption of a position on the communication from the Commission of the European Communities containing a global appraisal of the budgetary problems of the Community).

I call Mr Bangemann.

**Mr Bangemann, rapporteur.** — (D). Mr President, with the second part of the report on the Budget guidelines for 1979, the Committee on Budgets lays before the House the sectoral part of the report, on

**Bangemann**

**the first part of which, concerned with more general budgetary problems, we have already taken a decision.**

There is one general problem which is mentioned again in this report, and that is the question of the overall volume of the budget. Obviously it is important to know the full amount which will be made available to us, for the size of the budget as a proportion of gross domestic product, the comparison of our budgetary volume with the volume of national budgets, enables an assessment to be made of the importance and influence of all the measures which we, through our budget, provide with the necessary funds.

In this connection, it is depressing to have to note, as colleagues will see from page 14 of the report, just how small an impression the Community budget makes on gross domestic product and indeed on measures to be undertaken by the national budgets. In 1977, for instance, the proportion of GDP represented by the budgets of the Member States was still 30 %, whereas our budget's share of Community GDP had reached just 0.66 %. This shows, Mr President, that the volume of our budget does not really have all that much influence, looked at from the general statistical point of view.

However, it should be added that our budget is more significant in certain sectors, and here I am thinking, for instance, of agricultural expenditure. In this case, there is no parallel in the national budgets, so that too much should not be made of my comment just now when it comes to the sectoral areas; however it does show that in calling for a greater budgetary volume for the 1979 financial year, we are aware of the relatively limited importance which budgetary volume has had in the past, compared with both gross domestic product and the national budgets. This is expressed in the early points of the motion for a resolution, and is not really a sectoral aspect but is naturally connected with these sectoral questions.

A second question is dealt with early on, and that is the question which the Commission took up in its communication to the Council, asking it to concentrate in future budgets on expenditure which had a Community dimension. The Committee on Budgets, Mr President, strongly supported this and generally regarded the Commission's communication as extremely useful — indeed I should like to express due thanks to the Commission for this — and in this motion it once again points out that we want to support everything which will place greater emphasis on the Community-oriented approach, instead of purely national policies.

It hardly needs to be said that in this budget, we should above all favour those measures with such a Community dimension, and I hope that this general aspect is also reflected in the individual proposals which are set out under heading II as priorities for the 1979 financial year.

Before I come to these individual proposals, there is a third general point, and that is that we should endeavour to achieve structural effects with our expenditure. In our decisions on expenditure we should not be primarily attempting to have an economic effect, since in the light of my comments earlier on the volume of the budget, this will only be possible to a limited extent.

But we can certainly — even with limited means — endeavour to shake the structure of Community activity in such a way that we can fairly speak of the Community aspect which I have mentioned, and so that in the long term, by means of this structural influence, we can avoid economic weaknesses.

After these two general considerations, we come to what is the main point in the field of sectoral expenditure.

Here we are basically, with one exception which I shall come to in a moment, following the Commission's proposals, which met with the agreement of the European Council and that of the Foreign Ministers meeting in Copenhagen. With the Commission and the Council we have jointly specified four priority objectives: in the social sector, increased appropriations for certain specific projects, such as measures to alleviate unemployment among young people and women; the regional sector, the creation of a non-quota allocation to the European Fund for Regional Development and greater Community influence in determining regional policy objectives; in the industrial sector, attempting to eliminate structural weaknesses — the three main examples being the shipbuilding, textiles and iron and steel industries — and in the energy policy sector, the deliberate concentration of resources on discovering alternative energy sources and the promotion of energy-saving measures. In these four areas there is therefore agreement with the Commission and with the European Council in Copenhagen, which took up these very points from the Commission paper. So I think there can be no more argument about where the priorities lie. We shall of course continue to argue about the size of the resources being used here, and when I recall the remarks made by the chairman of the Committee on Regional Policy and the previous rapporteur, Lord Bruce, I cannot imagine any figure large enough to suit his ideas for the regional sector. What he considers necessary no-one, surely, will ever be able to achieve.

We should, however, make a determined effort not to leave his ideas out altogether; and this of course applies to the other sectors as well. In fact I think that in arguing for a substantial increase in budgetary appropriations, we should take care not to let this increase look like a straightforward demand for more money. That is why, Mr President, I should like to see

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further debate in the months to come on what can be dropped, before we have the preliminary estimate and the draft before us and begin the final discussions. It is not always just a question of what extra things can be done; we must also consider where we have provided funds unnecessarily in the past.

I know that there is an argument which runs that budgetization should be done as a means of articulating a political will. That may be right the first time and indeed, perhaps a second, but if we commit appropriations year after year to articulate our political will and still nothing happens, such a commitment is really rather pointless; it no longer constitutes the articulation of a political will, but if anything the reverse. That is why we should all ask ourselves, where can we expect practical measures to be taken in the 1979 financial year? That is where we should ask for money! Where can we not expect practical measures? There we should not only not demand money, but perhaps even make it clear, by a demonstrative non-approval of appropriations, just where the political responsibilities lie.

A fifth area, which does not entirely coincide with what the Commission and Council have said here, concerns Community policies whose budgetary implications will only become apparent in 1979 and subsequent years. The Committee on Budgets, however, has mentioned this priority now, because it wants to make clear that this will involve tasks which must be considered in the 1979 financial year; in other words, the preparations for enlargement, and in particular the necessary structural adjustment of Mediterranean agriculture. This also applies to the cooperation policy with the non-associated developing countries, research, scientific and technology policies and last but not least, Mr President, the environmental policy. So this area is an additional priority which Parliament has taken up, and we should endeavour to ensure that the Commission and Council are aware of it.

One final point, and I will be brief since we shall be returning to these budgetary problems often enough in the course of the year. My last point is, so to speak, something of an evergreen: agricultural expenditure. An evergreen in the truest sense of the word, for nothing is so verdant in the Community as agricultural expenditure, and not just in spring either, but in summer and autumn too; that is the difference between agricultural expenditure and the Spanish coastline. I think we should make another serious attempt to get a grip on such expenditure. I know that it is difficult. And this report does state that we do not want to change any of the basic objectives of the common agricultural policy. We do not want to impair Community solidarity; nor do we want a fundamental change in the market regulation system; yet Mr President, the Committee on Budgets is again making a proposal which — I hope — will meet with

the approval of the Committee on Agriculture in particular. We should try to set up an information system which will at least give some kind of early warning, so that the Commission can take the appropriate measures to avoid structural surpluses; and this system, which is not worked out in detail in the report, should be drawn up jointly with the Committee on Agriculture, so as to put an end to this pointless friction between the budget people and the agriculturalists. The agricultural people always think that the budget camp is out to get them, while the latter are convinced that all agricultural politicians throw money out of the window with both hands, never stopping to think whether it will do any good. We should get ourselves out of this futile conflict and begin to work cooperatively, for I believe, Mr President, and this is the last thing I shall say, that if we do not succeed in somewhat reducing agricultural expenditure as a proportion of the total budget, as well as the structural surpluses, the agriculturalists will reach a dead end, which is what we have all seen happening in each of the farm price debates this year. There is less willingness — at least on the part of Parliament — to solve agricultural problems only through the price policy, to guarantee agricultural stability only by means of price increases and so ensure that agricultural incomes and benefits continue to improve, and that is a fact which the agriculturalists would do well to remember; so I hope that the report which I am now submitting can make some small contribution to solving this budgetary problem.

**President.** — I call Mr Giolitti.

**Mr Giolitti, Member of the Commission.** — (1) Mr President, honourable Members, I am happy to have this opportunity to speak on behalf of the Commission in this important debate on the second part of Parliament's resolution on budgetary policy guidelines for 1979. I would like once more to congratulate Mr Bangemann and the Committee on Budgets on the draft report now before Parliament and on the explanatory statement, which provides an extremely clear and interesting analysis.

The Commission attributes great importance to constructive debate with the budgetary authority on the Community's budgetary objectives with a view to drawing up its own preliminary draft budget on the basis of clear knowledge of the priorities laid down by the Council and by Parliament.

A month ago we discussed the priorities laid down by Parliament on the institutional and legal aspects of the budget. Today with this resolution, we are dealing with the priorities on expenditure. The Commission is glad to note that the draft resolution lays down priority objectives for 1979 which in large measure are in line with the priorities set out by the Commission in its communication to the budgetary authority. Mr Bangemann a moment ago rightly stressed the struc-

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tural aspects of Community problems which are to be dealt with and resolved with the budgetary appropriations.

The resolution has drawn particular attention to social problems, to the problem of unemployment among young people, to the problem of redeployment of workers; on regional policy, it has mentioned in particular the Commission's proposal to set up a non-quota section in the Regional Fund; in the industrial sector, an increase in Community aid for reorganization and redevelopment in industries in crisis; in the energy sector, energy conservation measures, the financing of research and development projects on new sources of energy and lastly coal. This list is not complete. I would mention also the proposal for Community finance for the development of aeronautics, an idea which the Commission shares and welcomes; this is a sector where the incentives for Community rather than national action are particularly strong. Unfortunately, I have to say that so far the Council does not seem to be convinced of what appears evident to us and therefore it is not certain that this will become a reality during this year.

The resolution also draws attention to other problems; aid to non-associated developing countries, scientific and technological research, the environment. Mention is also made of the problems of enlargement and the need for structural changes in agriculture in the Mediterranean area.

It is clear that measures connected with enlargement in this field and in others will have effects on the budget, and therefore it is desirable for the Community to define as quickly as possible the scope of the action it plans in this field. The Commission, as you know, will shortly be finalizing its communication on the problem of enlargement.

The motion for a resolution deals, obviously, with agricultural expenditure too. I note Parliament's interest in ensuring that this expenditure does not distort the development of other measures, in particular the long-term measures to which Mr Bangemann drew attention.

The Commission is in full agreement with Parliament on this point, particularly at the present time, when the European Council has revived the idea of economic and monetary union, which increases the need for effective action in the long term to ensure the Community's internal cohesion and to overcome imbalances. The effects of this commitment on the budget will probably require further discussion.

As regards agricultural policy, which I was mentioning, it is clear that the Commission does not intend to weaken a policy which has reached a critical scale and has taken over from national measures. I was struck in this connection by the figure given in the explanatory statement to the report, which pointed

out that 95 % of the Community's expenditure on market and farm-price support was entered in the Community budget. In a field as vast as this, where such enormous sums are involved and where resources are scarce, it is certainly the Commission's job to seek to reduce expenditure while maintaining policy objectives. I feel that in the present circumstances this is the best way to ensure that other measures are developed in the budget so as to achieve a better balance in Community policies as a whole over the years.

On all these points I thank Parliament for the clarity with which it has expressed its position; this clarity is very helpful to the Commission in drawing up its own preliminary draft budget.

I must also note that the general guidelines laid down by Parliament do not differ substantially from the Council's attitude or from the Commission's views as set out in its communication. Moreover, these ideas are also supported by the conclusions of the recent European Council. I feel, therefore, that we can already note for 1979 a sufficiently broad agreement on priority objectives, even although there are differences of emphasis — shall we say — between the institutions. It is clear, however, that agreement on general principles is not the same thing as agreement on the budget itself. The Commission has decided not to set out detailed figures for its options before the budgetary procedure gets under way. Once the figures for each of the policies we have discussed are drawn up, our agreement on principle will certainly give way to discussion on the sums with which these principles will have to be achieved. The Commission does not intend to avoid this debate in any way, and it will assume its responsibility in drawing up its preliminary draft budget so that the two parties in the budget can exercise their rôle in drawing up the definitive budget. We feel, however, that the debates on our communication to the Council and the Parliament have been extremely useful for the Commission, and we hope the same is true for the other institutions.

For next year I feel we can certainly look forward to an improvement in the procedure we have now adopted. The directly-elected Parliament will be able, as Parliament has always done, to make a valuable contribution to the construction of Europe.

**President.** — I call Lord Bruce.

**Lord Bruce of Donington, Chairman of the Committee on Regional Policy, Regional Planning and Transport.** — We have always been assured by the President that Friday is a normal working day just as much as any other day, but of course, Mr President, I will endeavour to be as brief as possible, consistent with making those observations that I deem it my duty to make as chairman of the Committee on Regional Policy, Regional Planning and Transport.



**Lord Bruce**

The first thing I want to say on behalf of my committee is that the document which the Commission produced — COM (78) 64 final of 27 February, entitled 'Global Appraisal of the Budgetary Problems of the Community' and referred to by the rapporteur, Mr Bangemann — has only been used by him in part. Three pages of this document have been dealt with by Mr Bangemann and used by him in the preparation of his document, for the simple reason that they referred specifically to the budgetary problems of 1979, and as rapporteur for the 1979 budget Mr Bangemann has used them. This does not, however, dispose of the document itself. This document is, in its remaining 30 pages, of the utmost importance to Parliament and to the Community, and therefore I would not like it to be thought that by debating this subject today, based on Mr Bangemann's report, we have automatically disposed of this Community document. I therefore enter a caveat on behalf of my committee that we shall require opportunities for the further and comprehensive discussion of this very important document.

Mr President, in regard to the remarks that Mr Bangemann was kind enough to make to the effect that the increases he envisaged in the 1979 preliminary draft budget would not be enough to satisfy myself and my committee, I would like to correct him. It is already quite clear that in the 1979 budget the Commission has not the remotest intention of departing substantially from its policy in previous years: that is to say, to contain the total budget within the limits already set out within its triennial forecasts. That automatically excludes the rather larger sums which, in different circumstances, I would, of course, have requested of the Parliament. We are dealing therefore, within its current context, within the confines of the normal limitations laid down by the triennial forecast. What we are asking is that the Commission and Parliament shall, in due course, take a line more consistent with what we understand from Mr Tugendhat is the new attitude of the Council. The Committee on Budgets had the pleasure of receiving the President-in-Office of the Council and the budget Commissioner three days ago, and Mr Tugendhat was good enough to say that he detected a new mood in the Council and that to his own question whether the remainder of the budget, of a non-agricultural nature, would any longer be geared to the agricultural section, he received what he considered to be a favourable response. Therefore, Mr President, we are looking this year for a budget in which non-compulsory expenditure, including expenditure on the Regional Development Fund, is no longer geared, as it was before, to the overwhelming expenditure item in the budget, which is the EAGGF. We are looking for a substantial increase within the triennial forecast's overall limitations, to which I have referred, in favour of the

Regional Fund, more especially in the light of the new climate which we understand authoritatively from Mr Tugendhat is now abroad in the Council. We may require something of the order of 1 000 million u. a., which is a trivial sum compared with the remainder of the expenditure in the budget, as an earnest of the Community's desire really to have an effective regional policy.

We shall also expect, Mr President, in the forthcoming preliminary draft budget, constructive proposals to enable the Commissioner in charge of regional affairs to do a workman-like job, as distinct from acting as a post office for the receipt of particulars from Member States. We shall want provision in it — staff-wise and otherwise — that the regional Commissioner may in future be able to act in a dynamic fashion and more in conformity with the original and advertised policies for the regions, that were put out when regional policy was first created. These are the constructive lines on which we have reason to hope for action. Otherwise, unless some action is taken, even modestly, on the lines I have suggested, then to say that the Community has a regional policy is a very gross exaggeration and is not at all in conformity with the facts as they now are.

**President.** — Lord Bruce, I am grateful to you for reminding the House that Friday is a working day like the rest. This has always been my thesis.

I call Mr Lange.

**Mr Lange, Chairman of the Committee on Budgets.** — (D) Mr President, we should no doubt agree with the last remark, but I should not like there to be any misunderstanding about the meaning of the two parts of the report presented by Mr Bangemann.

It does not mean that there is any basic disagreement over the general assessment of budgetary problems as presented by the Commission, but that Parliament is settling its ideas about policy; and that does not by any means rule out the prospect of Parliament — meaning the Committee on Budgets, in this case — dealing with the document, the communication from the Commission containing a global appraisal of budgetary problems, at a later stage in its deliberations.

So no questions are being raised here; the point is quite simply that, just as the Commission and the Council are developing their ideas for 1979, so Parliament should be doing the same. This is what the two parts of Mr Bangemann's report are about, nothing more and nothing less. Everything else remains open at this stage. Furthermore, we have deliberately avoided discussing the scale of finance involved, because that would have meant an unnecessary constriction or fixing of our position. What we must do is decide how far, given specific political intentions and projects in a wide range of areas, as mentioned in

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Mr Bangemann's report, the resources really can be made available, since our aims must match our abilities; there cannot be a discrepancy between the two. And that of course means the appropriate level of cooperation between the Member States in putting forward the relevant projects in conjunction with the Commission. That is why, ladies and gentlemen, we consider it to be perfectly right and proper not to be talking about the size of finance at this stage.

Mr President, I felt I had to make these points in order to prevent any misunderstanding as to the meaning of the report by the Committee on Budgets.

**President.** — I note that no one else wishes to speak. The motion for a resolution, as such, will be put to the vote at the end of the sitting.

The debate is closed.

16. *Regulation on fresh lemons*

**President.** — The next item is the report by Mr Baas (Doc. 41/78), on behalf of the Committee on External Economic Relations, on

the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 471/76 as regards the period of suspension of the application of the condition on prices governing the importation into the Community of fresh lemons originating in certain Mediterranean countries.

I note that no one wishes to speak.

The motion for a resolution, as such, will be put to the vote at the end of the sitting.

17. *Mandate for negotiations between the EEC and Yugoslavia*

**President.** — The next item is the report by Mr Adams (Doc. 32/78), on behalf of the Committee on Social Affairs, Employment and Education, on the mandate for the negotiations between the EEC and Yugoslavia.

I call Mr Albers.

**Mr Albers, deputy rapporteur.** — (NL) Mr President, this resolution relates to the negotiations between the European Community and Yugoslavia for the renewal of the cooperation agreement. On behalf of the Committee on Social Affairs, I should like to give the explanatory statement to this motion for a resolution. The Committee on Social Affairs has noted that the mandate for the negotiations contains no reference to the situation of Yugoslav migrant workers in the European Community, and to this we object, because when the European Parliament discussed the action programme in favour of migrant workers and their families in September 1975, it called for the bilateral agreements on the recruitment of workers from third countries to be harmonized at Community level. Parli-

ament did so because of the measures which were to be taken in the near future. This means that the bilateral agreements would have to be replaced by Community agreements, or, if that were not possible, they would have to be coordinated. Yugoslavia is a third country with which negotiations are being conducted. It is, therefore, extremely strange that these problems affecting migrant workers should have been overlooked. The Commission can scarcely be happy with the situation, because it discussed the position of migrant workers itself in its action programme. In the Chapter entitled 'Living and Working Conditions', the Commission says, and I quote :

By contrast, the legal situation of migrant workers coming from Third Countries depends on the status accorded to them by the host country. This status is frequently subject to very restrictive legislation and depends in many cases on the existence or not of bilateral agreements with the countries of origin and varies according to the content of such agreements. The result is that migrant workers from Third Countries are generally treated less favourably than workers originating in the Member States, and the situation of these Third Country migrants varies considerably from one country to another.

Well now, since that is stated so clearly in the action programme submitted in late 1974, it is the European Community's task to make changes. Pretty sentences are being used to hide actual discrimination. Some workers are being treated in a different way from others, from workers from the Member States and even from workers coming from other third countries with which the Community has concluded specific agreements. It is, therefore, not for nothing that the Commission has announced specific measures which the Parliament warmly welcomes: measures relating to social security, social services, vocational training, language instruction, housing, information, the education of children, health and the right to join a trade union. These are matters which we have repeatedly brought up for discussion, and now we must note that little headway has been made.

In this Parliament we must frequently admit that what the Commission wants and what Parliament wants is not put into effect because the Council's political will is lacking. However, in this case that does not hold good, because in February 1976 the Council adopted a resolution in which it gives its opinion on the treatment of migrant workers from third countries. The Council says, and again I quote :

Whereas it is also necessary to improve the circumstances of workers who are nationals of third countries and members of their families who are allowed into the Member States, by aiming at equality between their living and working conditions, wages and economic rights and those of workers who are nationals of the Member States and members of their families ;

This is the expression of the political will to put into effect the measures referred to in the action

## Albers

programme, due account being taken of the respective powers of the Community institutions and those of the Member States.

The matter is quite clear. We admit that the problem exists, we want to change the situation and we state unequivocally that we have the political will to do so. But as the years go by, we ask what progress have we made? For proposals have been submitted: there was a proposal for a regulation on trade-union rights, but that only applied to workers from the Member States; there was a proposal on the education of migrant workers' children, but that only applied to workers from the Member States.

So is the political will not strong enough after all? Or are the powers inadequate? We must simply say that, if these points are again overlooked in the negotiations with Yugoslavia, then we shall have to doubt the credibility of all these decisions, action programmes and resolutions. We are talking about 500 000 Yugoslavs who work in the Community and their families, another 300 000 people. We are talking about 800 000 people. What has emerged strongly in the Committee on Social Affairs is the desire to do something about it, to include the matter in the mandate for the negotiations and study it. Because the reuniting of families itself throws up new problems. The integration of this second generation on the labour market is involved. Improvements in the education of these young people are involved. Strengthening contacts with the homeland is involved, now that the Community's economic development is making it necessary for many of these people to return home after a relatively short time.

It is all the more striking that this matter was omitted from the mandate for the negotiations in that this social matter was included in the negotiations with the Maghreb and in those with the Mashreq countries. That, too, is another reason for urging that the same be done in this case, too. I might here give an example from my own country to emphasize how seriously this matter must be considered. In the Netherlands, the number of jobs in the shipbuilding industry is being sharply reduced. This has affected a number of Yugoslav workers, among others. But the Netherlands has taken certain measures. For example, it has made available 4 million guilders for an enamelware factory in Macedonia which will provide 600 jobs. It has made available 2 million guilders for a factory in Montenegro with 150 new jobs. You can see that my country has recognized the problem. It is trying, perhaps on a modest rather than a grand scale, by creating jobs in Yugoslavia itself, to tackle the problem of those returning to the homeland not just with words but with actions as well. The other Member States must follow this lead, and the Community could give a start in these negotiations.

I wonder myself whether the situation is not so far advanced that it warrants the setting up of a Commu-

nity Reintegration Fund. Because that is what is involved. These workers must have a future in their own country when they return home.

That is what is behind this resolution. We are asking the Commission, the Council and the governments of the Member States to take up this matter in the negotiations, to ensure that what has been set out in resolutions and action programmes is actually taken in hand, and to take account of the agreements concluded in the framework of the European Social Charter and of the conventions adopted by the International Labour Organization. We want more than words, we want you to ensure that the interests of these workers are also served by actions!

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

**Mr Cifarelli.** — *(I)* Mr President, I have asked to speak, not because I have much to add to what has already been said so competently by the rapporteur and by the committee responsible in the motion for a resolution, but for the following two reasons. The first is to point out — and not simply to boast about the work of our group — that we in the Liberal and Democratic Group have attached great importance to relations with Yugoslavia for quite some time — particularly thanks to Mr Bettiza. As Members will remember, we instigated a special debate and asked for clear undertakings and are therefore impatient to see positive proof of action, especially after the meetings between the Vice-President of the Commission, Mr Haferkamp, and a member of the Yugoslav Federal Executive Council. We know that the launching of this new cooperation agreement is planned for 30 September 1978 and we therefore want to stress that of the various problems arising in connection with the Mediterranean this is particularly vital and, indeed, particularly serious. We are therefore pursuing today an action which we began and pursued in the awareness that the problem was of crucial importance, not only to the Community but to the balance of peace in the world around us.

The second reason for my speaking was the declaration which we wished to see included in the future agreement and the full details we wished to have included on the treatment of Yugoslav workers in the Community; there should be clarification of their conditions of recruitment, equality of treatment and facilities for their return to Yugoslavia. We are dealing here with about a million people.

We must stress that of the State-trading countries Yugoslavia is the only one which, thanks to its system of worker participation, leaves the door open to changes in the nature of its economy. We must stress that Yugoslavia is on the frontier between the countries of the Warsaw pact and the countries of the West, and we must also make it clear that Yugoslavia's situation might change — and we hope that this

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would not be a dramatic change — with the death of the respected leader Marshal Tito. For all these reasons we ask the Commission and the Council to act quickly and wisely with an open mind, for this is not just one more problem of migrant workers in the Community — although all those problems are important — but a fundamental problem concerning the Community's image in the world and a vital one for peace, development and cooperation. I think it is important that this should be said by an Italian.

**President.** — I call Mr Giolitti.

**Mr Giolitti, Member of the Commission.** — (I) Mr President and Members of the House, the Commission is well aware of the social and human aspects of this problem so effectively set out by Mr Albers, and also of the political aspects to which Mr Cifarelli drew our attention. The Commission therefore considers with a great interest the proposal to include social affairs in the mandate for the EEC-Yugoslavia negotiations.

In its proposal to the Council, the Commission felt that a future agreement between the Community and Yugoslavia should include social affairs. This is in line with the importance of this problem for Yugoslavia and with the desire to strengthen ties between Yugoslavia and the Community, as stated in the joint declaration of Belgrade on 2 December 1976. This proposal was also in line with the Commission's desire to treat, at least as regards social rights, Yugoslav workers and Portuguese, Greek, Turkish and Maghreb workers on the same footing. It is, too, in line with the concern expressed in Parliament's resolution on the humanitarian obligations incumbent on Member States.

There have been lively debates in the Council on this subject, which is very important to Yugoslavia, and a certain disparity has become apparent between the Council's political will to strengthen its links with Yugoslavia and the practical obligations facing certain Member States which have to cope with an economic crisis and problems of unemployment.

Our mandate does not, however, totally ignore social affairs, since an exchange of letters, annexed to the agreement, is planned on this subject. This stresses the need to facilitate the reabsorption of Yugoslav workers into the economy of their country (as has been urgently requested by Yugoslavia). This reabsorption should take the form of closer economic and industrial cooperation, so as to encourage the creation of new jobs for Yugoslav workers returning home.

The Commission is aware of the fact that this exchange of letters is not totally satisfactory. However, as Mr Vredeling pointed out to the Yugoslav delegation during the meetings following the first negotiation talks, the Commission will attempt to broaden the mandate in this field.

The Commission also wishes to point out the difficulties which exist with the Member States in a sector which has become extremely sensitive because of the deteriorating economic situation in recent years and in which the Commission, under the Treaty of Rome, does not have all the necessary powers. The European Parliament, which has always paid the greatest attention to the social problems of the Community, should give all its support to the efforts which the Commission is going to undertake in the Council to improve a situation which might well be damaging to the development of negotiations on the cooperation agreement between Yugoslavia and the Community.

**President.** — I note that no one else wishes to speak.

The motion for a resolution, as such, will be put to the vote at the end of the sitting.

The debate is closed.

18. *Directive on hot-water meters*

**President.** — The next item is the report by Mr Nyborg (Doc. 29/78), on behalf of the Committee on Economic and Monetary Affairs, on

the proposal from the Commission to the Council for a directive on the approximation of the laws of the Member States relating to hot-water meters

I call Mr Nyborg.

**Mr Nyborg, rapporteur.** — (DK) Mr President, on Wednesday the Legal Affairs Committee adopted an opinion which led to amendments being tabled on subjects that the Committee on Economic and Monetary Affairs has not had the opportunity to discuss.

I do not think I am authorized to assess the scope of these draft amendments on behalf of the committee, and I therefore recommend, pursuant to Rule 26 (2) of the Rules of Procedure, that the report be sent back to the Committee on Economic and Monetary Affairs.

**President.** — Requested as it is by the rapporteur on behalf of the committee responsible, this request for reference to committee is automatically granted.

19. *Directive on navigability licences for inland waterway vessels*

**President.** — The next item is the report, without debate, by Mr Albers (Doc. 580/77), on behalf of the Committee on Regional Policy, Regional Planning and Transport, on

the proposal from the Commission to the Council for a directive amending Directive 76/135/EEC on reciprocal recognition of navigability licences for inland-waterway vessels

I note that no one wishes to speak.

The motion for a resolution, as such, will be put to the vote at the end of the sitting.

20. *Votes*

**President.** — The next item is the vote on motions for resolutions on which the debate is closed.

We begin with the *Kofoed motion for a resolution* (Doc. 37/78/rev.): 'Amoco-Cadiz' disaster.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have Amendment No 1/rev., tabled by Lord Kennet and replacing 'within the compass of Community rules' by *under mandatory control through the intergovernmental Maritime Consultative Organization and the United Nations Law of the Sea Conference (in both of which the Community should act one)*.

I put Amendment No 1/rev. to the vote.

Amendment No 1/rev. is rejected.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

On paragraph 2, I have Amendment No 2, tabled by Lord Kennet and replacing 'formation of a European coastguard service' by *'coordination of national coast-guard and naval services'*.

I put Amendment No 2 to to the vote.

Amendment No 2 is rejected.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

I put to the vote paragraphs 3 and 4.

Paragraphs 3 and 4 are adopted.

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

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

I put the vote the *motion for a resolution proposed by all the political groups* (Doc. 55/78): Shipping regulations.

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

Incidentally, I cannot help but draw your attention to the fact that this text is a model of cryptography typical of our Parliament: the title suggests that it is about the regulation of shipping, whereas in fact it concerns the granting of financial aid to a population which has been the victim of a disaster!

(Smiles)

I put to the vote the vote the motion for a resolution contained in the *Lezzi report* (Doc. 568/77): Accession of the Republic of Djibouti to the Lomé Convention.

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

I put to the vote the *motion for a resolution tabled by Schyns and others* (Doc. 48/78): Unemployment.

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

I put to the vote the motion for a resolution contained in the *Ltogier report* (Doc. 38/78): Regulation on statistical surveys of the areas under vines.

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

I put to the vote the motion for a resolution contained in the *Früh report* (Doc. 40/78): Regulation on aid to hop-producers for the 1977 harvest.

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

I put to the vote the motion for a resolution contained in the *Bungemann report* (Doc. 54/78): Budgetary policy guidelines for 1979.

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

I put to the vote the motion for a resolution contained in the *Baas report* (Doc. 41/78): Regulation on fresh lemons.

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

I put to the vote the motion for a resolution contained in the *Adams report* (Doc. 32/78): Mandate for negotiations between the EEC and Yugoslavia.

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

I put to the vote the motion for a resolution contained in the *Albers report* (Doc. 580/77): Directive on navigability licences for inland-waterway vessels.

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

21. *Dates of the next part-session*

**President.** — There are no other items on the agenda. I thank the representatives of both Council and Commission for their contributions to our debates.

The enlarged Bureau proposes that our next sittings be held at Strasbourg during the week from 8 to 12 May 1978.

Are there any objections?

That is agreed.

<sup>1</sup> OJ C 100 of 8. 5. 1978.

**President***22. 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 debate.

Are there any comments?

The minutes of proceedings are approved.

*23. Adjournment of the session*

**President.** — I declare the session of the European Parliament adjourned.

The sitting is closed.

*(The sitting was closed at 12.10 p.m.)*