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1978-1979 Session

Report of Proceedings

from 14 to 17 March 1978

Europe House, Strasbourg

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IN THE CHAIR: MR BRÉGÈGÈRE

Oldest Representative

(The sitting was opened at 10.30 a.m.)

President. — The sitting is open.

1. *Opening of the annual session*

President. — Pursuant to Rule 1 of the Rules of Procedure, I declare the 1978-79 session of the European Parliament open.

2. *Address by the oldest Representative*

President. — Ladies and gentlemen, today, for the first time, the doubtful privilege of age gives me the honour and privilege of opening the annual session of the European Parliament. My predecessor was my eminent colleague and compatriot, Mr Houdet, who, as the only Member of this Assembly to have been born just inside the 19th century, was entitled to this honour for several years. We could perhaps consider as a turning point the fact that now, for the first time, the oldest Member of the European Parliament was born just inside the 20th century.

President Houdet and myself represent two centuries which have sought to ensure that politics and the professions continue to further the humanist outlook which, like all things in this world, has had its successes and its failures.

Before beginning the main part of my address, I should like to pay tribute to my predecessor and

friend, who is leaving us today after having competently and ably chaired the Committee on Agriculture for several years.

I pay tribute to his great vitality and his intellectual ability and to the fact that, despite his age, he is still passionately committed to seeing things done well and is still able to admire such achievements and to admire people of ability.

As for you, colleagues and friends, I appeal for your indulgence towards this opening address by a President who is but President for a moment. I wish I were better able to express my welcome to you and to thank you for your attention.

I welcome you as the representatives of 'old' Europe bounded by the North Sea, the West Atlantic and the South Mediterranean. We are all only a few hours travel from our capital cities — London, Rome, Brussels, Paris, Bonn and the others. Despite our differences, there is a common heritage that unites us all. Let me try to illustrate what I mean from our history and our civilization.

Whenever I think of the Loire, I cannot help thinking of Mary Stuart and of Scotland. And of the Gaelic language, which is also the language of Brittany and Wales — and of the impressive singing you can hear on the terracing at Cardiff Arms Park. When I think of Denmark, I think too of the Vikings and of their settlements in Normandy. Later there came the century-long English occupation of my native Perigord, to which English-style country farmhouses still bear witness. And there is even more to Europe: Bavaria and its castles; the majestic Rhine which runs

President

through France, Germany and the Netherlands; Rome, the eternal city, whose history dominates all our civilization.

There is the history of the arts, with so many artists who came from one country but found their full expression in others; Rubens was born in Cologne, was brought up in Antwerp, studied in Rome and finally became an ambassador in Paris and Madrid; Leonardo Da Vinci was born near Florence and painted the Mona Lisa and many frescos in Italy, was patronized by Francis 1st of France and ended his days near the castle of Amboise.

There is Belgium, with its Celtic and Germanic origins and its close links with France. Every European will remember the part played by the Spaak Government in launching the Community. There is Luxembourg, whose Robert Schuman, together with the Frenchman, Jean Monnet, was the founder of Europe; and Luxembourg, is now the home of our most important organizations.

There is Ireland, with its magnanimous, determined people — Celts, with distant Mediterranean origins; there is Holland, and its generous people.

Tomorrow there will be Greece, with Mount Olympus and its gods, and its great philosophers, spanning rational discourse and poetry, aesthetics and science.

That is Europe, with its beauty and its weaknesses, its errors and achievements, its failures and successes. That is our common heritage, the resemblances and the differences between us, our moderate climate and our joy in life.

Our attempts today and in the future to preserve, embellish and increase this heritage will require a supreme effort and can only succeed in an organized and powerful economic Europe, which will lead to a strong political Europe, able to safeguard the future of the people and the city.

I referred to the 'city' because I still remember President Simonet describing the role of the Commission as similar to that of the watchman in a medieval city, who, in time of danger, raised the alarm to warn the city that it must rally its forces and face up to its responsibilities if it was to survive.

This must be our attitude towards the difficulties now facing us. It is essential that in the future we are totally united in our efforts to resist the storms which seem to be threatening.

It is true that the old dream of uniting our continent has met with many obstacles. But remember that the Carolingian and Napoleonic empires and the League of Princes of the Holy Alliance foundered because they sought to construct Europe by force, and not on the basis of a common civilization and common interests. The task undertaken amid the ruins of the Second World War was based on different principles for those which had hitherto determined the shaping

of Europe — dominance by one class or nation. Its founders wished European union to be based on equality of all partners and on democratic principles. While respecting individual nations they rejected nationalism and saw in past differences a reason for believing in future unity. The socialist orator, Jean Jaurès, who would, I am sure, have been proud to sit in our Assembly, said that a little internationalism leads one away from one's country, while wholehearted internationalism leads one back.

It is not my task today to assess all Parliament's initiatives and efforts during the last year. Faced with the economic crisis which still casts a shadow over the future of our countries, Europe has had great difficulty in remaining united and in furthering its integration. Quite apart from our economic and monetary problems, although the accession to the Community in 1973 of the United Kingdom, Ireland and Denmark is now an accepted fact, new questions are raised by the applications for membership from Greece, Portugal and Spain.

There are few who would deny that for major political reasons, it is inevitable that Greece, Spain and Portugal will join the Community. But that does not mean that the Community should not protect itself against the upheaval which the accession of these countries would cause, at least in certain sectors, without adequate preparation. The least that can be said is that in the last year more emphasis has been placed on the disadvantages than the advantages, whether political or economic, and this is undoubtedly because of the failure to prepare and adequately inform public opinion. In the coming year it is essential that we consider these matters more calmly and prepare the negotiations on the accession of these countries on clearly defined terms. This means that the Community must respect the rights and interests of its future partners, while at the same time ensuring that their accession does not ruin already vulnerable sectors, in particular agriculture. This is the only way in which the enlargement of Europe can be achieved in such a way as to respect the interests of all parties, strengthen recently established democracies and further the integration of the Community.

To turn more to our hopes for the future, the first is of course the election of Parliament by direct universal suffrage. Even more, before the European Council has fixed the definite date for the election — as it will do at its forthcoming meeting — we are convinced that the disappointment of 1978 was but a temporary setback and that the election, which will open a new era of public participation in government, will take place during 1979.

There is no need to dwell on all that this election means for Europe and for its citizens. As my eminent colleague, President Spénale, pointed out it represents the rising importance of the individual in the Commu-

President

nity. For the first time, the citizens of countries which were at war for centuries will together help to create a new form of democracy. They will bring to Europe the voice of the people, freedom of expression, a democratic decision and a consistent and responsible conception of their future.

At this point I should like to pay tribute to those whose efforts now enable us to believe that this new area will really begin.

Firstly, of course, the Presidents who have led our debates and have done their utmost to achieve the aim for which we are all striving: direct elections. In recent years after the unfortunate failure of the first initiatives based on the Dehousse Report, our hopes have been revived by the report by my young colleague and friend, Schelto Patijn, whose realism and determination have overcome many obstacles including the most serious one of apathy.

These Presidents fought to achieve direct elections, but they did not lose sight of the need to develop the powers, the functions and influence of our Assembly. The most recent of them, Presidents Scelba, Behrendt, Berkhouwer and Spénale, were responsible for the development of our budgetary powers, the introduction of consultations with the Council, the first steps towards legislative power for Parliament and the implementation of the Consultative Assembly and the Convention of Lomé.

Our current President, Mr Colombo, has also continued these efforts and has been concerned to ensure that the directly-elected Parliament will from the outset be able to operate under satisfactory working conditions.

As the oldest Representative, I do not wish to become involved in the delicate political problem of the future seat of Parliament and of its institutions, but I think we have a duty to ensure that our future colleagues, elected by universal suffrage, can hold their very first meetings in satisfactory working conditions, thus enabling them to make this Parliament the basis for a new and decisive era in the construction of Europe.

Before concluding my address I would like to pay special tribute — and I would ask you to excuse my 'nationalism' — to a man who has for many years been a part of the European Parliament. I am referring to our esteemed colleague, President Poher. Although my age today entitles me to the honour of presiding over Parliament, Alain Poher, who is now leaving us, was until yesterday the real oldest member. On behalf of us all I should like to thank him most deeply and sincerely for everything he has done for Parliament and for Europe, as a Member and as a President, and pay tribute to him for the high office he has held in my own country.

(Applause)

I cannot mention all those who are leaving us — and I would ask for their forgiveness — or who have already left us, nor can I forget that many of our eminent colleagues have died during the past year.

Hence this last year represents a new turning point in the history of our Parliament; the coming year will also see great changes, the most important being of course direct elections.

Although I am the oldest Representative and therefore bound to be impartial, I cannot forget that there will very likely be changes in the future. I hope that as far as Europe is concerned these changes will be to the benefit of the citizens. That is our ultimate aim and one we should not forget: a dehumanized Europe would be no more than a vast soulless entity. Our task and that of our directly-elected successors — among whom I hope there will be many of you to give the new Parliament the benefit of your ability and your experience — is to strive constantly to ensure that Europe and its institutions serve the interests of ordinary people and not private interests. I am sure that Europe can depend on you to fulfil this difficult task.

I am a fully committed European. I come from a French province which for a long time was the route for invaders from the south or from overseas, a province which managed to avoid sterile introversion. I believe in the noble-mindedness of the founders of Europe who saw in the Community the possibility of lasting peace in Europe and of a prosperity which would enable our countries, thus united, to compete economically with the two major world powers. I shared then and I share now the hopes raised by the Treaty of Rome, the 20th anniversary of whose signing we celebrated in March 1977.

Twenty years: the age when nothing has yet been ventured and where everything is possible. The ambition which one feels at that age will soon give way to disillusion or to success, depending on the means at one's disposal and one's determination.

I should also like to mention the dangers threatening Europe. Prospects for the future have already worsened. The crisis is hitting all the Community countries, to a greater or lesser degree, and may give rise to nationalistic attitudes which would threaten our unity. I solemnly call first to join forces to overcome the crisis.

We have the means to succeed: the European Foundation for the Improvement of Living and Working Conditions, the European Centre for the Development of Vocational Training, and of course the European Social Fund, which is particularly aimed at dealing with unemployment. We should increase their powers, give them precise tasks and also effective means of taking action.

The future of Europe lies in its democratization; the Europe of nations must become a Europe for the people.

President

Ladies and gentlemen, when I am sitting in the Senate in Paris it sometimes happens that I glance at the seat once occupied by Victor Hugo. I think then of the prophetic words with which the poet concluded his appeal for unity among peoples :

The secret of achieving peace in internal as well as foreign policy, between countries and between classes in one country, in Europe and in society, is perhaps quite simple : bring the north closer to the south and give the people their share of power.

Humanism gave birth to the European ideal and it is humanism which must bind our Community together. One of the first humanists, Goethe, realized this and, at a time when nationalism was reviving, he described the 'European man', saying that we must accept our differences and our likenesses ; I would go further, and as a last word of advice would call on all Europeans to make the most of our differences.

I apologize for having spoken for so long, but it is impossible to speak of Europe dispassionately.

Europe must exemplify, adopt and promote the noble principles on which it is based and not let itself get bound up in futile and time-wasting discussions. If that should happen, Europe would simply fade from men's minds, and there would be some who would be only too ready to bury the idea for ever.

(Applause)

3. Election of the President

President.— The next item is the election of the President of the European Parliament.

I have received from the chairman of the Christian-Democratic Group the nomination of Mr Colombo. As no other nomination has been submitted, I believe the European Parliament will wish to re-elect Mr Colombo by acclamation if no Member calls for a ballot.

(Applause)

I therefore declare Mr Colombo President of the European Parliament. I congratulate him on his re-election and invite him to take the Chair.

(Loud applause)

IN THE CHAIR : MR COLOMBO

President

4. Statement by the President

President. — Honourable Members you have just re-elected me as President by unanimous acclamation. This is an expression of confidence in me by which I am deeply moved and for which I thank you very sincerely.

I should like in particular to thank the oldest Representative for the flattering things he said about me, as well as for the interesting analysis he gave of past achievements and the current situation, and his confidence in our future prospects.

I do not intend to give an account of our activities over the last year but I would like to express my deep satisfaction at the dynamism the Parliament has brought to its activities in this transitional period leading up to direct elections by universal suffrage.

It is only natural that our ideas should centre on those bodies of our institution which have done most to impart drive and vitality to our actions.

I think of my fellow members of the Bureau who have dedicated themselves to the organization of our proceedings, and more particularly the three quaestors, who have successfully coped with a number of extremely difficult administrative problems.

I think too of the political groups, without whom our proceedings would lack an essential political component and in particular of the contributions by their chairman to our debates in the plenary Assembly and to the work of the enlarged Bureau.

I think too of the sense of commitment and responsibility which our committees bring to our proceedings, and of the skill and tact displayed by their chairmen in the difficult task of reconciling mutually conflicting political views, often in difficult circumstances, and of the rapporteurs who have enriched our debates by producing reports of a consistently high standard.

I think too of our parliamentary delegations who, by establishing bilateral contacts with Parliamentary delegates from third countries, have shown the democratic face of the European Community to the whole world.

I think too of the Consultative Assembly uniting the European Parliament with representatives of the Associated African, Pacific and Caribbean States, thereby providing the Association with the specific political ability to overcome difficult economic problems and, above all, responding to the appeals for solidarity repeatedly made by the countries of the Third World.

Honourable Members the direct election of Parliament by universal suffrage was the most interesting single problem we had to deal with over the past year, as I am sure it will continue to be in the months to come. While we are obviously disappointed by the postponement of the date set for direct elections, it is important for us to reaffirm our commitment to them on this occasion and to take every possible opportunity to stress the importance of decisive action to enable European politicians of all affiliations to prepare European public opinion for this major democratic innovation.

President

It is important for us to join forces to ensure that the Council of Ministers fixes a final date for the elections, that the people of our countries are enabled to vote in these elections with a full awareness of the responsibility this entails, and that the directly-elected European Parliament is adequately equipped to carry out its duties.

Other major objectives include strengthening the solidarity of our Community in order to solve fundamental problems — overcoming the economic crisis, successfully combating unemployment, especially among young people, and finding effective ways of combating violence.

We must improve relations between the institutions of the Community by enabling them to adapt their particular structure and internal procedures to each other, so that they will be in a better position to tackle economic and social problems more efficiently and more quickly.

We must look to the enlargement of the Community to include Greece, Portugal and Spain and lay down the basic principles of a European external policy to cope with the major world problems of today — the Middle East and the African continent, aid to developing countries, relations between the major powers, the return of the pluralist democratic system to countries which have lost it.

Now that the prospect of direct elections is before us, the European Parliament and all the other Community institutions have all the more reason to ensure that the electorate, and particularly the younger electorate, will look on the European Community as a living and working reality capable of tackling the fundamental problems of our time.

The European Parliament will and should succeed, as it has done in the past, through the individual efforts of each one of us in giving the political impact necessary for the achievement of the basic objectives laid down for this Community by the great statesman who founded it, and so as not to fail the expectations of our people, especially the young.

(Applause)

5. Election of Vice-Presidents

President. — The next item is the election of Vice-Presidents of the European Parliament. The following Members are candidates: Mr Adams, Mr Berkhouwer, Mr Bordu, Mr Deschamps, Mrs Ewing, Sir Geoffrey de Freitas, Mr Holst, Mr Lücker, Mr Meintz, Mr Scott-Hopkins, Mr Spénale, Mr Yeats, Mr Zagari.

Since the number of candidates is greater than the number of seats to be filled, a secret ballot will be held, pursuant to Rule 7 (1) of the Rules of Procedure.

I would remind the House that Rule 7 (4) of the Rules of Procedure states as follows:

Those who on the first ballot obtain an absolute majority of the votes cast shall be declared elected. Should the number of candidates elected be less than the number of seats to be filled, a second ballot shall be held under the same conditions among candidates not yet elected. Should a third ballot be necessary, a relative majority shall suffice for election to the remaining seats, and in the event of a tie the oldest candidates shall be declared elected.

I would also point out that under Rule 5 (1) of the Rules of Procedure, the number of Vice-Presidents to be elected is twelve.

The voting procedure will be the same as for the election of the President.

I shall now suspend the proceedings briefly to allow ballot papers to be printed and distributed.

(The sitting was suspended at 11.10 a.m. and resumed at 11.25 a.m.)

President. — The sitting is resumed.

I call Mrs Ewing to give an explanation of vote.

Mrs Ewing. — Mr President, honourable Members, I merely want to say that the reason for my vote, which will be for myself, is that I think women are under-represented in Parliament. There is no woman engaged in running the institution, there are only 11 women out of 198 Members, and of the many employees, very few women are in the top grades. It is for that reason, representing, as I do, a minority, that I am putting my name forward.

President. — Mrs Ewing, I must ask you not to open a debate at this stage in our proceedings.

The ballot papers and envelopes have been distributed.

I now ask Members to indicate the name of the candidate of their choice on the ballot paper, to place the ballot paper in the envelope and to deposit it in the ballot box when their name is called.

I would remind the House that at its meeting of 19 April 1972, the Bureau decided that the names of the representatives who have participated in a vote by secret ballot will be published in the minutes of proceedings. In order to facilitate implementation of this procedure, I would ask Members to sign the list which has been placed in front of the rostrum before depositing their envelopes in the ballot box, and to pass between the ballot box and the rostrum and return to their places from the other side.

President

The names of the four tellers will now be drawn by lot.

(The lot was drawn)

The four tellers for the election of the Vice-Presidents are : Mr Damseaux, Mr Schreiber, Sir Brandon Rhys Williams and Mr Howell.

The name of the Member with whom voting will commence will now be drawn by lot.

(The lot was drawn)

Voting will begin with Mr Eberhard.

The vote will now begin. I ask the Secretary-General to call the roll.

(The roll was called)

Does anyone else wish to vote ?

The vote is closed.

I now ask the tellers to go to Room 1099 where the votes will be counted.

The sitting is suspended.

(The sitting was suspended at 11.50 a.m. and resumed at 12.55 p.m.)

President. — The sitting is resumed.

Since I have not yet received the result of the vote, I propose that the sitting be suspended until 3.00 p.m.

I call Mr Rippon.

Mr Rippon. — Mr President, it may well be that a further vote might have to be deferred, but I am sure it cannot be held at 3.00 p.m. A lot of Members are not present now, and many of them will be going to the meetings of their respective committees. The plenary sitting, I would suggest, cannot resume until 4.45 p.m.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, in the event of there being another vote, are you going to allow every candidate to say why he or she is going to vote for himself or herself, as Mrs Ewing did last time? Because, frankly, it is news to some of us that a candidate can give a reason for a vote in the course of an election. Could we have a ruling from you on this subject? I hasten to add that I am not criticizing the Chair; it is very difficult, when a Member suddenly does something out of the blue, to expect the Chair to react at once, but I think it is an issue of principle whether a candidate should be allowed to give a reason, good or bad, for voting for himself or herself in one of our elections.

President. — Mr Dalyell, if you wish to raise this matter you may do so in connection with the approval of the minutes, but not at this point in the proceedings.

I call Mr Fellermaier.

Mr Fellermaier. — *(D)* I support Mr Rippon's procedural motion.

President. — I call Mr Klepsch.

Mr Klepsch. — *(D)* Mr President, I do not wish to hold up the proceedings. I gladly agree, but I would point out that it will not be possible to go ahead with the constituent meetings of the committees at 3 p.m. because the election of the Vice-Presidents must be completed first. I thought this fact should be noted, but I certainly shall not object if it is felt that some Members will not be back here until 4.45 p.m. Of course the sitting must in that case be suspended until then.

President. — I have now received the result of the vote, which is as follows :

- Number of Members voting : 144
- Blank or spoiled ballot papers : 2
- Votes cast : 142
- Absolute majority : 72

The votes received were as follows :

Mr Deschamps	100
Mr Lücker	98
Mr Spénale	91
Mr Meintz	86
Mr Yeats	85
Mr Scott-Hopkins	83
Mr Adams	80
Mr Zagari	78
Mr Berkhouwer	77
Sir Geoffrey de Freitas	73
Mr Holst	66
Mr Bordu	51
Mrs Ewing	32

The following Members voted :

Mr Adams, Mr van Aerssen, Mr Aigher, Mr Ajello, Mr Albertini, Mr Amadei, Mr Andersen, Lord Ardwick, Mr Baas, Mr Bangemann, Mr Berkhouwer, Mr Bersani, Mr Bertrand, Lord Bessborough, Mr Blumenfeld, Mr Bourdellès, Mr Brégégère, Lord Brimelow, Mr Broeksz, Mr Brosnan, Lord Bruce of Donington, Mr Brugha, Mr Calwaert, Lord Castle, Mr Cifarelli, Mr Colin, Mr Colombo, Mr Corrie, Mr Cousté, Mr Covelli, Mr Croze, Mrs Dahlerup, Mr Dalyell, Mr Damseaux, Mr Dankert, Mr de Clercq, Mr De Keersmaecker, Mr Delmotte, Mr Deschamps, Mr Dewulf, Mr Didier, Mr Dinesen, Mr Dondelinger, Mrs Dunwoody, Mr Durand, Mr Durieux, Mr Eberhard, Mr Edwards, Mr Ellis, Mrs Ewing, Mr Fellermaier, Mr Fitch, Mr Flämig, Miss Flesch, Mr Fletcher-Cooke, Sir Geoffrey de Freitas, Mr Früh, Mr Fuchs, Mr Galluzzi, Mr Guerlin, Mr van der Gun, Mr Hamilton, Mr Hansen, Mr Herbert, Mr Holst, Mr Howell, Mr Hughes, Mr Ibrügger, Mr Jahn, Mr Jensen, Mr Johnston, Mr Jung, Mr Kaspereit, Mrs Kellett-Bowman, Lord Kennet, Mr Klepsch, Mr Klinker, Mr Kofoed, Mr Lagorce, Mr Lamberts, Mr Lange, Mr Lemp, Mr Lezzi, Mr Lucker, Mr

President

Luster, Mr McDonald, Mr Martinelli, Mr Mascagni, Mr Masullo, Mr Meintz, Mr Mitchell, Mr Mont, Mr W. Müller, Mr Müller-Hermann, Mr E. Müller, Mr Ney, Mr Noè, Mr Nolan, Mr Normanton, Mr Notenboom, Mr Nyborg, Mr Osborn, Mr Patijn, Mr Pintat, Mr Pistillo, Mr Prescott, Mr Pucci, Mr Radoux, Lord Reay, Sir Brandon Rhys Williams, Mr Ripamonti, Mr Rippon, Mr Riz, Mr Ryan, Lord St Oswald, Mr Sandri, Mr Santer, Mr Scelba, Mr Schreiber, Mr Schwörer, Mr Schyns, Mr Scott-Hopkins, Mr Seefeld, Mr Shaw, Mr Sieglerschmidt, Mr Spénale, Mr Spicer, Mr Spinelli, Mrs Squarcialupi, Mr Stetter, Mr Tolman, Mr Vandewiele, Mr Vergeer, Mr Verhaegen, Mr Vernaschi, Mr Veronesi, Mr Vitale, Sir Derek Walker-Smith, Mrs Walz, Mr Wawrzik, Mr Würtz, Mr Yeats, Mr Zagari and Mr Zeyer.

The following have obtained an absolute majority of the votes cast :

Mr Deschamps, Mr Lücker, Mr Spénale, Mr Meintz, Mr Yeats, Mr Scott-Hopkins, Mr Adams, Mr Zagari, Mr Berkhouwer and Sir Geoffrey de Freitas.

Since two seats for Vice-President are still to be filled, a second ballot will be held immediately.

Voting will now begin. I ask the Secretary-General to call the roll.

(The roll was called)

Does anyone else wish to vote ?

The voting is closed.

I now ask the tellers to proceed to the same room as before to count the votes.

I shall announce the result of the vote at 3 p.m. and we shall then proceed with the appointment of members of committees. The sitting will therefore be resumed at 4.45 p.m. with the order of business laid down in the agenda.

The sitting is suspended.

(The sitting was suspended at 1.30 p.m. and resumed at 3 p.m.)

President. — The sitting is resumed.

The result of the second ballot is as follows :

- Number of Members voting : 125
- Blank or spoiled ballot papers : 2
- Votes cast : 123
- Absolute majority : 62

Votes received were as follows :

Mr Holst 99
Mr Bordu 64
Mrs Ewing 38

The following Members voted :

Mr Adams, Mr van Aerssen, Mr Aigner, Mr Ajello, Mr Albertini, Mr Amadei, Mr Andersen, Lord Ardwick, Mr Baas, Mr Bangemann, Mr Berkhouwer, Mr Bersani, Mr Bertrand, Lord Bessborough, Mr Bourdellès, Lord

Brimelow, Mr Broeks, Mr Brosnan, Lord Bruce of Donington, Mr Brugha, Mr Calewaert, Lord Castle, Mr Cifarelli, Mr Colombo, Mr Corrie, Mr Covelli, Mr Croze, Mr Cunningham, Mrs Dahlerup, Mr Dalyell, Mr Damseaux, Mr Dankert, Mr De Clerq, Mr De Keersmaecker, Mr Delmotte, Mr Deschamps, De Dewulf, Mr Dinesen, Mrs Dunwoody, Mr Durieux, Mr Eberhard, Mr Edwards, Mr Ellis, Mrs Ewing, Mr Fellermaier, Mr Fitch, Mr Flämig, Mr Fletcher-Cooke, Sir Geoffrey de Freitas, Mr Früh, Mr Fuchs, Mr Galluzzi, Mr van der Gun, Mr Hamilton, Mr Hansen, Mr Herbert, Mr Holst, Mr Howell, Mr Hughes, Mr Jahn, Mr Jensen, Mr Johnston, Mr Jung, Mrs Kellelt-Bowman, Lord Kennet, Mr Klepsch, Mr Klinker, Mr Kofoed, Mr Lange, Mr Lemp, Mr Lezzi, Mr Lücker, Mr Luster, Mr Martinelli, Mr Mascagni, Mr Masullo, Mr Meintz, Mr Mitchell, Mr Mont, Mr H-W Müller, Mr W. Müller, Mr Müller-Hermann, Mr E. Müller, Mr Ney, Mr Noè, Mr Nolan, Mr Normanton, Mr Notenboom, Mr Nyborg, Mr Patijn, Mr Pintat, Mr Pistillo, Mr Prescott, Mr Pucci, Mr Radoux, Sir Brandon Rhys Williams, Mr Ripamonti, Lord St Oswald, Mr Sandri, Mr Scelba, Mr Schreiber, Mr Schwörer, Mr Schyns, Mr Scott-Hopkins, Mr Seefeld, Mr Shaw, Mr Sieglerschmidt, Mr Spicer, Mr Spinelli, Mrs Squarcialupi, Mr Stetter, Mr Tolman, Mr Vandewiele, Mr Vergeer, Mr Verhaegen, Mr Vernaschi, Mr Veronesi, Mr Vitale, Sir Derek Walker-Smith, Mrs Walz, Mr Wawrzik, Mr Würz, Mr Yeats, Mr Zagari and Mr Zeyer.

Mr Holst and Mr Bordu have obtained an absolute majority of the votes cast.

As a result of the two ballots which have been held, I declare the following Members elected Vice-Presidents of the European Parliament : Mr Deschamps, Mr Lücker, Mr Spénale, Mr Meintz, Mr Yeats, Mr Scott-Hopkins, Mr Adams, Mr Zagari, Mr Berkhouwer, Sir Geoffrey de Freitas, Mr Holst and Mr Bordu.

I congratulate the Vice-Presidents on their elections.

(Applause)

Under Rule 7 (5) of the Rules of Procedure, the Vice-Presidents will take precedence in the order in which they have been elected.

The Community institutions will be notified of the new composition of the Bureau.

I now ask the members of the Bureau as now constituted and the chairmen of the political groups to go immediately to Room No. 3 for a meeting to consider the membership of Parliament's committees.

Thereafter, the sitting will be resumed for 15 minutes to allow the Members to be appointed to the committees, after which the committees will hold their constituent meetings.

The sitting is suspended.

(The sitting was suspended at 3.10 p.m. and resumed at 3.35 p.m.)

6. *Membership of committees*

President. — The sitting is resumed.

The next item is the appointment of members of the European Parliament's committees.

Pursuant to Rule 37(2) of the Rules of Procedure, the Bureau has drawn up a list of candidates for appointment to committees and delegations.

The list which has been printed and distributed, is as follows :

1) *Political Affairs Committee*

Mr Amadei, Mr Amendola, Mr Ansart, Mr Bangemann, Mr Berkhouwer, Mr Bertrand, Mr Bettiza, Mr Blumenfeld, Mr Brugha, Mr Colin, Mr Covelli, Mr Durieux, Mr Faure, Mr Granelli, Mr Fletcher-Cooke, Mr Hamilton, Mr Holst, Mr Jahn, Mr Johnston, Mr Klepsch, Mr de la Malène, Mr Mitchell, Mr Patijn, Mr Prescott, Mr Radoux, Lord Reay, Mr Rippon, Mr Ryan, Mr Scelba, Mr Seefeld, Mr Sieglerschmidt, Mr Spinelli, Mr Terrenoire, Mr Vergeer, Mr Zagari.

2) *Legal Affairs Committee*

Mr Alber, Lord Ardwick, Mr Bangemann, Mr Bayerl, Mr Bouquerel, Lord Brimelow, Mr Broeks, Mr Brosnan, Mr Calewaert, Mr de Keersmaecker, Mrs Ewing, Mr Fletcher-Cooke, Sir Geoffrey de Freitas, Mr de Gaay Fortman, Mr Geurtsen, Mrs Iotti, Mr Krieg, Mr Lagorce, Mr Luster, Mr Masullo, Mr Pianta, Mr Plebe, Mr Pucci, Mr Radoux, Mr Rivierez, Mr Riz, Mr Santer, Mr Scelba, Mr Schmidt, Mr Schwörer, Mr Shaw, Mr Sieglerschmidt, Mrs Squarcialupi, Sir Derek Walker-Smith, Mr Zagari.

3) *Committee on Economic and Monetary Affairs*

Lord Ardwick, Mr Bordu, Mr Brugha, Mr Carpentier, Mr Cointat, Mr Cousté, Mrs Dahlerup, Mr Damseaux, Mr Dankert, Mr de Keersmaecker, Mr Deschamps, Mr Ellis, Mr Feit, Mr Glinne, Mr Van der Gun, Mr Haase, Mr Jakobsen, Mr Lange, Mr Leonardi, Mr H.-W. Müller, Mr Muller-Hermann, Mr Normanton, Mr Notenboom, Mr Nyborg, Mr Prescott, Sir Brandon Rhys Williams, Mr Ripamonti, Mr Schworer, Mr Spénale, Mr Spinelli, Mr Starke, Mr Stetter, Mr Vernaschi, Mr Zagari, Mr Zywiets.

4) *Committee on Budgets*

Mr van Aerssen, Mr Aigner, Mr Alber, Mr Amadei, Mr Bangemann, Lord Bessborough, Lord Bruce of Donington, Mr Caillavet, Mr Caro, Mr Cointat, Mr Croze, Mrs Dahlerup, Mr Dalyell, Mr Dankert, Mr Früh, Mr Hamilton, Mr Hansen, Mr Kofoed, Mr Lange, Mr Meintz, Mr H.-W. Müller, Mr Notenboom, Mr Petersen, Mr Pisani, Mr Radoux, Mr Ripamonti, Mr Ryan, Mr Schreiber, Mr Scott-Hopkins, Mr Shaw, Mr Spinelli, Mr Terrenoire, Mr Vitale, Mr Wurtz, Mr Yeats.

5) *Committee on Social Affairs, Employment and Education*

Mr Adams, Mr Alberts, Mr Bertrand, Mr Bouquerel, Mr Caro, Mr Carpentier, Mrs Cassanmagnago Cerretti, Mr Cunningham, Mr Delmotte, Mr Dinesen, Mr Dondelinger, Mrs Dunwoody, Mr Eberhard, Mr Feit, Lady Fisher

of Rednal, Mr Geurtsen, Mr Granelli, Mr Van der Gun, Mr Howell, Mr Kavanagh, Mrs Kellett-Bowman, Mr Lezzi, Mr Meintz, Mr Nolan, Mr Pianta, Mr Pisoni, Mr Pistillo, Mr Power, Sir Brandon Rhys-Williams, Mr Santer, Mr Schreiber, Mrs Squarcialupi, Mr Vandewiele, Mr Vanvelthoven, Mr Wawrzik.

6) *Committee on Agriculture*

Mr Albertini, Mr Andersen, Mr Bourdellès, Mr Brégégère, Lord Brimelow, Mr Brugger, Mr Cifarelli, Mr Corne, Mr Dewulf, Mrs Dunwoody, Mr Durand, Mr Fruh, Mr Hansen, Mr Herbert, Mr Hoffmann, Mr Howell, Mr Hughes, Mr Hunault, Mr Joxe, Mr Klinker, Mr Kofoed, Mrs Krouwel-Vlam, Mr Lemoine, Mr Lemp, Mr L'Estrange, Mr Ligios, Mr Liogier, Mr W. Muller, Mr Ney, Mr Pisoni, Mr Pistillo, Mr Pucci, Mr Scott-Hopkins, Mr Tolman, Mr Vitale.

7) *Committee on Regional Policy, Regional Planning and Transport*

Mr Albers, Mr Brosnan, Lord Bruce of Donington, Mr Brugger, Mr Cifarelli, Mr Colin, Mr Corrie, Mr Damseaux, Mr Delmotte, Mr Durand, Mrs Ewing, Mr Fitch, Mr Fuchs, Mr Haase, Mr Hoffmann, Mr Hughes, Mr Ibrügger, Mr Johnston, Mr Joxe, Mr Jung, Mr Kavanagh, Mrs Kellett-Bowman, Mr Ligios, Mr Liogier, Mr McDonald, Mr Mascagni, Mr Noé, Mr Nyborg, Mr Osborn, Mr Pistillo, Mr Schyns, Mr Seefeld, Mr Starke, Mr Tolman, Mr Zagari.

8) *Committee on the Environment, Public Health and Consumer Protection*

Mr Adams, Mr van Aerssen, Mr Ajello, Mr Alber, Mr Andersen, Mr Baas, Lord Bethell, Mr Bourdellès, Mr Brégégère, Mr Brown, Mrs Cassanmagnago Cerretti, Mr Didier, Mr Edwards, Mr Ellis, Mr Guerlin, Mr Inschauspé, Mr Jahn, Lord Kennet, Mrs Krouwel-Vlam, Mr Lamberts, Mr McDonald, Mr W. Muller, Mr E. Muller, Mr Ney, Mr Noé, Mr Plebe, Mr Power, Mr Rivierez, Lord St. Oswald, Mr Schyns, Mr Spicer, Mrs Squarcialupi, Mr Verhaegen, Mr Veronesi, Mr Wawrzik.

9) *Committee on Energy and Research*

Lord Bessborough, Mr Blumentfeld, Mr Brown, Mr Citarrelli, Mr Covelli, Mr Dalyell, Mr De Clercq, Mr Edwards, Mr Fioret, Mr Fitch, Mr Flamig, Mr Fuchs, Mr Guerlin, Mr Holst, Mr Ibrügger, Mr Inchauspé, Mr Jensen, Mr Krieg, Mr Lamberts, Mr Leonardi, Mr Lezzi, Mr Liogier, Mr Mitchell, Mr H.-W. Müller, Mr Noc, Mr Normanton, Mr Osborn, Mr Pintat, Mr Ripamonti, Mr Vanvelthoven, Mr Vergeer, Mr Verhaegen, Mr Veronesi, Mrs Walz, Mr Zywiets.

10) *Committee on External Economic Relations*

Mr van Aerssen, Mr Amadei, Mr Baas, Mr Bayerl, Mr Bersani, Lord Brimelow, Mr Brugha, Lord Castle, Mr Cousté, Mr De Clercq, Mr Didier, Mr Eberhard, Mr Fitch, Mr Galluzzi, Mr Kasperreit, Lord Kennet, Mr L'Estrange, Mr Luster, Mr Martinelli, Mr Mont, Mr Muller-Hermann, Mr E. Muller, Mr Patijn, Mr Petersen, Mr Pintat, Mr Pisani, Mr Radoux, Lord St. Oswald, Mr Sandri, Mr Schmidt, Mr Schworer, Mr Scott-Hopkins, Mr Spicer, Mr Tolman, Mr Vandewiele.

President11) *Committee on Development and Cooperation*

Mr Bersani, Mr Broeks, Lord Castle, Mr Croze, Mr Deschamps, Mr Dewulf, Mr Dondelinger, Mr Durieux, Mr Eberhard, Mr Fioret, Lady Fisher of Rednal, Mr Flämig, Miss Flesch, Sir Geoffrey de Freitas, Mr Glinne, Mr Hunault, Mrs Iotti, Mr Jakobsen, Mr Jung, Mr Kasperreit, Mr Lagorce, Mr Lezzi, Mr Lücker, Mr Martinelli, Mr Nolan, Mr Nyborg, Lord Reay, Lord St. Oswald, Mr Sandri, Mr Spénale, Mr Vergeer, Mr Vernaschi, Mrs Walz, Mr Wawrzik, Mr Würtz.

12) *Committee on the Rules of Procedure and Petitions*

Mr Berkhouwer, Mr Calewaert, Mr Cunningham, Mr Dewulf, Mr de Gaay Fortman, Mr Hamilton, Mr Lagorce, Mr Lemp, Mr Leonardi, Mr Luster, Mr Masullo, Mr W. Müller, Lord Reay, Mr Rivierez, Mr Riz, Mr Santer, Sir Derek Walker-Smith, Mr Yeats.

13) *Delegation to the Joint Parliamentary Committee of the EEC-Greece Association*

Mr Aigner, Mr Amadei, Lord Bethell, Mr Caillavet, Mr Cunningham, Mr De Clercq, Mr Galluzzi, Mr Glinne, Mr Jakobsen, Mr L'Estrange, Mr Lücker, Mr Patijn, Mr Pisoni, Mr Rivierez, Mr Schmidt, Mr Spénale, Mr Terrenoire, Mr Vandewiele.

14) *Delegation to the Joint Parliamentary Committee of the EEC-Turkey Association*

Mr Adams, Mr van Aerssen, Mr Baas, Mr Bertrand, Mr Carpentier, Mr Cousté, Mr Dankert, Mr Edwards, Mr Fellermaier, Mr van der Gun, Mr Hansen, Mr Jahn, Mr Lemoine, Mr Lezzi, Mr Ligios, Mr E. Muller, Mr Pintat, Mr Spicer.

Are there any objections?

The appointments are approved.

We shall now suspend our proceedings yet again and resume at 4.45 p.m. to enable the committees to hold their formal constituent meetings.

The sitting is suspended.

(The sitting was suspended at 3.40 p.m. and resumed at 4.50 p.m.)

President : — The sitting is resumed.

7. *Change in the name of a political group*

President : — The Christian-Democratic group has informed me that with effect from today its name has been changed to: *Christian-Democratic Group — Group of the European People's Party*.

8. *Documents submitted*

President. — I have received from the Council requests for opinions on the following Commission proposals :

- I. the fixing of prices for certain agricultural products and certain related measures ;

II. a regulation laying down transitional measure for the Community financing of a consumer subsidy for butter referred to in Regulation (EEC) No 880/77.

(Doc. 582/77).

Proposal No I has been referred to the Committee on Agriculture as the committee responsible, and to the Committee on Budgets and the Committee on the Environment, Public Health and Consumer Protection for their opinions, and proposal No II to the Committee on Agriculture.

I have also received a proposal for a

regulation on support for joint hydrocarbon exploration projects (Doc. 583/77)

which has been referred to the Committee on Energy and Research as the committee responsible and to the Committee on Budgets and the Legal Affairs Committee for their opinions.

9. *Order of business*

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

At its meeting of 2 March 1978, the enlarged Bureau prepared the draft agenda which has been distributed.

Following yesterday's discussion, the enlarged Bureau proposes including a statement by the President-in-Office of the Council on preparations for elections to the European Parliament by direct universal suffrage as the first item on the agenda for Wednesday, 15 March 1978.

I therefore propose the following agenda for this session :

This afternoon :

- Procedure without report
- Vote on the motion for a resolution contained in the Yeats report on the amendment of the Rules of Procedure of Parliament
- Question Time (questions to the Commission)
- Oral question with debate to the Commission on the Community policy on education
- Oral questions with debate to the Council and Commission on the legal policy of the Communities
- Johnston interim report on fostering public support for Europe

Wednesday, 15 March 1978,

10 a.m. and afternoon :

- Council statement on direct elections to Parliament
- Shaw supplementary report on the draft amending and supplementary budget No 2 for 1978
- Hughes report on the fixing of prices for certain agricultural products

President

3 p.m.

- Question Time (questions to the Council and the foreign ministers)

4.30 p.m.

- Vote
 - on the draft amending and supplementary budget No 2 and the motion for a resolution in the Shaw report
 - on motions for resolutions on which the debate has closed
- Hughes report on the fixing of prices for certain agricultural products (continuation of debate)

Thursday, 16 March 1978, 10 a.m. and afternoon

- Hughes report on the fixing of prices for certain agricultural products (continuation and conclusion of debate)
- Scott-Hopkins report on sugar and isoglucose
- Flämig report on radioactive waste and the reprocessing of irradiated nuclear fuels
- Oral question with debate to the Commission on the working languages of the European Parliament

Not later than 12 noon

- Vote on the motion for a resolution in the Hughes report

3 p.m.

- Question Time (questions to the Commission)

3.45 p.m.:

- Vote on motions for resolutions on which the debate has closed

Friday, 17 March 1978, 9 a.m.

- Procedure without report
- Possibly continuation of Thursday's agenda
- Zywiets report on a three-year plan of action on information
- Noè motion for a resolution on Community regional policy.
- Bangemann report on the budgetary and financial policy of the Communities in 1979

End of sitting:

- Vote on motions for resolutions on which the debate has closed

Are there any comments?

That is agreed.

10. *Limit on speaking time*

President. — In accordance with our usual practice, I propose that, except for the Hughes report on agricultural prices (Doc. 579/77), speaking time on all reports and motions for resolutions be limited as follows:

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

At its meeting of 2 March 1978 the enlarged Bureau decided, pursuant to Rule 28 of the Rules of proce-

dure, that speaking time in the debate on agricultural prices (Doc. 579/77) would be allocated as follows:

Presentation of the report by the rapporteur :	30 mins.
Draftsmen of opinions :	30 mins. (2 × 15 mins.)
Council and Commission (possibly) :	30 mins
— Socialist Group :	105 mins.
Christian-Democratic Group (Group of the European People's Party) :	90 mins.
Liberal and Democratic Group :	45 mins.
Group of European Progressive Democrats :	35 mins.
European Conservative Group :	35 mins.
Communist and Allies Group :	35 mins.
Non-attached Members :	10 mins.
Replies by the rapporteur and the Commission :	60 mins.

This means that the debate on Wednesday should last for approximately five hours, in addition to the time allocated for the introduction. The continuation of the debate on Thursday morning will last for not more than one hour, with a further hour set aside for comments from the rapporteur and the Commission. The vote could therefore begin not later than midday.

Are there any objections?

That is agreed.

I propose that Members and political groups should inform the sessional services of the names of those who wish to speak in the debate on agricultural prices by 10.00 a.m. tomorrow at the latest.

Are there any objections?

That is agreed.

11. *Procedure without report*

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

- Agreements on the accession of the Democratic Republic of Sao Tomé and Príncipe, the Republic of Cape Verde and the Republic of Papua New Guinea to the ACP-EEC Convention of Lomé, (Doc. 490/77),

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

- regulation on advance implementation of certain provisions of the ACP-EEC Convention of Lomé relating to trade in respect of certain states that have signed Agreements of Accession to the Convention (Doc. 491/77)

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

- directive supplementing Directive 72/280/EEC of 31 July 1972 on the statistical surveys to be made by Member States on milk and milk products (Doc. 559/77)

President

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

- regulation amending Regulation (EEC) No. 1418/76 on the common organization of the market in rice (Doc. 562/77)

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

- regulation laying down a transitional measure for the Community financing of a consumer subsidy for butter referred to in Regulation (EEC) No 880/77 (Doc. 582/77)

which had been referred to the Committee on Agriculture.

12. Vote

President. — The next item is the vote on the motion for a resolution contained in the report (Doc. 538/77) by Mr Yeats, on behalf of the Committee on the Rules of Procedure and Petitions, on the amendment of Parliament's Rules of Procedure.

I would remind the House that, pursuant to Rule 54 of the Rules of Procedure, motions for resolutions amending these Rules shall be adopted only if they secure the votes of a majority of the Members of Parliament.

Since a majority is not present, I propose that this vote be postponed.

Are there any comments ?

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I agree with you. However, we are in a rather unfortunate situation because Members of the House are somewhat handicapped by the fact that the business of this sitting has been dealt with more quickly than had been expected. I propose that the vote on the Yeat's report should be postponed and taken jointly with the vote on the agricultural resolutions. I believe we shall then certainly have the necessary majority.

President. — Mr Klepsch has proposed that the vote on this motion for a resolution should be held at the same time as that on the motion contained in the Hughes report on agricultural prices.

Are there any objections ?

That is agreed.

13. Question Time

President. — The next item is the first part of Question Time (Doc. 1/78). We shall begin with questions to the Commission.

I now ask the Commission representatives responsible to answer the questions and any supplementary questions put to them.

Question No 1, by Mr Corrie :

Subject : Commercial policy concerning quotas

Does the Commission ever initiate action — without previously being requested to do so by a Member Government — to enlarge quotas accorded to State trading countries, and does the Commission consider that, in order to achieve a more genuine common commercial policy, it itself should have a greater role of initiative in enlarging quotas of this kind — in this context which are the main obstacles in achieving a common commercial policy concerning quotas, with special regard to the State trading countries, and what measures have the Commission taken to overcome these obstacles ?

Mr Haferkamp, Vice-President of the Commission.

— (D) The Commission makes annual proposals on the fixing of import quotas. In so doing it tries to balance the quotas for individual Member States. As you know the final decision on that proposal rests with the Council of Ministers. The Commission would welcome, as suggested by the honourable Member, a greater power of initiative in this matter than is provided in the 1975 directive. At present there are some obstacles to a common commercial policy in respect of these quotes. I would draw particular attention to the different levels of liberalization reached in the Member States. Moreover, the quotas also differ from one Member State to another. In the Committee on the State-Trading Countries, the Commission is urging the Member States to coordinate as far as possible the autonomous import regulations applicable to the state trading countries.

President. — Question No 2, by Mr Klepsch :

Subject : Trade relations with Eastern bloc countries

What measures does the Commission plan to adopt to put an end to the unofficial status of trade relations with individual Eastern European state-trading countries which has existed for more than three years following the expiry of the bilateral trade agreements between Member States of the Community and countries of the Eastern bloc ?

Mr Haferkamp, Vice-President of the Commission.

— (D) Mr President, there is no legal vacuum in respect of our trade with the European state trading countries. Through unilateral autonomous measures the Commission has created the necessary basis for commercial exchanges. In addition there is a possibility, in multilateral agencies such as GATT, for contacts and dialogue with the state trading countries which also belong to that organization: Poland, Romania, Hungary and Czecho-Slovakia. In addition the Community has concluded a textile agreement with Romania. We are now negotiating an agreement on steel with that country. Negotiations on textiles are also in progress with other countries. That is the present situation as it has developed over recent years ; developments will certainly continue.

Mr Klepsch. — (*D*) The Commission's answer seems to me to reflect an extraordinarily resigned attitude and I gather from it that the Commission sees little likelihood in the foreseeable future of a settlement which would change the present situation. Now that the follow-up conference in Belgrade has been held, and the subject to which my question relates must surely have been raised there, I should like to ask whether new departures were made during the discussions and negotiations on this matter in Belgrade and what action was in fact taken?

Mr Haferkamp. — (*D*) Let me say at once that my attitude on this matter is not one of resignation. I have not raised my voice in an enthusiastic speech because this is, after all, Question Time. I thought the facts to which I referred would have made it perfectly clear that things are on the move and that progress is being made. I referred to existing sectoral agreements, and to agreements being negotiated with individual countries in individual areas. I might say in passing that similar discussions or negotiations have been in progress in another sector, that of fisheries, for a long time but have not yet been completed for reasons with which you are familiar. This is certainly not a situation which gives cause for resignation. Then there are the possibilities of cooperation in GATT to which I referred. You know that positions differ among the countries which belong to COMECON. We try in our practical policies to take account of the genuine possibilities. As you know this was not a matter which stood in the forefront of discussions in Belgrade.

President. — Question No 3, by Mr Vandewiele :

Subject : The principle of reciprocity in trade negotiations

What demands has the Community put forward in the GATT negotiations to ensure greater respect for the principle of equality, especially in trade relations with the COMECON countries?

Mr Haferkamp, Vice-President of the Commission. — (*D*) First on the general tenor of the question. We are in the middle of the Tokio round negotiations in GATT. The decisive phase of those negotiations began on 23 January. The Commission quite naturally attached importance in its proposals, and in its reactions to proposals by others, to the discussion of a balanced set of negotiating documents and we shall see to it that these negotiations do lead to a balanced result which naturally also entails reciprocity in relations. That holds good both for the dismantling of customs tariffs and for the many matters pertaining to non-tariff areas.

Clearly there are special problems in dealing with state trading countries for which customs, custom duties, tariff reductions and similar factors do not play

the same importance in trade as in our dealings with other countries. We are negotiating on these matters too. We have made certain demands on agriculture to ensure that we are not placed at a disadvantage and we are now preparing our requests in the industrial sector for submission during the current negotiations. I am sure you will bear with me in the fact that I cannot speak now about the details of these negotiating positions for the current round of negotiations.

Mr Vandewiele. — (*NL*) If my information is correct, a few weeks ago the Community reduced the quantity of products from state trading countries in respect of which quantitative restrictions already apply. There are thus to be certain reductions. Has the Commission included this measure in the GATT negotiations or does it intend to do so?

Mr Haferkamp. — (*D*) I stated just now in answer to a previous question that we have concluded an agreement on textiles with one state trading country, Romania, and that we are discussing textiles with other countries and also negotiating on steel with Romania. These talks are in progress at present independently of the GATT negotiations. The GATT negotiations relate to the problems which I discussed just now, and the other negotiations are continuing.

Mr van Aerssen. — (*D*) Does the Commission share the view that most-favoured nation status for the state trading countries can only be guaranteed in return for specific promises that the particular foreign trade quotas in the annual State plans can be raised by a given percentage each year, respecting the principle of equality and equal treatment?

Mr Haferkamp. — (*D*) I consider the honourable Member's suggestion to be a very interesting possibility which we shall certainly look at, but we shall not confine ourselves to that single possibility during our negotiations.

Mr Normanton. — The House has undoubtedly welcomed the statements by the Commission, particularly in view of the fact that GATT has, in its long life, made a valuable contribution towards the expansion of international trade, but the political and economic factors today are very different from those which applied when this instrument of international machinery was established. Would the Commission therefore be prepared not only to give attention to the defects of GATT in its present form, but to consider launching an international initiative on a worldwide basis to produce a more appropriate and more relevant instrument aimed at the objectives which GATT was originally established to achieve, but which it is now lamentably and increasingly failing to achieve?

Mr Haferkamp. — (D) I want to say first that we should make a real effort, and the Community is in fact doing so, to bring the present GATT negotiations to a successful conclusion.

Secondly, we believe that, in view of the uncertain situation of the world economy and the difficulties of world trade, it is extraordinarily important for the international organizations involved here to be strengthened and for all the participants to respect international rules and international procedures.

Thirdly, we consider that over and above the successful conclusion of the negotiations and a strengthening of international institutions in these matters, we should also make efforts to place GATT in a position which reflects these requirements and the developments of the world economy.

President. — Since its author, Mr Jahn, is not present, Question No 4 will receive a written answer.¹

Question No 5, by Mrs Walz :

Subject : European Youth Orchestra

Has the Community subsidy for the European Youth Orchestra enabled young musicians from all the Member States to be represented in this valuable project and does the Commission have precise information on the number of those taking part ?

Mr Jenkins, President of the Commission. — The Community gave a subsidy of £ 2 000 in 1977 to the European Youth Orchestra. This was not earmarked for any specific purpose. However, I am glad to say that this has helped in the launching of the orchestra, which will have between 137 and 140 young players, chosen after numerous auditions. Each Member State is represented amongst those chosen.

Mr Mascagni. — (I) In view of the fact that regional and then national selections of candidates have been made for this orchestra in Italy, can Mr Jenkins say whether an equally serious and stringent procedure has been followed in the other countries ?

Mr Jenkins. — I am not aware of the detailed methods of selection, which are, of course, not a Commission responsibility. We take interest in this valuable cultural European project, but the amount of financial support we were able to give was limited and it does not involve a responsibility on our part for the methods of selection or, still less, the choices which were made.

President. — Question No 6, by Mr Dalyell :

Subject : Confidentiality of proposed proceedings concerning violations of the Treaties by Member States

When the Commission is considering the institution of proceedings against an individual Member State in respect of alleged violations of the Treaties, does it apply any criteria or principles governing confidentiality, prior to the formal opening of proceedings against the Member State concerned ? If so, what are they ?

Mr Jenkins, President of the Commission.— I can confirm the reply the Commission gave to a written question last October by Mr Würtz on violations of the Treaties by the Member States. The Commission indicated then that it does not normally consider it appropriate to publish information on the initial stages of proceedings against Member States and that it seeks to maintain even stricter confidentiality when it is merely considering the possibility of opening a formal infringement procedure against a Member State. The principle on which this policy is based is that a Member State should always have the opportunity to counter the substance of the Commission's allegations before any public mention of the issue is made. In the initial stage, moreover, the Commission may lack information on either a fact or a point of law necessary to a full appreciation of the issues involved.

Mr Dalyell. — What has the Commission learnt from the incident on temporary employment subsidies entailing maximum embarrassment, not only for the British Government, but for pro-Europeans in Britain, as a result of Mr Vouel's actions ?

Mr Jenkins. — There have, as I think the honourable Member may know, been talks with the British Government, and I hope there may be a satisfactory outcome to these talks. But as my honourable friend knows, there is no perfect system to guarantee that the principles of confidentiality which are laid down and which we endeavour to preserve are maintained. Leaks can occur in all systems from time to time, and that was certainly the case here. But that, I am afraid, is not confined to Community proceedings. We have them in national government proceedings and in many other fora. Nonetheless I hope that, in spite of the matters to which the honourable Member draws attention, the talks which have taken place may have a satisfactory outcome.

President. — Question No 7, by Mr Cousté :

Subject : Situation in the iron and steel industry

Six weeks after the decisions concerning the Community steel market, can the Commission summarize the initial results both as regards the negotiations conducted with certain countries and as regards compliance by the producers with recent Community directives ?

Mr Davignon, Member of the Commission. — (F) Mr President, I am a little embarrassed because my answer to the question should normally be extremely

¹ See Annex.

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short; however, a great deal has happened in the past six weeks and I know that several groups in Parliament are interested in this question. I shall therefore try to strike a compromise between a short answer and a very detailed reply.

You will remember that the anti-crisis programme approved by the Council on a proposal from the Commission on 20 December comprised several aspects. The first related to the situation to be restored within the Community to enable the steel industry to adapt and reorganize its structures in face of change. In that respect I am able to report favourably today as regards the steel industry. All the measures adopted on 20 December are being respected; prices have been consolidated within the Community; the order books have not shown a strong upturn yet but we find ourselves in a situation that certainly enables the restructuring programme which forms the very basis of the Commission's policy to be envisaged.

As regards restructuring, our conversations with the unions and with the producers and individual countries enable us to envisage the first implementing measures and programmes in the first six months of this year. Similarly the Commission will establish the overall framework within which to pursue our restructuring programme in the first six months and in the longer term: I refer to the general targets for 1985.

Finally at the internal level there have been, as was to be expected, certain difficulties of adaptation since the steel users who had been accustomed to procuring steel at very low prices, experienced certain problems. The Commission has held long discussions with the users. It even held talks with them here in Strasbourg after which we published a joint communiqué. The steel users were able to note that the Commission was seeking practical ways of helping them to solve their problems. We have settled the difficulty of current contracts and are now discussing more delicate issues such as ship-building and drilling rigs. I have the impression that progress has been made in this area.

As regards the external aspect, I would remind you, to prevent any ambiguity, that the Commission's aim is not, as sometimes suggested, to reduce steel imports into the Community. The decision of 20 December is clear: it indicates that the normal commercial pattern must be maintained. The initial measures related exclusively to the new methods by which the Commission was to apply the anti-dumping procedures; this proved effective but bilateral contractual measures were to be taken at the earliest possible date. In this connection I am happy to announce to Parliament that we have concluded arrangements with EFTA countries so that the whole of Europe is now applying the European Community's principles to fight the crisis. This week we have had decisive conversations with southern Africa, Japan and Spain which we hope will lead to a successful outcome. Discussions with

Brazil and South Korea will then follow. A special difficulty arose with the East European countries which created a real problem for one Member State at the level of imports into the Community, while also being very important to the proper operation of the system. As Mr Haferkamp said just now we have held talks with the Romanians this week and we hope to arrive at a satisfactory outcome. All in all, contrary to our fears at one time, it now seems that we shall come to an arrangement with most East European countries. We are up to date with our plans to replace unilateral measures by bilateral contractual measures taking into account the interests of both sides and, as regards the internal system, it is true to say that the situation has improved since last year.

Mr Cousté. — (*F*) Although this is Question Time, Mr Davignon's statement was important enough to warrant a thorough debate. I should like then to put a supplementary question relating to both the internal and external aspects.

My supplementary question is simple: as regards prices he suggested that we were in a favourable situation. But, Mr Davignon, our concern is to know whether there has been a quantitative upturn, in other words whether the economic situation is improving in this sector from the point of view of the users or, if it has not already improved, whether there is a genuine tendency towards improvement as we feel is the case in a number of countries.

As to the external aspect I would take this opportunity to assure the Commission of our full and faithful support because these negotiations are not easy. While the difficulties have been overcome with the European Free Trade Area, on which the Commission is to be congratulated, it seems to me that the problems remain as difficult as before in relation not only to Spain and South Africa but above all to Japan and South Korea. I think then that we must give the Commission our encouragement and strong support on this point. I want to put just one supplementary question: can we really hope to reach a satisfactory situation in our relations with the East European countries? That is the crux of the matter.

Mr Davignon. — (*F*) It is a little early to give a precise answer to the first part of that question, namely whether there is a genuine upturn. We have seen an improvement in the order books in January but February was not very good. It is therefore difficult to know exactly what will happen. But the important factor in our eyes is that all those who are dependent on the steel industry now accept the system. In other words orders are not being withheld on principle.

As to the external aspect I am rather more optimistic than Mr Cousté. Of course the negotiations are very difficult but I believe that both parties have such a

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keen interest in establishing a contractual situation, rather than remaining with a unilateral situation which inevitably leads to confrontation in the long term, that we can face the future with some confidence. The effectiveness of our anti-dumping measures which remain within the GATT rules has brought home to the other partners the fact that they could no longer flood the Community market with cheap products. If therefore we are sincere and want to ensure proper operation of the system rather than reduce quantities, we must for our part give the importing countries contractual guarantees so that their traditional exports can continue. In other words both partners have an interest here, and I remain convinced that we shall achieve satisfactory results despite the difficulties.

Mr Dalyell. — Can help be given to those areas where there are coal mines where seams producing coking-coal have had to be closed down precisely because of problems in the steel industry?

Mr Davignon. — (*F*) In a situation as difficult as this the various problems are obviously closely related and it is true that in this sector we are faced with a situation where the interests of the various parties conflict. As regards the use of Community coal, the steel industry is trying to gain access to the cheapest possible source of energy to remain competitive and here too we must see that a spirit of solidarity comes into play. To the extent that there is an upturn in the activities of the steel industry, it is easier to allow for the problems of other industries. In certain circumstances steel producers and steel users are confronted with the same problem; that is why the situation of the producers must first be improved to achieve greater flexibility in solving the problems which arise in other industries and for coal; we are doing all we can to achieve this as shown by the proposals put forward by Mr Brunner a few weeks ago.

Mr Osborn. — While welcoming Mr Davignon's initiative, may I ask whether it is not a fact that it is desirable that steel producers should come together at this time? While I welcome the fact that the consolidation of prices is leading to restructuring, in spite of difficulties in Britain at Eastmoors and Shelton for instance, will he comment on the initiative of Vouel last month — the competition directive trying to discourage steel stockholders from stockholding European steel at this time?

Mr Davignon. — (*F*) The Treaty stipulates in extremely clear terms what may and may not be done on the market. As regards the stockholders, the decision of 20 December last placed them under the same obligations as the producers in cases where minimum prices apply. Secondly, the Treaty stipulates that the producers may not sell to stockholders at prices below

the rates they themselves have published; this means that the stockholders themselves must adhere to these rates. We held long meetings with the stockholders at the end of last year and tripartite meetings with the stockholders and producers. We shall have further meetings to ensure that the stockholders do participate in the measures to control the crisis. In some cases there was a time when the producers took action to penalize steel merchants in general when they were unwilling to obtain their supplies from a single source. That of course went far beyond the limits of competition policy. That being so, we drew attention to the need for stockholders to participate in the overall measures of discipline. We are continuing to encourage them to persevere on those lines and we shall be meeting them with the producers in Brussels to rule out any misunderstanding. But of course this does not mean that the producers are entitled to ask for all the steel sold in their country to come from their factories. That would be contrary to our concepts of both external and internal trade. There have been misunderstandings but we shall have no difficulty in clearing them up.

Mr Lange. — (*D*) In substance I have only one marginal question to put to the Commission. Does the Commission consider it right, that given the terms of the anti-dumping measures and the anti-dumping customs regulation 578, material in quality group IIa which has hitherto been dealt in quite legally especially sheet steel which does not have standard dimensions and the quality of high grade sheet — in other words steel which was dealt in perfectly normally and legally, should be penalized by this measure to such an extent that trade in this material has become practically impossible and the undertakings concerned are facing serious difficulties? In short, is that the aim of the Commission's measures?

Mr Davignon. — (*F*) The implementation of the system does raise certain specific problems which will have to be solved. I refer for example to the difficulties of ship-building and the construction of drilling rigs for which we are at present seeking *ad hoc* solutions. Our aim is not to disturb the market or introduce new rules but on the contrary to consolidate a normal situation. That is why we have held discussions with the producers on a problem of special sizes and grades of steel: we should like to see a simpler and more transparent system on the market which would enable these difficulties to be avoided.

Mr Brosnan. — May I ask the Commissioner if he will agree that the position of the steel industry in Ireland is unique in many ways, in particular because of the fact that there is only one steel-mill in the country, and that the position warrants special treatment from the Commission, and if he has any proposals to deal with the situation in my country?

Mr Davignon. — (*F*) The Commission is well-informed of the special problem of the steel mill in Ireland. I have held talks on the subject with the Irish Government and with the industries concerned and we are convinced that in Ireland, as indeed elsewhere, we must arrive at a form of industrial restructuring which will guarantee stable employment. One point is still being studied: since the production of this factory will exceed the needs of the Irish market, how is it possible, by organizing industrial cooperation, to obtain an efficient and competitive tool in Ireland which will guarantee employment and be assured of disposing of its production under satisfactory conditions? We hope to find a solution which will be acceptable to all concerned.

Mr Fellermaier. — (*D*) Mr Davignon, a general survey of the situation must include an answer to the question as to whether compliance with Community directives and the negotiations with individual countries will have implications for the employment situation in the European steel industry in the short, medium and long-term. If the answer is yes, what short, medium and long-term prospects do you see and in that context how do you judge the published plans of the ARBED steel concern in Luxembourg which, in addition to its holding in the Saarland, is now trying to establish holdings in Belgium, thus concentrating its operations through rationalization and reducing the number of workers employed, the result being higher unemployment?

Mr Davignon. — (*F*) One of the basic reasons for which the Commission has acted in the steel sector and adopted a firm policy suggested by the Treaty, is precisely that we find ourselves confronted with a problem which is not strictly economic but also social and regional with a strong bearing on employment. The steel industry employs 800 000 workers: that is a key factor in our programme.

In the shortterm we are taking measures aimed at improving the market situation to avoid having to close factories faced with bankruptcy because of the sharp fall in prices or to flood them with subsidies making restructuring impossible. That is why our programme to control the crisis comprises a first phase which consists in recreating the conditions of reasonable operation.

Moreover since the crisis in the steel industry is not only cyclical but also structural in nature throughout the world, the creation of a steel industry capable of facing up to the difficulties through its own resources necessarily leads to a loss of jobs. What can we do for an industry which is no longer expanding? We are trying to propose the instruments capable of creating the maximum possible employment stability because they are efficient and competitive and we want to allow other industrialists the time necessary to adapt. That is why we are negotiating with third countries to achieve solidarity in our efforts to control the crisis.

It is also obvious that we cannot hope to achieve an internationally competitive steel industry without simultaneous action for reconversion and in the social sector, in other words action to create new jobs to compensate for the employment that has been lost; otherwise we are liable to find ourselves in a blocked situation which would not be acceptable to the Commission. We have therefore increased our financial resources for intervention to enable new industries to be created. We have also increased our social credits to allow for training measures, retirement and allowances during the transitional period.

This is therefore an overall problem without restructuring, the whole industry is facing a crisis but restructuring is inconceivable without social measures and reconversion. In the Commission's view, those two types of action are inseparable.

Mr Müller-Herman. — (*D*) I wanted to put two questions to Mr Davignon. There are not only steel producers but steel processing companies. After the measures taken by the Commission how do you view the situation of the steel processing companies which have to maintain their international competitiveness with prices higher than those charged on the world market? This too has a bearing on employment.

Secondly could you indicate whether the measures now taken might perhaps slow down the process of restructuring which is so urgently necessary in the steel industry, or do you think that with the present measures you have any certainty that the structural adaptation which is so necessary to achieve long-term international competitiveness will not be impaired?

Mr Davignon. — (*F*) This is a point on which I spoke too briefly in my reply. A resumption of activity in the Community steel industry creates certain problems for the users. That is why we have begun by clarifying the situation which enabled them to maintain their current contracts in cases where contracts had been concluded in good faith below fixed prices.

Secondly we have analysed with them the true repercussions of this increase in steel prices on their own prices. Steel represents 15 % of the costs of the automobile sector but as much as 80 % in the shipyards. We must therefore take account of that margin. In fixing prices we try to ensure that they are not higher than those charged on the domestic market of the principal competitors. In the metal fabrication sector prices are even higher in Japan and the United States than in the Community. That is a point which we are at present discussing with the users: for the first time they are in the same situation on the domestic market or in the EFTA countries which is an advantage to them. We are also discussing discounts which might be granted to make them competitive in relation to third countries.

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On the second point, we are trying to ensure that the domestic prices simply enable the industry concerned to face up to the present situation rather more flexibly than hitherto but there can be no question of the industry failing to adapt to changed circumstances because of these prices. If the effort of restructuring were to slacken because the industry was able to develop behind an artificial protective barrier, we should certainly correct our measures.

Mr Hans-Werner Müller. — (D) Mr President, Mr Davignon, you have held out the prospect of substantial Community aids for restructuring in the steel crisis and the programmes also make provision of this. These aids are, however, added to those granted by the individual Community countries to their own steel industry. Do you think that this might create distortions of competition in the steel industry? May such distortion occur, and if so what does the Commission think about it?

Mr Davignon. — (F) The Treaty is perfectly clear. It stipulates that national aids may not be granted in the steel industry without the agreement of the Commission of the High Authority. That means that as soon as we have established our general objectives and defined the general strategy within which the industry will be responsible for seeing to its own restructuring, we shall ensure that no national aid runs counter to the aims of restructuring — and we have the means of doing so.

President. — I call Mr Jahn on a procedural motion.

Mr Jahn. — (D) Mr President, on behalf of a number of colleagues and in my own name, I should like to make the modest request that in future plenary sittings should not begin until the last constituent meetings are over so that we can all take part from the start in such important debates as this, especially if we ourselves would like to put questions. I cannot now ask to put my question because I have not heard the answers to previous questions.

President. — I do not understand the reason for your request, Mr Jahn. Our proceedings were begun at the time laid down in the agenda and all Members had the opportunity to take part.

Mr Jahn. — (D) Mr President, you have misunderstood me because the constituent meeting and elections of the committee officers were still in progress, the Members involved could therefore not be here punctually at the time stated on the agenda. There might be now an impression that they neglected to be present for their own questions.

President. — I call Mr Notenboom.

Mr Nootenboom. — (NL) Mr President, assuming that this was the last question on this point I now

have the honour to request on behalf of the Christian-Democratic Group, that a debate be held on this subject after Question Time. We should very much like to give more attention to various aspects of these problems and that can only be done if extra time is allowed. Hence our request. This possibility was already discussed yesterday with the group chairmen.

President. — I declare the first part of Question Time closed.

14. *Debate following Question Time on the situation in the iron and steel industry*

President. — On a proposal submitted by Mr Notenboom, on behalf of the Christian-Democratic Group, we shall now hold a topical debate, pursuant to Rule 47B of the Rules of Procedure with a time limit of one hour, on the situation in the iron and steel industry.

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

Mr Schwörer. — (D) Mr President, Ladies and Gentlemen we have asked for this topical debate because we believe that the aspect of the steel consumers has not been given sufficient attention. The automobile industry is not the only user of steel; there is the large mechanical engineering sector in the Community, an industry which consists predominantly of medium-sized undertakings and, taking the example of the German industry, sells two-thirds of its output on export markets, a second important figure is that one-third of the costs of the mechanical engineering industry is accounted for by the raw material — steel. The steel processing industry is having to struggle hard and my group and I cannot accept that the steel processing industry in the Community should have to bear the full load of this new minimum price regulation.

Mr Davignon, you gave an example of prices just now. I also want to quote an example. The export price of European steel bars is DM 420 per tonne f.o.b. Antwerp and in the Federal Republic of Germany we have a target price for the same steel of DM 635, in other words 50 % more than the world market price for the same steel. The European industry exports 25 million tonnes per year at world market prices.

I wonder whether the sales are to be permanently compensated by the 50 % higher prices within the Community? Are the domestic prices meant in practice to subsidize foreign sales? That would be intolerable. At the last part-session of the European Parliament here in Strasbourg we debated the Notenboom Report dealing with the situation of small and medium-sized undertakings. In that report, the Commission and all the political groups sang the praises of small businesses and promised them their support. I

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therefore think we should consider whether this important sector can reasonably be burdened so heavily and indeed placed at risk by such Community measures.

I would like to quote just one figure: in the Federal Republic 13 times as many people are employed in metal processing as in the steel industry; in terms of the number of employed, the steel consuming companies employ 13 times more people than the steel producers. And if it was intolerable in the past that in certain Community countries the tax-payer should have had to foot the bill for the losses of the major steel companies, I think it is even worse for the steel processors to be required to pay out without any option of falling back on cheaper foreign materials. In this way millions of workplaces are being put at risk. These steel processing concerns must now compete with third countries which already have advantages in terms of wage levels and social costs. Now they are enjoying the added advantage of being able to buy their steel much more cheaply. How is this great European industry to continue to exist let alone expand? I wonder what the result will be when the burden is shifted from the big companies to the small and medium-sized concerns, thus endangering the necessary and important secure market basis for the steel industry. Surely that cannot be in the interest of the steel producers.

This is always the case where the processing concerns cannot pass on the steel price rises because of the competitive situation. I have heard of a great many instances where this applies and fixed prices prevent allowance from being made for the higher steel prices. But where prices are raised because of this massive increase in the price of steel there is another negative consequence: the high rise in material prices frightens investors of further investment in many plants and thus holds up the process of cyclical recovery. Mr Davignon, the Commission should consider what further action it can take to stimulate the general economy, especially through measures to promote private investment which is at present the worst placed. If the investment situation were better the situation of the steel producers would also improve...

Mr Fellermaier. — (D) With better investment control...

Mr Schwörer. — ... As I was saying, with better investment conditions the situation of the steel producers would improve. I am sure you too take an interest in that, Mr Fellermaier. The minimum price solution will simply bring further difficulties without solving those that exist already.

I would ask you, Mr Davignon, for a clear answer whether the Commission is prepared to take the action recommended in the Notenboom Report and to refrain from introducing any new Community regulations which are detrimental to small and medium companies. I should like to hear your answer on that.

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

Mr Ellis. — Mr President, I am very happy to take part in this debate on behalf of my group. I feel that, desperately serious though the position is in the steel industry, many people still do not seem to have appreciated quite how serious it is. Moreover, because of its serious nature the measures to do something about the problem are inevitably going to be difficult and are going to hurt a lot of people. It is a question simply of being cruel to be kind.

In an attempt to point out how desperately serious the problems confronting the steel industry are, perhaps I might give a few figures concerning the position in America and Europe and in my own country, about which I can speak best. The plain fact of the matter is that in 1958, the last year that America imported less steel than she exported, there were 540 000 people working in the steel industry in the States. Last year, that figure had dropped to 370 000; and during the course of last year 20 000 men were sacked from the industry and there were 60 000 either on short time or temporarily laid off. And the estimates in Washington are that if nothing were done about the problems facing that country — imports of steel and so forth — another 30 000 people at least would have to be sacked from the industry this year.

The same sort of thing, of course, applies to Europe, where at present we have 100 000 people out of a total labour force of something over 700 000 either on short time or having had to be laid off temporarily. In my own country, we have had a problem in the steel industry which has been clear to us for many years, and I am sorry to say that we failed in my country to tackle the problem way back in 1972. And that is now 6 years ago. Monies were made available to try to restructure the British steel industry; £3 000 million were made available in 1972, and I suppose that is now equal to something like six or seven thousand million pounds. And one might add that, up to a couple of years ago, hardly a penny of it had been spent because of the failure to grasp the nettle, really to get stuck into the job of doing something about the problem. But Nemesis is inevitably going to overtake us, and it is really, I feel, thanks to the Commission that at last there is some evidence that something is going to be done, that some backbone is now being put into the politicians in my own country — and when I say my own country, I am thinking specifically of Wales. There is a proposal there now to close a steel-works, and a third of the monies that are required to bring about this particular closure is coming from EEC funds. The British Steel Corporation estimates that the closure of this steel-works at Cardiff will cost £9 million, but that if the steel-works were not to be closed, then, over the course of the next two years, it would cost £20 million pounds.

I have given all those figures to try to illustrate and to ram home the point that we are in a desperately serious position. And, of course, the seriousness has

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been growing more and more over the last decade or more — since, I suppose, the end of the fifties, when the Japanese industry began fundamentally to restructure, as it were, the world steel industry. It is a staggering thought that a little over 20 years ago Japan, an island state with no coking-coal and no iron ore, was producing about 2 million tonnes of steel a year. She is now producing about 90 million tonnes. That sums up the situation confronting countries like those of the EEC who have been resting a little on their laurels and now are having some very difficult problems to contend with.

This development that went on in Japan is of course, also going on in many other countries, and it is interesting to see that less-developed countries, countries like Korea and so forth, are now producing an increasing share of the world's steel and are accounting for an increasing share of world steel exports. I see that in 1957, for example, Third-World countries, to use the term loosely, countries outside the main steel-producing countries — the United States, Japan, the EEC, Russia and China — produced about 16% of the world's steel. They have now reached 28%, and people in those countries say that they are going to continue this trend. So the problem is extremely serious and it has to be tackled.

Now I can sympathize with the steel consumers, those who buy steel, and I should to put a question to the Commissioner which arises out of his answer to Mr Osborn. I got the impression from that answer that the Commission accepts, at least in part, the allegations that the British Steel Corporation and the British Independent Steel Producers' Association together have gone beyond the measures of December 20 and may well have been acting illegally in respect of their arrangements with stockholders and so on. Now, I wonder whether Mr Davignon could tell us whether, as a result of his approaches to those two institutions, they have now in fact modified their policy. I understand that it is only two or three weeks since he saw them, but I think he has now had sufficient time to be able to tell us whether under this voluntary arrangement he has been successful in getting those particular institutions to modify their policies in a way which would meet, at least in part, some of the complaints coming from the steel consumers.

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

Mr Normanton. — Mr President, may I very briefly contribute to this debate, firstly by offering congratulations to Mr Schwörer for his initiative in drawing to the attention of the House, and of all involved in the industry, the extremely critical situation faced by the State-owned British Steel Corporation. Because that really is, in my opinion, the heart and core of this question, although perhaps Mr Schwörer may not have had that in particular in mind. As spokesman for the European Conservative Group, I am totally opposed — and my group, I know, backs me unreser-

vedly on this — to the policy of the State's increasingly taking over responsibility for the manufacturing processes of our economy. It would be very easy for me and my group to attribute the crisis in the British Steel Corporation to State interventionism — Mr Ellis has already rightly and justifiably made critical comment on politicians. Nemesis is going to overtake each and every section of those sectors of the economy in any Member State which ignore the economic facts of life. And the economic facts of life are unreservedly, and without any concessions whatever, that the European economy has got to be competitive on a Community and European basis. There is no possibility — and surely the crisis in the iron-and-steel industry should have brought this lesson home by now — that a single sector of any major industry of the European economy can stand isolated from what is going on in the Community and remain effective on a world basis. That surely is the lesson which we should have learnt by now.

Mr Ellis referred to Nemesis being about to overtake us: — it inevitably will, unless we, as Members of this House and of our own national parliaments, recognize that common problems can only be solved by common solutions. I endorse very strongly the action of Mr Davignon, the Commissioner responsible, in courageously trying to put into operation a Community approach to this problem. The message should certainly go out from this House that the view of our group — and I think of most of the political groups in this House — is that myopia, regrettably, is still influencing the taking of decisions on matters such as this problem in the steel industry at Member-State political level, in defiance of the facts of the situation.

May I therefore give Mr Davignon every encouragement to proceed on a common policy to deal with a problem which is common to each and every sector of the iron-and-steel industry.

There is no alternative, and the sooner this House knows it, confirms it and puts that message firmly on the record, the sooner there will be a chance for each and every major industry to look forward constructively to the future and stop indulging those who believe that the State will protect them from the economic facts of life. It cannot, and it never will.

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, Ladies and Gentlemen, I want to add a word to the comments made by my colleague, Tom Ellis, on behalf of the Socialist Group, but I want also to comment on the conduct of undertakings not only in the steel industry but also in other branches of industry and in other sectors of the economy. When everything is going well we are told that the good results are due to the enterprises themselves, but when things turn bad it ceases to be a problem for the undertakings and apparently becomes a problem for the public authorities which are called in to help. It is unfortunately a fact that when economic circumstances are difficult the

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State is always called upon to assist and State subsidies or cheap loans and so on are demanded. But can things go on like this? Either you want one thing or the other, and if you try to combine both something must be done to take account of the public interest which comes into play in this context by making the necessary funds available.

The question then arises which Mr Fellermaier put, if only as an example, during Question Time. I did not hear an answer by the Commissioner to Mr Fellermaier's question about ARBED. I could quote other examples. In 1973 when the situation in the steel industry was buoyant, it failed to take the necessary action and we could probably then have achieved transfers of workers more easily than in the present economic situation. Today we have to work with public funds and a question arises as to what action is being taken? What are the Commission's views on restructuring and on social security for employees to ensure that economic difficulties are not passed off onto the weakest link in the chain, namely the workers? If jobs do have to be given up, what ideas are being developed on social security on the lines of the social plans with which we are familiar in the Federal Republic? The Commission must clarify with the Member States how the steel industry on a scale necessary for the foreseeable steel market in the medium-term is to develop according to the necessary political criteria.

I should be grateful, Mr Davignon, if you could give a rather more detailed answer to this question than you have so far. As I said, I heard no reply to Mr Fellermaier's question.

Allow me to make a further remark. It relates to consumers but perhaps also to stockholders. I touched previously on a marginal problem relating to anti-dumping. Is the Commission prepared, in the area to which I referred earlier, to prevent the national customs authorities from acting according to this arrangement in the interim? If it is not, jobs will be lost wholesale, because some stockholders are simply unable to bear the burden of the kind planned at present because the levies are far higher than on normal steel qualities.

Mr Davignon, I have mentioned a number of problems which we shall have to discuss in this context and even in a topical debate we shall not have time to clarify the whole issue. One further point: if we give public assistance in our countries through the Community, we should make sure that the aid does not take the form of wasted subsidies but is paid back in full in due course, under specially facilitated conditions at present. It is quite unacceptable for public aid to benefit solely the owners of undertakings and no longer flow back to the public. We raised the same subject on an earlier occasion in dealing with the financing of coal stocks. But it seems equally appropriate in this context.

I shall confine myself to those remarks.

President. — I call Mr Müller-Hermann.

Mr Müller-Hermann. — (D) Mr President I did not actually wish to speak but since you have called me I shall say a few words.

I have never concealed my doubts about the principle of minimum prices because there is a beginning and no end. What happens is a chain of circumstances as we have on this occasion. The Commission is in a very difficult position. The problem is unusually complicated. There is one remark by Mr Lange which I fully endorse: it is a fact that many companies failed to grasp the opportunity for restructuring and adaptation in the phase of economic buoyancy, perhaps because the pressure of competition was not strong enough in every country to force them to do so. It is extremely difficult to undertake structural adjustments now in a phase of low economic activity and unfavourable conditions of international competition.

The state may be criticized for failing to exercise the necessary pressure when the economy was flourishing to compel undertakings to adapt and, Mr Lange, the public authorities may be criticized for not always having created fair and equal starting conditions in international competition, however, difficult that may be ...

Mr Lange. — (D) Mr Müller-Hermann, state intervention was certainly called for but the owners of the companies rejected any intervention.

Mr Müller-Hermann. — ... No, no, you must make a clear distinction here. The State and the politicians must see to it that the framework conditions are correct. But the undertakings must be called upon under their own responsibility to respect the market conditions not just at present but also in the future — and that is the problem.

I want to make one last remark directed at the Commission: just as I had my doubts about the principle of minimum prices — although I realize that the problem is difficult and recognize the goodwill shown by the Commission and Mr Davignon — I also have grave doubts about the desirability of protective measures. At present there is an expanding trend to protectionism throughout the world. But let me warn you that if we wish, as a strong Community, to export more than in the past, not least in the interests of employment, we shall be creating difficulties for ourselves if we resort to protective measures, however cautiously, in this Community. I therefore urgently appeal to the Commission to bear in mind that these measures must be brought to an end because the maintenance of these measures is liable to do more harm than good to us all and in particular to our workers.

President. — I call Mr Osborn.

Mr Osborn. — Mr President, last Friday I attended a meeting in my city, Sheffield, where the prospect of rising unemployment, and particularly youth unemployment, throughout the summer reflects that in many industrial areas throughout the Community. Therefore, I welcome Mr Schwörer's initiative and the opportunity for this Parliament, as well as the Committee on Economic and Monetary Affairs, to hear the latest views of the Commissioner, Mr Davignon. The hard fact, Mr President, is that steel is now being sold in a buyers' market. Users may feel they are paying too much, that prices are too high, but they should also bear in mind that low throughputs raise costs of production and consequential losses, and this is a fact that all users must face up to. We as politicians must understand that aspect as well.

Mr President, price-cutting destroyed my city in the 1930's. Users were able to destroy the producers and the capital that was there. This also happened in other areas. In the 1930's in Great Britain the trade associations grew. They were also price-fixing associations. The iron-and-steel industry had a price arrangement until nationalization, but in allied industries these continued until the Restricted Trade Practices Act.

The industry I entered in 1941 as an apprentice, and again re-entered, was an industry where producers came together. That is why I have raised the question: is 'Buy British', 'Buy European', necessarily wrong, and are we satisfied that there are no cheap inroads into our stockholders and into our markets? That is why I ask the question; is the Commissioner, Mr Davignon, satisfied that the pricing arrangements which have been agreed within the European Coal and Steel Community are being applied at this time of real strain, and that the producers can come together to discuss this without being chastized by the competition directorate?

I support my colleague, Mr Normanton, by condemning the fact that state industries are making huge losses, but I hope Commissioner Davignon will regularly keep us informed on what the tonnage and value of sales of all the Community steelworks are — the losses and the profits — so we can have up-to-date comparisons and know what is happening.

I will conclude by raising three big issues. Reorganization, restructuring and particularly, capital investment in new plant, must continue, firstly, to replace old plant; secondly, to ensure higher productivity; and thirdly — and this is by far the most important — to acquire new apparatus that gives us the high quality to ensure that competitiveness in Europe which other countries, in the Third World, the Far East, and elsewhere, have gained.

There is also the question of the siting of steel plant. Can we maintain the siting of steelworks in the Community bearing in mind that coal, at \$ 35 a ton,

as against \$ 55 a ton, is available throughout the world, and iron ore is cheaper and available at other sources?

Thirdly, I value a revised schedule, not only within the Community and European countries, but throughout the world, of the world demand for steel, the European demand for steel and the capacity that is now likely to be required to meet it — not over the next two or three years, but over five, ten and fifteen years. A reappraisal on that scale would condition our thoughts at this time of very great stress, and I wish to support Commissioner Davignon in a very difficult task at this time.

President. — I call Mr Masullo.

Mr Masullo. — (*I*) Mr Davignon, it seems to me that two basic lines of thought have emerged from this debate. Some speakers favoured interventions while others objected to it. I find all this extremely surprising and I have asked to speak because in my view intervention can never be conceived as a mechanical response to a particular set of circumstances.

If we are trying to build a European Community and to breath life into a Community reality, it is obvious that the instruments at our disposal and the political and moral authority in which we can place our trust must be brought into play to overcome this kind of dilemma which is always insoluble through an interventionist or non-interventionist approach. We must take the path of programmed development; that holds good for the specific sector of the steel industry, although we must proceed with all the caution required by the complexity of the problems at issue. While it is true that steel policy has an enormous weight on the development and crisis of the world economy — especially in the Community countries — it seems to me that one point on which we must begin to agree is the need to embark upon a programmed policy in the medium and long-term with commensurate immediate forms of intervention.

Our agencies — and in particular the commission — must therefore study this problem and put concrete proposals to Parliament which will not be designed solely to overcome the short-term situation with all the criticism which may be made in all quarters of short-term measures, but on the contrary will lay the foundations of an overall forward-looking policy and strategy or — and I believe this is the term now used in the most modern economic and political circles — a programmed policy.

President. — I call Mr Prescott.

Mr Prescott. — Mr President, having listened to this debate and not having originally intended to intervene, I cannot help but comment on the hypocrisy in some of the speeches that have been made — apart from the obvious ones, like Mr Normanton, who constantly sees everything so wrong in state interven-

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tion. I think my comrade Mr Lange made it clear that in these circumstances the problems are so intense that, be it the state, the Commission or the cartel, some form of body will have to come in to attempt to regularize a situation which is in the nature of a crisis. We have many examples of that, whether private or state.

We wholeheartedly welcome a debate on such a fundamental problem as steel. Mr Schwörer's basic point — a legitimate point — was that the result of interfering with the minimum price of a product to other industries raises the cost of that product and so increases their costs in general more than is necessarily required — indeed, 65 % higher prices are being paid — and he made the powerful point that 13 times as many people are employed in these industries dependent upon steel as a basic raw material. But I have never heard too much from Mr Schwörer about the other basic point that the Common Agricultural Policy achieves exactly the same thing: its prices are higher than the world market prices. Now the subject of Mr Schwörer's basic complaint is exactly at the heart of the only Community policy we have at the moment, which is to keep at a moderate level the prices of basic food products which keep people alive to work on the production line in fact we all pay more than the world market price. I have not seen him in the lobbies with us, calling for changes for reform of the CAP.

So that, I think, is one basic point we have to concede: we are in a situation where we are prepared to take measures, on a European scale, to achieve a particular purpose. No laws are sacrosanct: in this situation we are prepared to operate market controls. That is the first political point that one has to recognize in this debate. It is not a matter of approving controls or indeed of opposing a higher price if that be necessary; it is whether that price is necessary and justified in the circumstances, and I do not think that that has been proved at the moment.

The steel industry is going through a recession that has lasted twice as long as was predicted and twice as long as has been the experience in the past. Why? Because we know for a fact that many of the industries which are dependent on steel are facing cut-backs themselves. A low rate of growth in the world economy is going to be our common destiny in the immediate future, for cars, shipbuilding and all the other industries which supply the demand for the steel industry are themselves faced with cut-backs reflecting the fall in world demand. So to that extent we have a crisis, and that is what justifies the intervention of the Commission. If there is a manifest crisis, they are entitled under the Treaty — I do not particularly like it myself but I understand the argument, and it is there as part of that Treaty — to intervene. There is no doubt among us that there is a manifest crisis. If you just take jobs as one of the criteria, 20 000 were

lost last year and we are losing them now at the rate of 3 000 a month; 100 000 workers are on short time, and this will increase at a phenomenal rate — of that there is no doubt. So of the existence of a crisis we are in no doubt among ourselves.

History has taught us, if it has taught us anything in this field, that in these situations the industry has always operated through cartels. Indeed, the very essence of control by the Commission is to operate through the cartel of private owners — that is in fact what we are doing — because we have no power to exercise controls, and as a Socialist I am not very happy that we should operate by giving powers in order that capitalist or private industries can be well prepared for crises and can recover some degree of efficiency and competitiveness.

The days of efficient competition are finished, and it is about time we began to recognize that fundamental fact. The Japanese are beginning to realize it with regard to Brazil, Taiwan and South Korea. When we went on a delegation to America, the Americans advanced the same arguments against us about European steel coming onto their markets. The question we have to recognize — and I think the Commission is right in addressing its attention to this — is how you regulate a market when there is an excess capacity and when we have a moral obligation to help the Third World develop and give them access to our markets: how do we regulate that situation? We can argue about the means, but what is true is that it will be at a higher cost. The idea that you can expect a solution at the lowest cost, that the price of steel will now be determined by supply and demand, as envisaged in the Treaty, is finished. Because if that idea were true all the exports could come from Brazil and Taiwan and you could write off your steel industries in Europe. The problems facing the Commission are: how we maintain a steel industry, what size it is to be, how we are to regulate it and what we do in the transitional period. I obviously support the Commission's attempt to solve these problems. Another question is what the nation states will have to do: you know, frankly, my own views on the role of the market, but what is true even for me is that in inter-continental bargaining between all the countries that have been mentioned by the Commission, we are stronger when we bargain on a European plane than as individual nation states. That is the political reality of the new world economic order — *pace* Mr Lange, who always challenges this expression of the 'new economic order'. It is like the argument about the elephant: I might not be able to describe an elephant, but, by God, I know one when I see one. That is exactly the point with the new economic order.

So, Mr President, there is not much time left to speak further on this. I am not happy that we are giving over to Europe and to private companies that control which in effect is required, but I am happy that the Commission recognize, as they have done in

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committee, that we are going to have to control markets in some way or other: the heyday of free trade and low producer costs is finished, and the quicker we appreciate that fact, the quicker we shall be facing the reality of the situation.

President. — I call Mr Starke.

Mr Starke. — (*D*) Mr President, I wish to speak very briefly and my remarks have a bearing on something that Mr Prescott said just now.

I found — and I hope my impression is shared by Mr Davignon — the comparison drawn by such a prominent Member as Mr Prescott between European agricultural policy and steel policy, extraordinarily interesting. We must bear in mind a comment made by my colleague, Mr Schwörer, namely the consequences of the measures now been taken in the steel production sector for the steel processors. If you travel through my own country, Germany, and talk to the people concerned they ask you the same question as they would in Belgium or elsewhere: what are we to do? The Japanese will now capture the markets of third countries from us because they are able to work with cheaper steel. I am quite sure Mr Davignon would say to us that all these matters will be looked into and analysed, followed by negotiations. I am sure there will be a great many negotiations.

But to return to my colleague, Mr Prescott. His question is completely justified. But I hope that, in replying, Mr Davignon will bear in mind the question put previously by Mr Schwörer: what is to happen about processing? In Germany the steel processing sector employs 13 times more people than the production sector. The situation must be the same elsewhere and we know that in agricultural policy the processing sector has to be included — you can reject that policy if you like, but if it is pursued the processing sector must be covered. We cannot treat the canning industry and the food industry in Europe in the same way as in the United States while at the same time pursuing our agricultural policy. That is impossible. That is why there was a quite different system of agricultural policy in England.

This comparison is therefore extremely interesting in relation to the answer which the Commissioner will give us. We must not underestimate the problem of processing. I want to touch again briefly on the textile agreements. Although that is quite a different subject, we all know that there have been broader implications. There were predecessors in the shape of textile agreements. There was worldwide competition extending to our own market to which forced structural changes had to be made, with great difficulty in the Federal Republic. But the structural changes were successfully made. Anyone who has looked into the problem must surely agree to that. Here the situation is different and far more regulations are needed, not perhaps for the reasons which you suppose, Mr Feller-

maier, but for reasons inherent in the nature of the problem and the system of the steel industry. All embracing regulations are vital here, Mr Davignon, and I believe we are extremely keen to see how you will deal with the steel processing and metal industry in rather more detail than you did in answer to the first question. For how long is the processing industry to be left to manage on its own? To what extent will the system be broadened to include it?

That brings us to the question touched on by Mr Prescott. In agricultural policy appropriate action was taken and action has now been taken for steel. But I do not think — and here I agree with Mr Müller-Hermann and am also turning to Mr Prescott — that the problem of unemployment can be avoided in the steel industry or in other sectors because once the present minor boom in the automobile sector has passed, the automobile industry will begin to look to Japanese steel suppliers, and, Mr Davignon, you know what a terrible problem is in store for us there. We shall not then be dealing with a subject like agricultural policy which has always been a special area. We must now be quite clear in our own minds where all this is leading. That is the central problem, or at least that is how I see it.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (*D*) I should like to put a question to you, Mr Starke.

I cannot do that directly now in the shape of a question but I shall do so indirectly to give you the opportunity of clarifying the matter in your group, because we should conduct this debate in a spirit of intellectual honesty to clarify our different positions.

If I have rightly understood your interpretation of Mr Schwörer's views of the problems facing the processing industry, it seems to me, Mr Starke, that you actually favour an extension of the control instruments of the High Authority to the processing industry because — I am putting the leading question because we must clarify the positions of the groups — you cannot, and this is where the differences begin, speak of investment promotion, which was a leitmotif in the remarks by my Christian-Democratic colleagues, without at the same time answering the central question of whether stronger controlling mechanisms are necessary so that the events which occurred in Cardiff, to which Mr Ellis referred, are not repeated, namely that State subsidies are used to build up something which is eventually dismantled so that taxpayers' money is used twice and ultimately the workers concerned foot the bill. If the question of the processing industry is to be considered, as Mr Starke has done, you cannot avoid the issue of the extension of controlling mechanisms. And we must conduct our debate in such a way that there is clarity on the legislative side, because it will then be easier to obtain a suitable reply from the Commissioner responsible.

President. — I call Mr Starke.

Mr Starke. — (*D*) Mr President, I understood those remarks as a question to me and wish to respond quite briefly.

I must say that I failed to understand certain points, because I said quite clearly that we are dealing here with a question about steel and Mr Schwörer asked: what about the processing industry? A reference was made to agricultural policy and I said: think where that is leading. If you start with the farmers you have to go on to the food industry and you have to do so on a large scale. That is the problem. I then said — and I know this better than you probably do — that I would like to hear from Mr Davignon how he intends to continue the work begun with the powers of the High Authority under the ECSC Treaty. You cannot overlook the fact that the processing industry is facing problems. That is my answer to Mr Fellermaier.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (*F*) Mr President, a number of fundamental questions and a number of specific questions have been put in this debate. I hope Mr Schwörer will bear with me if I begin by explaining the action which we are trying to take in the steel sector before turning to the problem of the processing industry; otherwise we shall be inverting the pyramid and I do not think that is a good way of dealing with these problems.

Looking back to the point of departure we find a perfectly clear fact: the Treaty of Paris gives the High Authority — now the Commission — specific powers to ensure a healthy market in the coal and steel industry in the Community. Who today would not agree that the steel industry is living through the gravest crisis it has ever known? Given that our companies are working at only 59 % of their capacity and that we are faced with the employment problems described by several speakers, namely short-time working, loss of jobs and — ultimately even more serious — uncertainty about the future for all those who are employed in the steel industry, we can see where the problem lies. In addition steel products have been imported into the Community under conditions which conflict with international rules to which we have subscribed. That is the context in which we have to work.

But beyond this legal obligation the Commission believes that there is a fundamental political problem: What is the use of Europe and the Community if it remains indifferent to the difficulties in an area like this? Clearly restructuring, adaptation and reconversion cannot be effected at national level. Why? Because no one can know whether the effort made by one state for its steel industry will or will not lead to an improvement in the general situation. And unless

action is taken against the background of an overview of the situation and after defining what is necessary at European level, nobody will be able to make the necessary effort on his own.

This is a highly specific instance in which a determined approach by the Community provides a political example of what Europe can do to solve a number of problems.

That being so, I think Mr Lange is right to say that we must begin by defining our objectives. It is quite true that I replied too briefly to Mr Fellermaier's question just now but it was not I who chose the procedure consisting of answering an urgent question in which I had to be brief only to find afterwards that I would have time to explain my views in general. I say this without any trace of animosity but, I repeat, I did not choose the procedure. I therefore apologize to those Members to whom I gave brief answers.

I shall now reply at rather more length. It is true that we are facing the situation so aptly described by Mr Prescott in which certain basic industrial sectors, not only steel, are undergoing a process of structural change because the times have changed; the situation facing us is very complex and we find that a country like Japan has developed an industrial technology enabling it to produce at prices lower than our own. Now Japan is in direct competition with us on the market. But there is one point which I should like all those who are interested in the processing industry to remember: prices in Japan are higher in that sector than prices in the Community. In other words the prices paid by Japanese processing concerns are higher than those paid by their counterparts in Europe.

The American market represents a second situation: here prices are even higher than in Japan because the United States has to some extent limited imports on its market. At a time when demand is constantly falling while new production capacities are being opened in Brazil, India and Saudi Arabia, we find ourselves faced with increasingly keen competition on the market of third countries and on our own market. That is how matters stand at present.

And so we must ask ourselves a question: What level of steel industry activity do you wish to retain in Europe, given that there are economic problems, i.e. the ability to produce under satisfactory conditions, and social problems, i.e. the situation facing us today and in the future? It is not for me to pass judgment on what has happened in the past; it is for us to consider the situation now facing us and it is true that from time to time we are faced with the situation described by Mr Lange, namely that it is now very difficult to support the consequences of earlier mistaken judgments on investment. This is what we have to examine together and it seems to me to be a second fundamental issue.

Davignon

But there is a third fundamental point: the need to give thought to the level of steel production necessary to supply the Community's domestic market. Is the European Community to become dependent on outside sources of raw materials and semi-finished products? Are we to work solely on the basis of the level of import prices with all that implies? Everyone knows perfectly well that in a period when competition is keen prices remain at reasonable levels but we also know what happens when the Japanese gain 60% of the market for television tubes. And then what happens? The price of those tubes goes up again and who gains in the process? Certainly not the consumer, especially when our own industries have disappeared. I do not see that approach as a progress for Europe. In other words we must define a general objective for the steel industry in Europe, working on the basis of these three considerations and not just on one of them.

This we have decided to do. And we are at present holding discussions with the producers, countries and trade unions to define in the second half of this year what we call general targets. We shall be discussing them with the Parliament's Committee on Economic and Monetary Affairs. Our task will therefore be to determine the steel production capacity which we need for all these reasons. And then, once we know what the needs are as a function of the estimated demand, we shall see how to ensure that the producing industry is as competitive as possible within these target levels. Here the factor of solidarity will come into play and we shall have to make sure that those countries whose industry requires the greatest adaptation bring the necessary changes about, and do not continue to operate by taxing more efficient industries, thus depriving them of their basic advantage. This problem was raised by several of you; it is a delicate problem which needs detailed discussion.

Finally, we shall have specific instances where there are concentrations or groups which increase their productivity; ultimately that should make for progress. For traditional political reasons, the steel industry used to be systematically confined to national territories. There is no transfrontier cooperation in the steel industry sector. But when you have two factories on sites only 50 kilometres apart, manufacturing the same products, it is unreasonable to allow them to continue to compete with one another simply because they are situated on either side of the national frontier; if we do that we double capacity which we need. The days when productivity was calculated solely on an economic basis have passed. What did those calculations mean and why do we have too much productivity? The reasoning was this: the Japanese produce a tonne of steel at such and such a price, let us also produce a tonne of steel at the same price as them. How can we do so? And so investments are calculated

and productivity gains worked out; capacity is tripled but one thing is forgotten: the market does not need these capacities so that the whole reasoning is unfounded.

That is the difficulty facing us today. But what are we doing about it? We stand by indifferently or try, within the limits of these general objectives, to ensure that the best possible forms of cooperation enable the existing instruments to be used most effectively; and those instruments are capable of further improvement on the basis of industrial cooperation. We must then examine the various projects and see whether these cooperation formulae correspond to our objectives.

Will this situation also have repercussions on employment? I can only repeat what I have already said to the Consultative Committees and to the trade unions: if we want to maintain a viable steel industry — and God knows we want to do that! — we shall have to accept that it must be on a different scale than hitherto. It will have to be scaled down because, bearing in mind all the factors I have quoted and which Mr Prescott summarized so well, we are confronted with the need to maintain an industry while also taking account of the rest of the world. We must then find answers to the social problems which arise but — as the Italian Member clearly indicated — the choice is not between intervention or non-intervention but between a good policy and a bad policy.

When it comes to employment we must ensure that the greatest possible number of workers of all kinds have a future in the steel industry and that will only be possible if the steel industry is rationalized. For those who cannot have a future under the same conditions we must work a precise programme and I can give an assurance to Mr Fellermaier and Mr Lange who put the question to me — that is why in my very brief reply now I used the word 'indissociable' to point out that the Commission cannot accept a restructuring programme without a simultaneous social and reconversion programme — that we will not agree to progress in one area without simultaneous progress in another. Of course this also implies greater economic cohesion at Community level than exists at present because we shall not do what is necessary through sectoral measures alone. We shall attain our ends through a concerted economic policy — sectoral policy will help but it is not enough. Otherwise we shall not be creating the conditions to encourage the investment which is so necessary in the growth sectors; here there is room for a wide-ranging debate which I should like to see take place one day in Parliament because this raises the whole question of the conditions we need, not simply to manage the crisis but to overcome it — and that is something quite different.

Davignon

I think then that the general programme which we envisage is very important. And then the question arises as to whether we must take a protectionist attitude. Mr Müller-Hermann put that question and Mr Starke took it up again. My answer is no. We must not pursue a protectionist policy. Why? Because a protectionist policy implies hiding behind an artificial wall to pretend that the outside world does not exist. We cannot run that risk. It is therefore important for us not to put an end to imports into the Community; but it is equally vital for the Community no longer to be an area in which products that no one would dare sell at similar prices on their domestic market can be dumped on any terms, thus favouring all kinds of speculation. It is not the rule of international cooperation to allow products to be dumped in our countries at prices below the cost in the country of origin and in quantities large enough to cause real damage to us. What are we trying to do in this discussion? Mr Prescott put it very neatly. In the discussion we are saying: let us try to agree with the third countries; you can continue to export to us but you must export under price conditions which do not distort and disturb our market and do not prevent our industry from restructuring.

That is the whole aim of the international discussion and quite obviously a discussion of that kind can only be pursued at European level because that is the only way to make sure that others take us seriously. It is in their interest too to export to our markets at better prices. It is worth giving a moment's thought to the fact that Japan which is capable of producing steel at costs far below our own has decided that the steel industry was facing a crisis; it transpired that the industry did not have the future which had been expected and Japan has taken a whole range of national measures to adapt its industry at a time when it is already in a far more competitive position than our own. What is the result? Quite simply that Japan is also interested in seeing prices rise on the markets of third countries. In this respect I must say I was a little disappointed that the spokesmen for the Christian-Democratic Group made no mention of the fact that prices on third country markets have increased by 25 to 30 dollars per tonne since the measures taken by the Community. They have not increased by 25 to 30 dollars per tonne because the dollar has been devalued but because everybody is well aware that when demand is not rising, it is absurd and self-destructive to sell at prices which have only an incidental relationship to production costs and are not based on a proper economic foundation.

Such then is the situation facing us.

I come now to the subject of concern to Mr Schwörer and other speakers — the processing industry. I want to say to him with the sincerity and frankness which characterize our relationships, that, in all objectivity, I

did not wait for his question before looking into the matter. We indicated in a clear and precise manner when we drew up our price plan that this plan would be unsatisfactory if it merely transferred the crisis from one industry to another. That had to be avoided, otherwise we would find ourselves having to deal successively with crises which we had ourselves helped to create. That would be absurd and I cannot believe that Mr Schwörer could imagine the Commission, supported by the Member States and even by a resolution adopted almost unanimously by Parliament, could be conducting a policy of that kind.

What has happened? Mr Schwörer, what happened was that the Commission was not believed when it stated that we would take a number of measures and I heard no protests when we fixed prices at certain levels and the steel producers harmonized their rates with those prices, because everyone was convinced that the old habit of failing to observe the rules would apply yet again. And that is my answer to the speaker who asked whether our programmes are applied effectively. The answer is perfectly simple, and if they were not applied effectively we should not have heard questions this afternoon about the problems facing users because the hidden discounts, failure to observe the published rates and the whole list of commercial practices which seek to evade proper rules, would have continued; now people are recognizing their mistake and that may indeed pose problems.

I shall try now to point out the exact nature of the problem and the action we are taking to solve them. I think first that the problems must be seen in their proper perspective. The processing concerns still work mainly on the Community and European markets. Where the price of steel is an essential consideration their exports do not go beyond that geographical area. We have made calculations and would like to indicate exactly how much steel accounts for in the costs of the processing concerns. In the mechanical engineering industry the figure is 10 %, in other words steel represents 1/10 of their prices; in the motor vehicle industry the figure is 15 % while in the shipyards — and I have already said that the shipyard market was so depressed that the problem would have to be approached differently — the figure is 25 %; in the metal construction sector steel accounts for 30 % of total prices and this is a very important sector because — as you rightly pointed out — it employs a great many persons, often in fairly small undertakings. 30 % means that an increase in our prices may affect the output prices in the sector to the tune of 3 % and, in a period of depression, I certainly do not underestimate that problem.

What then have we done? Firstly, where firm contracts existed and even where those contracts had been signed at prices different from those agreed by us we recognized the good faith of the processing

Davignon

companies and said that those contracts would not result in any legal action for infringement; in other words the *de facto* situation was stabilized. Let no one say to me then that we created overnight an irreversible situation for the processing industry. That is not true. However, if there are individual cases of real difficulty they should be reported to me so that we can remedy them. The second element in the internal Community situation is that fairer competition has now been created between the processing companies because of this new control and system of verification; all the Community processing companies now receive their raw materials at the same price, which means that the conditions of competition are also the same. Through the agreements we have concluded with EFTA we have extended the situation to that area as well. This is something new and amounts to a real step forward.

As to the external market, a distinction must be drawn between two cases: the first concerns the competitors of our processing companies in the industrialized countries. They receive steel at prices which are even higher than those charged to our processing companies. They are perfectly aware of the situation because we are engaged in negotiations with them; otherwise they would not have published a joint communiqué with the Commission indicating their satisfaction at the way in which we are examining their problems. I am surprised that no mention should be made of this. The users were not forced to publish a joint communiqué with us. When an article about the discontent among the users was published in the *Financial Times*, the users' associations wrote to the newspaper to establish the true facts. They understand that there must be a measure of solidarity between the processors and the producers. Without a steel industry in Europe you need not think that there will be a processing industry working solely on the basis of imports. We are familiar with the situation: it is the same when we are dependent in our imports on the price of the raw material fixed by countries which also undertake the first processing operations. That is at present the case with South Africa which is Europe's principal supplier of manganese while also exporting ferro-manganese. We therefore have the choice between buying the raw material at a very high price or the processed products at a lower price than in Europe: the ferro-manganese industry is thus experiencing very real difficulties. The users therefore realize that there is an inevitable solidarity between them and the producers.

As to possible export difficulties where other countries may perhaps benefit from products coming from East European countries at prices lower than our own, we are at present engaged in discussions with the processing companies to establish to what extent discounts may be granted on indirect exports while complying with the Treaty to enable them to compete on the same footing with others. We recognize that

there is a problem for users (often small and medium-sized companies) in the Community and are examining with them each of their practical problems as they affect tubes, drawn products or products of initial processing; we want to see whether they in fact need a period of adjustment because they used to be alone in fixing prices when the steel industry was in such a difficult situation that it had no option than to sell at any price. Today, however, material imported and produced in the Community is offered at the same price to the processing concerns. There is therefore no distortion of the Community market. The situation is moving back into balance in relation to the major industrialized countries; there remains the question of indirect discounts which we are looking into.

As to the problem of aids it is evident that to the extent that we have a general programme we can only accept Community and national aids which are not contradictory; both must help to attain the same objective.

I have also outlined the problems of ensuring effective control following the changes in price levels. I have indicated why we want to reach agreements in the area of our external relations with the importing countries rather than working unilaterally and giving the impression that the method of dumping was used as a mechanism designed in effect to restrict the conditions of trade. Mr Lange asked me what would happen if the problem of dumping were to present itself seriously. We must examine ways of avoiding results which are in conflict with our objective and to do so we must consider every aspect. That is what we are doing at present and I think this is essential. I was also asked whether there was a contradiction between the policy we are pursuing and that pursued by our competitors.

I want to say quite definitely that all the actions concerning stockholders are pursued with the participation of all the services and Commissioners concerned. As to the specific question of whether a procedure for infringement has been opened in Great Britain because we felt that the cooperation between stockholders and producers had gone further than was permissible, the answer is no. It is true that certain rumours had come to our ears to the effect that there had been certain infringements of the perfect system we should like to see operating. We therefore sent a warning letter and not a letter setting out sanctions. To the extent that problems continue to exist we shall examine them between the producers and stockholders in Brussels with the Commission. The services of the Commission responsible for industry, competition and external relations will all be represented.

In conclusion, Mr President, the Community had no alternative to action when faced with a far-reaching crisis and I want to thank those who have supported us in our action. Of course all action creates problems

Davignon

and the only way to avoid all criticism would have been to take no action at all! I have always thought that Parliament supported us in our action and refusal to stand idly by. Our action must be comprehensive because it will lead to 50 % less unemployed, but the users too will have a few extra problems which we will have to solve.

I hope that the precise answers I have given will convince all those who show good faith — clearly they cannot convince persons who have decided not to listen. And when I see you shake your head, Mr Starke, I imagine that my remark is not unfounded. We think then that we are finding practical and specific solutions to the additional problems as they arise. The constant view of the Commission is that the existence of problems does not imply that its policy is wrong: problems arise and justify additional policy elements to cover all aspects of the question at European level, without privileging one particular sector, so that ultimately we can give the reply which industrialists, workers and governments are entitled to expect.

(Applause)

IN THE CHAIR: MR ZAGARI

Vice-President

President. — I call Mr Starke.

Mr Starke. — *(D)* Mr President, I shall be extremely brief. I have been listening most carefully to what Mr Davignon has been saying and I really don't know who or what gave him the idea that he could say in this House — which is not a bureaucracy — that anyone who thought differently than himself was simply not open to persuasion. A holier-than-thou attitude of this kind does not, I feel, advance our discussions.

I am sorry, Mr President, but I am genuinely alarmed; I have heard this sort of thing on only one previous occasion and it also came from a member of the High Authority — and Count Davignon too is here today as the member responsible for ECSC matters. The question at issue on that previous occasion was the calling of a state of emergency. I said at the time that if the High Authority won the day, it would be a Pyrrhic victory. It did win and you know that it was a Pyrrhic victory and what happened afterwards.

I believe that we should look more closely at the difficulties involved. I am an old man, Mr President, and I remember the time when I started out in politics after the war. I often came across people high up in the bureaucracy — and this is where I have misgivings, Count Davignon — who believed that by applying their intellect, they could tidy up the myriad relations that go to make up economic life through analyses and estimates of future requirements. I find — and

here I come back to what Mr Prescott said — that your plan makes too little allowance for factors relating to competition and I pointed out — although you did not take me up on the point — that in the textiles sector, for example, you have put forward a solution against which there is a great deal to be said. But one thing is certain: competition in that sector was always extremely keen ...

Mr Fellermaier. — *(D)* Economic conditions were different ...!

Mr Starke. — You are right, Mr Fellermaier, you have anticipated me for I was going to point out in all modesty to Mr Davignon that if he began by claiming authority from the ECSC Treaty, that Treaty was concluded at a time when the important thing was to prevent hereditary enmities in Europe from causing further wars. This was why the coal and steel industries were merged and certain powers were granted for reasons that no longer apply today.

(Cries of 'Hear!, hear!')

At that time there were shortages and the most important thing was to cope with them; today we are applying the same regulations and to this I have no objection.

I simply wanted to say, Mr President, that my brief observations were based on the experience of a quarter of a century following the end of the war in Europe and during that time we have rebuilt, both at national and European level. I wished to say on the strength of this experience that we now find ourselves in the initial phase of a period of development which I view more circumspectly although I always remain open to persuasion. But your line of argument, Mr Davignon — and I can say this because I have always been and still am a friend of the farmer — was so unmistakably agricultural that I fear that by adopting it, we shall end up with a dirigist system with which I will have nothing to do. But I would like to help the steel industry, though not simply through Government regulations but through protective measures which I consider necessary at the present juncture; but these should go hand in hand with a fair measure of competition which would otherwise have to be replaced with state initiative. And in the last analysis, this means control and dirigisme.

This, ladies and gentlemen, is the danger with which we are faced. I do not criticise Commissioner Davignon — although I might criticise others — for judging things from a socialist point of view. No, dirigisme is itself, quite apart from party considerations, a danger and, what is worse, it is something that spreads like wildfire. This is what I fear and this is the only thing I wished to warn against; it was not at all my intention to spark off a fresh debate. But I did not come here in order not to be persuaded and I find that this accusation ought not to be levelled against me.

Starke

I have been sitting here quietly all the time, quite ready to be persuaded. You have not quite succeeded, I agree, but it is not because of any intention on my part.

President. — I call Mr Davignon.

Mr Davignon. — (*F*) Mr President, I did not offer any criticisms, I simply put forward views which some people may not share. I also hoped that the facts I adduced would persuade those who were open to persuasion. As I see it, this is something which, in any democratic and parliamentary language, comes well within the bounds of acceptability.

Mr Starke says that we fail to take sufficient account of the market economy and that we are introducing a permanent system and a changed common steel policy. I should like to say very briefly in reply that there is no question of this and that of all the measures involved, none of them are controlled by the individual states but by the Commission; the decision on whether or not to maintain them therefore lies with the Commission alone. As I said earlier to Mr Müller-Hermann, if the measures we take were to hold up the vital process of restructuring, we should have to take corrective action because our fundamental purpose is to put the steel industry on its feet again. When we are asked to satisfy ourselves that national and Community aids are needed to bring about the fundamental changes required, we are faced with a difficult task that takes some time and we can only provide aid if we know the objectives we wish to achieve. How can we decide that a measure is good or bad if we do not know what the general objective is? This general objective — and this is why there is no dirigisme involved — cannot be spelled out by us alone for it is the outcome of a consensus with the manufacturers, the users and the trade union, and this consensus will be sought by the ECSC Consultative Committee, which is an extremely important body, comprising as it does representatives of the manufacturers, the users and the trade unions, in order to take due account of the full range of interests that go to make up an economy. It is with this strategy — I have never used the term policy, let alone common policy — and with those objectives that we shall aim for success.

Finally, perhaps you who attach as much importance to Europe as I do, could tell me what would have happened if Europe had failed to act. Each of our countries would have taken the fate of this vast industry into its own hands and there would have been no debate today, for there would have been no common market in steel.

President. — I call Mr Cousté.

Mr Cousté. — (*F*) Mr President, during Question Time, I put down Question No 7 on the situation in

the steel industry. In view of the debate which we have just had on the initiative of the Christian Democratic Group — and I thank my colleague Mr Schwörer — I feel that the Committee on Economic and Monetary Affairs should draw up a new report on the steel industry as a whole. Speaking as the Member responsible for the last report, I believe that at parliamentary level we must draw the proper conclusions from this important debate and from the clear reply we have had from the Commission who are simply carrying out — and I congratulate them — the instructions given by the Council as part of the overall measures decided on 20 December. I therefore believe, Mr President, that at Bureau level, we should take this opportunity to have the Committee on Economic and Monetary Affairs draw up a general report on a matter whose importance, not only in the economic but also in the social sphere, I need hardly emphasise.

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

Mr Lange. — (*D*) Mr President, I should like to make a comment on the procedure which Mr Cousté has just proposed. The Committee on Economic and Monetary Affairs can quite easily put this question on its agenda and can request the Commissioner to attend, as he has always done so far. If the need for a report is recognised, it can be drawn up without further ado for it was said in the first report that the question would be kept under review. There is therefore no need for the Bureau to intervene further.

President. — I call Mr Davignon.

Mr Davignon. — (*F*) Mr President, the Commission too welcomes this debate. I feel that I have taken sufficient pains to keep the Committee informed for it to know that on questions of this sort, my desire is that we should closely debate and discuss the full technicalities of the entire range of problems involved. I understand what Mr Lange has just said, which is that the Members of the Commission should order their business to take account of the Parliament's and Commission's wish to keep in constant touch on these matters with the appropriate parliamentary committee.

President. — Does anyone else wish to speak?
The debate is closed.

15. Agenda

President. — I call Mr Fellermaier.

Mr Fellermaier. — (*D*) Mr President, on behalf of my Group, I should like to make a comment on items 4 and 5 of the agenda which provided for a comprehensive discussion of the problems of legal policy in the European Community.

Fellermaier

Given that the Council cannot be present, that we are already far into the week and that legal policy must not be given second-class treatment in this House, I should like, on behalf of my group, to withdraw the two oral questions but to announce at the same time, Mr President, that we should like to have them dealt with as priority items on the Wednesday's agenda in April, so that both Council and Commission can take part in a joint debate on those matters.

President. — These two oral questions (Docs. 569/77 and 570/77) will therefore be postponed until the April part-session.

16. *Community policy on education*

President. — The next item is the oral question with debate (Doc. 572/77), by Mr Meintz, Mr Durieux, and Mr Cifarelli, on behalf of the Liberal and Democratic Group, to the Commission of the European Communities:

Subject: Introducing Community policy into education

In the light of a certain weakening of the Community spirit and the lack of knowledge among the general public of European procedures and institutions, does not the Commission of the Communities feel that one of the most effective means of 'laying the foundations of an ever closer union between the peoples of Europe' consist of projects aimed at providing better information and education for its citizens about the European Communities?

Does not the Commission feel that for this purpose it is essential to encourage at all academic levels instruction on the Communities and their historical, geographical, political, legal and economic aspects?

Since, at the present stage of Community integration, the Treaties do not permit binding Community measures to be taken in this matter, can the Commission examine the possibility of submitting a proposal for a Council recommendation which would provide guidance and encourage the national projects at present being studied?

I call Mr Meintz.

Mr Meintz. — (*F*) Mr President, symbols have only the value we attach to them but for someone who has taken up cudgels on behalf of education ever since he has been a Member of this Parliament, it is comforting to note that the first item on the agenda of this new session is devoted to the topic, although none of the provisions of the Treaty makes provision for a European education policy.

And yet no-one today, Mr President, disputes the need for Community action in this field, for the achievement of European union very much depends on the interest and understanding, in the years ahead, of the 50 million or so young people who are still in our schools today.

It must be said that if the idea of Europe has lost some of its attraction and conviction, part of the expla-

nation is doubtless to be found in the many crises which the Community has gone through, but it is also to a great extent because our schools are not yet the purveyors of objective information, in other words the basic information on Europe which alone can help to dispel false and partial impressions and to mobilise energies for a positive dialogue on the Europe which we all wish to build.

Lack of understanding and even ignorance of European realities are all too frequently to be found in many young people and even in many adults. But there is nothing really astonishing in this. It is pointed out in a report by Professor Henri Janne of the University of Brussels that European studies do not figure at all prominently in school curricula. When Europe is in fact dealt with, it is often in a summary, incomplete and even incorrect fashion and our school books contain glaring gabs. The European Economic Community, for instance, is very often described as no more than an area of economic liberalism, as a 'Europe of shopkeepers', an approach which is unlikely to give a profound and human view of the Community in which we live.

If Europe's cause is to be advanced, it must be studied on as broad a basis as possible and the teaching of Community subjects, embracing its historical, geographical, political, legal and economic aspects, must be promoted and — most important of all — promoted at all levels. For it is only if they are given an overall picture of the construction of Europe, with its problems, its opportunities and its objectives, that young people will be made aware of its development in recent times and put in a position to appreciate and criticise what has been achieved and to go about the daily business of living in this Community as we are living it. Only our schools are capable of providing this objective information, for what our young people learn about Europe outside school is often centred on the spectacular — we need only consider our mass media at the present time — and we know full well that the spectacular is very often centred on what is negative, on every crisis that we go through, but never on the progress that we are making.

Success in this field clearly depends to a large extent on teacher-training. Lacking as we do clear-cut syllabuses with a European orientation and given the lacunae on our school books, the quality of our present teaching largely depends on the personal initiative shown by each teacher. And unfortunately, as we all know, our teachers too have as yet no more than a highly fragmented and dated view of what Europe has achieved simply because they lack adequate information and training. They are consequently unable to expand their teaching of European subjects and what they do teach is only a fraction of what should be done. But perhaps you are going to say — and the

Meintz

Commissioner will assuredly make the point — that all this is covered in the first action programme for education adopted by the Council of Ministers on 9 February 1976. The programme does in fact call for a European dimension to be added to the experience of both teachers and pupils, for study visits and exchanges within the Community and for the promotion of European-oriented school activities. Certain schemes have even been introduced and these are to be welcomed. I am thinking, for example, of the publication of a pupils' guide to higher education in the European Community. Furthermore, Mr Brunner, the Commissioner responsible for education, has announced that between now and 1981, 1300 persons will take part in study visits in the Community. We can only welcome and encourage measures of this kind but I fear that they will not be enough to bring Europe into our schools, or at least not all of our schools, for like the teaching done at the institute in Florence, they are intended primarily for specialists, professors or university students. Of course, we know how useful all those people are as disseminators, but to my mind, it is essential to give a European education to all our young people at all levels: primary, secondary and university. If we are to have a democratic Europe, we must not reserve this education for the elitist minority that scales the academic heights but we must ensure that everyone feels concerned with Europe. This is why, in my view, the ordinary teacher must be closely associated in this plan and I am thinking particularly of teacher training institutes and textbook publishers.

Ten years ago, when I was still an official, the Commission launched a project under the name of *Junior Euro-press*, in which I was involved, designed to familiarise young people with Europe in comics like *Tintin*, *Spirou*, etc. This was an excellent idea but it did not meet with the success it deserved, perhaps because the political will was lacking. We must take up this idea once more and bring in the publishers of both theoretical and practical textbooks. This is the only way to reach pupils everywhere.

Since we are meeting in the Council of Europe building, we should not forget what is being done here with history and geography textbooks; a number of studies have been made, for example, which we might find useful. Education policy is extremely important in all our Member States and is linked with the social and economic situation in which they find themselves. What is involved is certainly not the harmonisation of school structures on the nine countries of the Community. But at the present time, our school systems are undergoing profound changes and we must take advantage of those changes to give our schools a European dimension. The prospect of early direct elections to the European Parliament, Mr President, adds to the importance of this task for the success of those elections largely depends on a broad

information campaign on the purpose and necessity of going to the polls. What we have to do is to promote understanding of the problems the opportunities, the difficulties and the purposes of a Europe which until now, we must concede, has very often appeared technocratic and far-removed. This is admittedly a long-term task but one vital importance, for let us not forget that tomorrow's Europe will be built in the schools of today and unfortunately, it is still very much an absentee.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, I find it gratifying that this topic has been raised by the Liberals, for I too am a Liberal.

It is a fact that the people of Europe see the Community primarily as an economic concern. Even its social aspect is not felt as strongly as it deserves to be. Still less do they feel that the Community has also got something to do with youth and with the development of the individual. If we do not succeed in communicating this feeling to the people of Europe, we shall have lost at the very outset. We shall only succeed in removing the barriers that still stand in the way of trade, in harmonising where harmonisation is necessary, if our purpose is to make the Community a genuine Community, and we shall only succeed in developing a European civic sense if we are resolved to face the future as a democracy and if we do what needs to be done in education. Unless we create understanding between people, unless we see to it that Europe plays a part in that phase of human life that brings new knowledge and prepares for a career, Europe will not endure. That is why it was quite rightly said a moment ago that these matters are jealously watched over in all the Member States but that something still had to be done by the European Community.

You were right to say, Mr Meintz, that I would refer to the 1976 action programme approved by the Ministers of Education. Then indeed we did take a first step and we must now continue in that direction. The funds that we set aside for the purpose are modest, amounting to a mere 1.2 million u.a. The projects we wish to fund with this money are interesting, however, and point a way to the future. They cover three sectors: we wish to ensure that Europe and the European Community takes its place as a subject in European education. It is a subject that must be tailored to the different needs of the various member countries. In other words, we must ensure that it is fitted into the various curricula. This cannot be done by treating all alike; it cannot be done through a cramped harmonisation of curricula in Europe, it can only be done by careful adjustment to the multitude of curricula that we have in Europe. This is the way we intend to proceed.

Brunner

Secondly, we wish to use the money to promote teacher exchanges so that they can discuss their teaching experiences in this new subject: the 'European dimension'. We have already made a beginning and we shall give the green light for further projects of this kind in future. I believe that in this way, we can win over those people that Mr Meintz called disseminators for the spread of the European ideal.

Thirdly, we must introduce this new subject into all our school books. We must now make more intensive use of the experience we have gathered and to which Mr Meintz referred. We must ensure that we obtain new and more lively teaching material so that the subject becomes a permanent feature of school education throughout Europe.

Too little had been done before and we took up this whole matter at a time when we felt that the opposition of the Member States could be overcome and their agreement obtained. The time was rightly chosen and initial progress has been made. We shall persevere on this task and we shall not let things slide. If we let things slide, we shall be hazarding the future of Europe, for we shall fail to win the hearts and minds of Europe's youth for European unification.

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

Mr Dankert. — *(NL)* Mr President, I am grateful to the Liberal and Allies Group, and in particular to Mr Meintz and the Commissioner, for seeing to it that the European dimension of education is given attention in this Parliament. My group also considers this subject to be of great importance to the future of Europe.

When I was at home last week, I saw my ten year old son filling in a map of Europe with the nine Member States on a European atlas. That in itself is evidence that the European dimension is not entirely forgotten in the early stages of education. On the other hand, at a meeting of history teachers I heard a discussion of ways in which the role of de Gaulle in the process of European unification could be made clear to a secondary school class; they said it was impossible to illustrate his role through one of his televised press conferences because Dutch pupils no longer understand any French. The subject of the European dimension in education raises enormously important considerations.

I am therefore pleased with the questions and gratified that plans are at long last to be drawn up, although Mr Brunner's reply was rather vague. The European dimension in education is necessary, not so much to spread the European idea — I thought that a dangerous remark on the part of Mr Brunner — as to show the close links existing in Europe in all kinds of areas and to demonstrate how everything is bound up. I was pleased to see mention made of the Council of

Europe because there are fundamental aspects of Europe, just as for example democratic Europe is a European dimension, which go beyond the scope of the EEC. I think that excessive concentration on 'spreading the European idea' might lead to political controversy in education in some countries — I am thinking of England and Denmark — and that controversy must be avoided if at all possible. I therefore feel that the criteria for achieving the European dimension must be looked into by educational specialists and in a spirit of respect for national independence. In view of the limited resources available to us it seems obvious to me that priorities will have to be chosen. I think it would be very difficult to include both primary and secondary education and both teachers and training courses in the programmes simultaneously, especially if provision is to be made for exchange programmes and so on. Perhaps it would be right to give first priority to training courses designed to produce educators and other teaching staff to act as disseminators, as the Commissioner rightly said. I would also give priority to pupils who leave school at the age of 15 or 16 and then in general no longer come into contact with Europe or the European dimension but will nevertheless have to function as electors in Europe. I think then that it would be useful to give some priority to lower vocational training establishments, lower technical schools, domestic science schools and so on.

After all, senior secondary school pupils have a sufficiently solid grounding to deal with the subject themselves. It seems to me that the group I referred to just now is liable to become least aware of the implications of European citizenship and should therefore be given priority.

President. — I call Mr Hans-Werner Müller to speak on behalf of the Christian-Democratic Group — Group of the European People's Party.

Mr Hans-Werner Müller. — *(D)* Mr President, ladies and gentlemen, speaking on behalf of the Christian Democratic Group I can only welcome the initiative taken by our colleagues in the Liberal and Democratic Group. Mr Meintz gave us an excellent introduction to the subject and the observations made by the previous speakers, particularly by Mr Brunner, were highly interesting.

We know from the many surveys that have been made that, as the question puts it, interest in the Community has waned somewhat and the public at large is insufficiently familiar with Community procedures and institutions. Where this lack of familiarity with Community procedures and institutions is concerned it must unfortunately be said that the public includes broad sections, and even people in high positions in public life, who really ought to have an opinion on the institutions and affairs of the Community.

Hans-Werner Müller

It should further be noted that the lack of interest in the Community in general is widespread. Although opinion polls show that people have a positive attitude towards the Community, individual contacts make it equally clear — and this is also my personal impression — that Community matters arouse no more than moderate interest. Especially since we are shortly to have direct elections, the time has come to mobilize and motivate people in the cause of Europe. And, as has already been pointed out, what better way of setting about it than in the schools.

But we should not delude ourselves, Mr President, ladies and gentlemen; political instruction on Community affairs is not a subject that is infinitely extensible. The number of topics that the education authorities in the various countries would like to pack into it is amazing! Countless books have been written on the significance of the subject, on curricula and on teaching methods and if I understood Mr Meintz properly, he would like to see Community affairs put in the category of an educational principle. If this intention, which is implicit in the question that was tabled, is to be translated into practice, the required programmes must, in my view, be built up in five stages: first, instruction on the powers of the European institutions; secondly, insight into the relations between all European bodies; thirdly, helping the pupils to form their own views on what they have learned about these powers and relationships; fourthly, the learning of attitudes towards the Community institutions and fifthly, assistance in reaching decisions on political processes in general and Community processes in particular.

Ladies and gentlemen, this is all easier said than done. It is a task, however, that must be tackled for we all know that in the long run, the best way to success is through the schools. In both the Community's and Parliament's budget we have set aside substantial amounts of money to ensure the spread of our European intellectual heritage and of information about the Community. Mr Brunner mentioned the point. But as far as I am aware, no serious attempt has yet been made to ascertain how effective such spending is, and it would be an extremely difficult thing to do. But it would not be all that difficult to promote specific measures in the educational field. We should go about it in much the same way as with other disseminators like journalists. Programmes of this sort achieve the greatest effect when they begin with teacher training, as Mr Meintz has already pointed out. With specific projects in this sector, future teachers can be given the necessary grounding but it is also quite feasible to take teachers already in the profession and, through what is known as contact study, provide them with the means of bringing their knowledge up-to-date.

Ladies and gentlemen, I should like to take this opportunity to make an entirely different point. The ques-

tion before us suggests that greater attention should be paid in schools to the historical, geographical, political, legal and economic aspects of European affairs. This House must also at some stage send out an appeal to those responsible for adult education in the broadest sense of the term, perhaps to our chambers of commerce, business associations or similar organizations to provide our young people with the information on the Community required for closer contacts, especially in the business world. Where, for example, can a young man find out about the special problems of Community trade, the countries and peoples involved etc.? If, for instance, a German wishes to sell machine parts in Italy, he should know something more than just the current rate of exchange of the lira. It should be the Commission's task to give every support to the efforts that are already being hopefully made in some parts of Europe for I believe, Mr President, that their efforts would earn lasting appreciation.

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

Mr Cifarelli. — *(I)* Mr President, ladies and gentlemen, I am one of the authors of this question, which has been so clearly explained by Mr Meintz. I too would like to say a few words on behalf of my group, in order to express our full support for the ideas on which the question is based, and also because I feel that some points ought to be given particular attention.

Mr Meintz considers it a good omen that this should be the first subject dealt with at the new session; I do not want to be accused of perversity or pessimism but I fear that this is not the most opportune moment to discuss these problems. We have recently discussed at length and with passion the problems of the steel sector, but we must remember that the Community is not only concerned with solving the problems of iron and steel. For us, the fundamental objective of the Community is to provide Europeans and all free European countries with a federal or quasi-federal State, capable of dealing with today's problems.

This Europe that we want to see emerge, as advocated by its early and recent champions, is the Europe which has behind it the two terrible tragedies of the First and Second World Wars. This Europe was not conceived with the intention of extending the market of German industry, supporting the pound, aiding French farmers or tackling unemployment in Italy. Economic action was seen as a means of attaining a final objective, just as military action was in other epochs. To us this is obvious, but it is not always so to the great majority of citizens. I am referring here to the experience of Italy, a country which perhaps faces more serious problems than the other countries of the Community, but in which all the political forces agree

Cifarelli

on the need for European Union. But in Italy, where both its citizens and the constitutional political forces are in favour of European Union, there is a lack of adequate and detailed information on the Community.

I now come to the three points I wanted to emphasize. My own experience shows that, even in educated circles, in a country like Italy we have to explain the difference between the Council of Europe and the European Council. There is thus a need for education, going beyond information. In a country such as Italy, even in educated circles, we must make it clear that Europe will not collapse merely because we fail to solve the problems regarding Community spinach production or apples from Emilia-Romagna. We must explain that our current efforts are not the result of a chance decision to look into this particular problem, and that this problem is the most fundamental of all.

Italy was the country of the Renaissance, which produced Leonardo da Vinci and Michelangelo, but owing to the failure to create a state in tune with the times, then became a series of colonies; the battles of other eras were fought in Italy — at Marignano, Pavia, Fornovo and Bitonto. Italy became the land of the Medicis, the Estes and the Gonzagas, then a Spanish colony for three centuries, before falling under the yoke of France and Austria until the advent of Mazzini, Cavour and Garibaldi. There is a moral here for all European countries. The people of London, Bonn, Paris and elsewhere must all realize that the choice is to construct Europe, or become a colony. There is no alternative: we must back Europe or we will sink into chaos, and this danger must be made clear to young people.

As I come to my second point, I wish to point out that in Italy the crisis in the schools and among young people is perhaps more serious than elsewhere. Young people in Italy are particularly confused: we have turned their heads with sociology, sometimes with sociological untruths, and with permissive educational methods, but we have failed to show them the causes for which they must fight. And so in Italy — the country which includes among its famous volunteer fighters in the great causes of freedom men such as Santorre di Santarosa, who died fighting for the freedom of Greece; Garibaldi, who fought for the independence of Uruguay; Francesco Nullo, who fought for the independence and freedom of Poland; Antonio Fratti, who died fighting for the freedom of Greece, and Bruno and Costante Garibaldi, who fought in the Argonne offensive of 1914 — has become the country where manifestations of violence include the unmotivated destruction of the cars of poor citizens who look on blameless and uncomprehending. For this reason, we must build a Europe capable of dealing with today's problems.

This is the task that lies before us and thus, in addition to providing people with information, we must make them understand that European unity is the solution to current problems.

Mr Brunner has shown — and I thank him for it — the laborious process involved in carrying out action which Parliament had already discussed and approved three years ago. However, this will not be enough: it is a good thing to train teachers and gather young people together, but what I wish to emphasize, as is indicated in our question, is the need for a Council recommendation stressing to governments the desperate urgency of these problems. We must not allow ourselves to be discouraged by the fact that the Treaties do not provide for such actions: the European Parliament's task is not confined to the slavish application of every single provision of the Treaty; in the words of Sir Peter Kirk, who at the beginning of 1973 brought us the benefit of British parliamentary experience, 'a parliament is entitled to do anything which is not expressly prohibited'. We can be the first to move in this direction, and we therefore ask the Commission to take the necessary preparatory measures with the Council. Europe is conscious of its own identity; but Mazzini taught that a nation emerges not because its people speak the same language or share the same origins, but rather because they share a common consciousness. The people of Europe possess this common consciousness; it is felt in the countries of Shakespeare, Beethoven, Dante and Victor Hugo, and it should now be instilled in young people, in whose interests we have put down this question.

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

Mr Mascagni. — (*I*) Mr President, the problem raised by Mr Meintz's question is of great importance, for reasons which seem to me fundamental: if it is true that the process of European integration represents a synthesis of objective and subjective factors, an essential condition of integration is thus to give the citizens of our countries clearer and more frequent explanations of Community problems. We must help them to feel that they have a real part to play and are not mere spectators, and to enable them to contribute actively to the shaping of a general political will. Naturally, any hard-and-fast distinction between subjective and objective factors should be rejected. We must understand clearly the logical relationship and interdependence between structural questions, particularly with regard to the economic field (problems which are in a sense objective), and the views and requirements of citizens (subjective problems).

In other words, we must reject any view which sees determinant factors on the one hand and individual desires on the other.

Mascagni

Even if all this is obvious, we can still not deny that the two phenomena — structures and their effect, as against ideas — exist to some extent independently, and we must take heed of this when considering the citizen's ability to make judgements and take practical action on the problem of information and education, in order to stimulate contemporary and historical awareness of the current process of integration.

As is said in the question by Mr Meintz, we must overcome public ignorance of the underlying problems of the European institutions.

However, we would be making a serious mistake if we concentrated on general information with the intention of teaching people — above all young people in schools — about problems which have already been identified or situations which are clearly defined or, worse still, from any preconceptions.

The information and education of young people and, generally speaking, a wider sector of public opinion, calls for an open approach without eschewing the problems involved, to make people think hard and get to the bottom of issues, and compare different political positions and ideals.

If we are to tackle the problem of comparing different countries, it will be necessary and productive to single out and place in historical context the objective distinctions existing between the various peoples. However, this task must be seen as a search, through rational comparison, for comprehension and mutual respect in present-day and historical terms. It must not give rise (as is too often the case) to false and ambiguous theories about countries' differences, which inevitably lead to distortion, counter-arguments and, in the final analysis, nationalism, whether implicit or explicit.

As well as preventing the distortion of national characteristics in studies of peoples and their traditions, we must resist the tendency to harp on the picturesque, or to lay superficial emphasis on certain ways of life, on particular habits or rare customs, for this leads to over-simplification and obviates a closer and more serious study of the history of the individual countries and their peoples.

I was pleased to read that Mr Brunner recently, as I understand, spoke of the need to break down cultural barriers. I hope that he really means this. However, this great task concerns not only culture in the sense of literature, history, philosophy and science which, by the nature of things, stands to benefit from contacts and competition between the various countries. The breaking down of barriers particularly concerns popular culture, which helps to weave the real social fabric of countries and which should not be confused either with popularization — which often has profit-making connotations — or with the pseudo-culture of the consumer society.

We must act within the basic cultural framework of our countries. As representatives of different political systems and cultures, a great task lies before us: that of instilling in public opinion an interest and enthusiasm in the comparison of differing political ideals.

This is a fascinating prospect, but at the same time, in order to resist the breakaway forces in evidence today, we must give fresh impetus to the process of building a Europe which sets store on work and culture, as opposed to nationalism and selfishness.

President. — I call Mr Meintz.

Mr Meintz. — (*F*) Very briefly, Mr President, I should like to thank all those who have spoken in this debate and in particular Mr Brunner for giving some of the information I was hoping for.

We have of course mentioned the political background and Mr Müller has explained the five points which summarize what should be the aim of education in general, but I feel that Mr Dankert was also right when he said that we must also concern ourselves with primary and technical education and this poses practical problems. We naturally have no wish to create another branch of education concerned entirely with Europe: that would be both disastrous and futile. But we should like school textbooks to refer to Europe and to ensure that it is considered as a reality. That is why I wish to ask the Commission to bring as much pressure as possible to bear on the writers of textbooks and on educational institutions so that Europe becomes an everyday concept in schools.

President. — The debate is closed.

17. *European Foundation to foster public support for European objectives and policies*

President. — The next item is the interim report (Doc. 575/77) by Mr Johnston, on behalf of the Political Affairs Committee, on the

the creation of a European Foundation with a view to fostering public support for European objectives and policies.

I call Mr Johnston.

Mr Johnston, rapporteur. — Mr President, we are asked today to give an initial, not a final, response to a proposition originally made by Mr Leo Tindemans, then, and indeed still, the Belgian Prime Minister, to establish a European Foundation as part of the report he was asked by his fellow heads of government to produce, indicating ways in which the European Community might develop within itself a better understanding among its members of their mutual problems, their different cultures, their common human experiences. A part of Mr Tindeman's report is quoted as an annex to my report, and I think it might

Johnston

perhaps be of general assistance if I read some of this. Mr Tindemans said :

I propose that the European Council should decide to create a European Foundation, to be financed partly by subsidies from the Community or the States, but whose activities will to a large extent be financed from private funds. Its object will be to promote, either directly or by assisting existing bodies, anything which could help towards greater understanding among our peoples by placing the emphasis on human contact : youth activities, university exchanges, scientific debates and symposia, meetings between the socio-professional categories, cultural and information activities. This Foundation will also have a rôle to play in presenting abroad the image of a united Europe.

By virtue of its character, this Foundation will often be able to intervene more flexibly and more effectively than national or European authorities. It will also offer the innumerable supporters of European unification in our countries an opportunity to make a personal contribution by aiding the Foundation. In this manner it will be more clearly apparent that the creation of the Union can and must be a matter for us all.

Now, since then, Mr President, there has been a lot of thought devoted to this proposition. The idea of improving human contact has, I think, few detractors, but there have been doubts expressed about this particular method, and I will return to those in a moment. Even those who approve the method have suspended final judgment on just how best to work it out in practice. In our Parliament there has been a resolution, referred to in the annex, which was promoted by three of the political groups. Equally, some 500 000 u.a. were allocated to this project in the 1978 budget.

In our different countries thought has been given to the matter, and since I am British, perhaps I might be excused for referring to a motion in the British House of Commons, presented by Mr Geoffrey Rippon, now leader of the European Conservative Group in this Parliament, which attracted a large number of signatures. This, I think, represented slightly more than half the members of the House of Commons, and I may say it is very rarely that a motion on the order paper of that House attracts so large a number of supporters.

In December last year the European Council agreed in principle to the idea. The Commission response has been to set up a committee, which has produced a draft outline proposal on how such a foundation might work, and which the Political Affairs Committee has had an opportunity of looking at. Perhaps again it would be helpful if I quoted from this communication, which was addressed to the Council on 8 February :

The Commission is persuaded that a European Foundation should be fairly sharply focused, and that it should be reasonably modest in its financial and staffing implications. It also believes that the Foundation should have

both autonomy and flexibility if it is to cooperate effectively with private and public bodies. Furthermore, it is persuaded that it should avoid duplication with existing Community programmes or other organizations active in the same field, and the communication has been drafted with this firmly in mind. The principle suggestions, therefore, of the Commission arising out of the report which it passed to the European Council in December, are as follows : first, that its activities should be concentrated within the present Community and the applicant countries ...

It is worthy of some emphasis that the applicant countries are referred to, because I think that this could be very important in preparing them for entry. The communication goes on :

Second the Foundation should take as its priority the creation of exchange and other contact programmes for those groups and individuals who would not normally have the opportunity for intra-Community activities. The Commission also proposes that such programmes be closely linked with the provision of improved language training.

Third the rôle of the Foundation would principally be indirect, that is, it would initiate programmes rather than manage them directly.

This debate provides the first opportunity for our Parliament to express views on how such a foundation might work, taking into account the Commission's preliminary thoughts, but not in any way being bound by them. If paragraph 2 of the motion for a resolution is accepted — and I will return to that — Parliament will have a last word on the matter. It also fits in very well with the previous debate initiated by Mr McIntz on education, since it seems to me to be motivated by very similar hopes, aims and objectives.

Now what in fact are the objections to the proposal for a European foundation ? It is not always possible to anticipate every objection that might be made to something, but as I understand it three main reservations have been advanced with regard to the idea of the foundation : (1) that it will duplicate efforts already being made ; (2) that it will be bureaucratic — an exercise to assemble large numbers of Euro-civil servants and (3) that it will divert funds from existing institutions.

Let us take these objections in order. Firstly, the Commission communication, in paragraph 5, states :

In the pursuit of its objectives, the Foundation shall ensure that its activities do not overlap with, and are complementary to, those being undertaken by other organizations. The Foundation shall avoid any duplication with Community programmes.

Obviously, platitudinous declarations of intent represent no safeguard against the undesirable developments they seek to avoid. I accept that. But I think that there is a very clear appreciation of the foolishness of duplication, coupled with the lively knowledge that there are many gaps to fill.

Johnston

Secondly, paragraph 8 of the Commission's communication states :

The structures of the Foundation should be light and its administrative arrangements modest.

Again, while this sounds great, I accept there is no guarantee that this would in fact happen. Nevertheless, if one is aware in advance of what one should seek to avoid, there is more chance of avoiding it.

Thirdly, and this is perhaps a matter of greater substance, a lot of concern has been expressed by existing foundations which do similar things (and there are, I think, something like 13 or 14 throughout our Community) that if a new foundation becomes a centre for private contribution, it will not have the effect of releasing untapped private sources, but of diverting existing contributions from existing foundations to the new one. Now this seems to be a very valid concern. For example, take the European Cultural Foundation, which was founded in Geneva in 1954 by Robert Schuman and since 1960 has been based in Amsterdam. The kind of things it does are very similar to the kind of things which one would conceive as the European Foundation doing.

However, I think those people who favour the idea do not all conceive of the Foundation as acting in competition with institutions like the European Cultural Foundation. While the European Foundation might ultimately be a focus for private contribution in the way that Leo Tindemans saw, for the thing to work effectively it would probably for the first few years be largely financed from public funds, and would use these funds, seldom directly, but rather in cooperation with such institutions as the European Cultural Foundation. By matching their contributions, it would enable their work to be greatly extended. In other words, the object of the exercise would be complementary, not competitive, a facilitating and prompting initiative. It seems to me, therefore, that today, as a Parliament, we are in a very positive situation. We know what the broad intentions of the proposal are, and also some of the specific ideas now being circulated. We can say what we think, but even if we are not attached to the idea, the probability is that it will come back to us again for final comment and approval or disapproval. For this reason, because of the interim nature of this debate, I hope very much that it will be possible for those who have doubts about the matter to refrain seeking a vote now. The time to say no, if they must say no, would, I think, be later.

I said that in all probability the proposal will come back to us again, and this is referred to in paragraph 2 of the motion for a resolution, where I say that the Commission should submit proposals on the basis of Article 235 of the EEC Treaty. I understand that it is likely that the European Council will discuss this matter again at a meeting next month, and one issue

which they should at once resolve is the question of how the Foundation will be set up if it is to be set up. There are two options : through Article 235 or Article 236.

If I may briefly read these articles, which are not very long, Article 235 states :

If action by the Community should prove necessary to attain, in the course of the operation of the common market, one of the objectives of the Community and this Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the Assembly, take the appropriate measures.

Article 236 states :

The Government of any Member State or the Commission may submit to the Council proposals for the amendment of this Treaty.

If the Council, after consulting the Assembly and, where appropriate, the Commission, delivers an opinion in favour of calling a conference of representatives of the Governments of the Member States, the conference shall be convened by the President of the Council for the purpose of determining by common accord the amendments to be made to this Treaty.

The amendments shall enter into force after being ratified by all the Member States in accordance with their respective constitutional requirements.

In other words, under Article 236, the rôle of our Parliament would be very considerably diminished. It seems to me quite clear that we should express a preference for Article 235, which provides a rôle for this Parliament in the final working out of what is done. I do not, in fact, foresee that the Council would in any way object to this, but I think it requires that we should assert it.

I conclude, Mr President, by saying this : Mr Tindemans saw this Foundation not simply as some sort of ritualistic commemoration of twenty years of the Community's life, but as a constructive step forward in that life. Since 1957, much has been achieved and many old barriers have been broken down forever. Since 1973, in regard to the United Kingdom, Denmark and Ireland, the process has begun again, yet throughout, and, I believe, for as long ahead in time as we can visualize — and this is no bad thing — the individuality of our peoples' languages, their attitudes and style and their conceptions of life will persist. But surely we must do everything we can to further this mutual understanding and tolerance and compatibility.

So even if there are some here, and I dare say there are quite a few, who reject ideas of federal union and so on such as I would embrace, I cannot see how they can reject the proposal to build on the understanding we have achieved in Europe since the war, to consolidate it and to extend it. And that essentially is what the establishment of such a foundation is all about. It is about human contact, as Mr Tindemans said, and I

Johnston

would recommend Parliament to accept the draft interim report, to express views on how it sees the Foundation developing, and then to reach a final conclusion at a later date.

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

Mr Seefeld. — (D) I am more than willing to take to heart what you said just now, Mr President, but I should just like to make one or two comments on behalf of my political group. The members of the Socialist Group on the Political Affairs Committee were unable to agree to vote for Mr Johnston's proposal. Some of them abstained and some voted against. After a very careful discussion within my political group, I should like to explain why we are at present unable to go for a European Foundation.

I am extremely sorry, Mr Johnston, that much as I respect you, I am unable to approve the report which you have submitted, but, as you know there are one or two reasons for this, and indeed you were kind enough to anticipate some objections in your speech. So I shall not need to deal with them at length.

I should therefore like to take up your comment that we should say yes at the interim report stage and that in your view a detailed and critical examination of the question could take place with the final report, when we could — if necessary — say no. You said that there would still be time for diasapproval later on; but we feel, ladies and gentlemen, that we should today state where we stand with regard to this Foundation and set out our views on it.

There can be no doubt that the questions we are here discussing are of current importance. The lead given by Mr Meintz in the debate before this — and I would remind colleagues that he drew attention to the public's lack of familiarity with Community procedures, so that the question of education about Europe in our schools must now be taken up — shows how topical the whole subject is, but we are just not convinced, Mr Johnston, that public understanding and appreciation of the Community are likely to be promoted by this Foundation, as you have stated in your motion for a resolution.

My friends and I believe that there are a large number of organizations and associations in this Community of ours which are excellently placed to discuss the subjects which concern you, as indeed they concern me. For instance, there is the European Movement, which has its national councils in the various countries, and there is the European Union in many different countries. I am assuming that the governments themselves are working at the business of increasing public awareness; all our parties, whether they are represented here or not, are concerned with this subject, the trades unions and the employers' associations are involved and so are the youth organizations.

As you know, ladies and gentlemen, we have discussed the European youth movement at great length. The Committee on Social Affairs, Employment and Education is currently considering how we can promote adult education in residential centres. In short, there are a great many opportunities and I believe that the existing organizations should not be hemmed in by a new Foundation of this kind — indeed I would go further and say that all the money which is in future to be used for this Foundation should be given to all these independent associations and organizations, and to the foundations which the political groups have just recently begun to establish at Community level. I would say that that is where the money would be put to excellent use and, as I have for years been contributing to debates on the youth forum and youth work in Europe, I feel that we should be more generous there and provide more opportunities for self-development.

Mr President, as a precautionary measure I also discussed this question again with my own government last week, as I wanted to clarify it for my political group, and I raised the question in the German Bundestag of how this is all to be financed. I have some misgivings when I read that contributions are expected from the national governments. As I understand it, no proposals have yet been put forward on how and with what financial resources this Foundation is to be supported; negotiations are going on in Brussels at Community level, but I do know very well that every government is continually striving to ensure that Community expenditure does not increase still further.

Mr President, if I may now come to what I believe is a crucial question, the suspicion is growing among my political friends that in December last year the eight Heads of Governments felt they needed to make a friendly gesture to Mr Tindemans, their Belgian colleague. Mr Tindemans has crystallized the question of European Union in a neat and diligent piece of work, and yet no progress has been made. They didn't know what to do, so they are now fobbing off Mr Tindemans with a carrot, and a section of his important work is to be put into effect by the other Heads of Governments — with the agreement of Mr Tindemans of course — with all speed, to show something is really happening or that a bit of progress is being made. So now they can all say that Mr Tindemans has done well and achieved something, and we must all praise and respect him and support his work, and this little section from his *magnum opus* on European Union is what we are now putting into effect.

Ladies and gentlemen, I should like to say very clearly that I feel we should not be trying to bring the Community closer to the citizens of our countries by organizational means. I want to see a European policy which is more transparent from the citizen's point of view, as the current phrase has it. This means, in my view, that the nine Heads of Government should be

Seefeld

discussing how to speed up their decision-making, for they should not be dragging their feet so much, how to overcome national chauvinism and thus give a clear vote in favour of a European Community, and that means campaigning not for this or that national State but for the Community as a whole. You cannot make up for the absence of European policy by creating a European Foundation. I have the impression that that is what is missing; and now the public is to be informed why we are in favour of Europe, and next we shall be needing a Secretary-General and a supervisory board, and then a new bureaucratic institution will be set up, despite the fact, as I would again point out, that there are other organizations in existence already.

Mr President, ladies and gentlemen, my friends and I feel that the public is not going to be swayed in favour of this Community by a European Foundation. They will be convinced when they regard this European Community as an extension of their home country, when they accept and understand this Community and feel at home in it; and to do this, the national governments will need to set a good example by adopting pro-European attitudes. But those who leave themselves wide open to attack, encouraging the public to cast doubt on the need for the Community and the rightness of our policies, cannot make good their shortcomings by means of organized goodwill in the shape of international foundations.

Let us therefore see whether we cannot make more funds available under the information policy, whether we can set up the Residential Adult Education Centre, which is being discussed in the Social Affairs Committee, whether we can strengthen youth work in Europe, and how we, the Parliament and the Commission, can support the work of all these European organizations, which already exist and which can summon up so much goodwill, so much idealism.

I must ask you not to misunderstand our criticism, ladies and gentlemen. I would emphasize that the Socialist Group is not saying that we do not want to strengthen the feeling of solidarity. That is not our intention. Nor does our disapproval mean that we do not want the Community, or that we do not want to bring people together. What we do want for this Community is to give stronger support in future to the organizations which have proved themselves; and we believe that a European Foundation is unnecessary. We want to see a genuine policy, for that is what will make it easier for a sense of solidarity to develop in our citizens in the next few years, without such organizational measures as setting up this Foundation.

It is in this spirit that I should like to inform you that we are at present unable to support the European Foundation. My colleague, Mr Johnston, is aware of the arguments which I have advanced and will know that they are not levelled at him or his report, but are concerned purely and simply with the matter in hand.

President. — I call Mr Vergeer to speak on behalf of the Christian-Democratic Group — Group of the European People's Party.

Mr Vergeer. — *(NL)* Mr President, Ladies and Gentlemen, I should like to make a few remarks about this report on behalf of the Christian-Democratic Group.

First of all I should like to thank Mr Johnston for his report and the explanatory comments he has given us this evening. The Christian-Democratic Group is very much in favour of the idea dealt with by this report, namely the setting up of a European Foundation to mobilize the public interest in European affairs. One may of course object that too many bodies are being created. We should not however lose ourselves to the reality. It is not only important that there should be some certainty about the date of direct elections, it is just as important, perhaps even more so, that the people of our countries should be fully involved in them. The citizens of Europe must be under no obligation to elect a European Parliament. They must feel themselves involved out of their own conviction.

The degree of involvement of the man in the street in this future milestone in European politics varies from one Member State to another. Recent figures have confirmed this. Now, I should like to suggest in all seriousness that those in the national parties who have to deal with the basis of these parties, with the ordinary elector, must recognize that this involvement is not very great. We ought to be concerned about this. This is not meant as criticism of our national parties, it is not meant as criticism of the other organizations and bodies which deal with these matters in our Member States. What is lacking is principally a clear coordination of activities. I think that the Foundation which is being proposed here could have a stimulating effect, could develop complementary activities, but should in particular take on a coordinating role. I admit that unfortunately we have seen so often with this sort of institution and this is also my group's position that this Foundation must naturally not be allowed to become top heavy. It must remain a simple and practical organization, it must be dynamic. There must be no duplication of effort. The emphasis must be put on coordination. The Christian-Democratic Group therefore considers this idea a valuable one despite the risks involved. We must accept the challenge, we must set up this Foundation. If we wish to hold direct elections in 1979, we have already reached five minutes before midnight. It is therefore high time that we really involve our people in this enterprise.

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

Mr Cifarelli. — *(I)* Mr President, I shall scrupulously keep to the speaking time allocated. I support the

Cifarelli

proposal and the arguments on which it is founded and particularly welcome the reference to Article 235 of the Treaty as a workable legal basis.

With the permission of my Socialist colleagues, I should like to say that I do not feel that the European Council, with all its limitations and shortcomings, would treat one of the representatives of the Member States as a child which had to be given some sort of reward. I do not believe the European Council would accept a proposal or initiate an action merely to show its gratitude to the person who drew up the report on European union which now, through no fault of Mr Tindemans, lies in a drawer in some office used by the European Council. We do not agree with the proposal out of loyalty towards the European Council, but for a serious reason which will have undoubtedly not have escaped our Socialist colleagues. It is easy to say that there may be misuse. When a child is born, it is easy to say that it may become a delinquent; however, this depends on the way in which he is brought up. We are perfectly aware of the existence of organizations and institutions which have fulfilled or departed from their original tasks; but this does not mean that we must automatically kill projects off. Instead, we should ask whether the measure in question and the coordination required — the effort to be made and the coordination of existing activities under a workable umbrella-system — are justifiable and, above all, necessary in the present situation.

The Christian-Democratic Member who spoke before me said, in order to speed things up: 'it is five minutes to midnight'. I should like to say that if public opinion had not been extremely immature, the postponement for one year of the elections, after so much had been said on the subject, would have provoked a hail of protest, particularly because this postponement is due to an electoral system, which, moreover, will perpetuate an injustice at the expense of our political group, which will be insufficiently represented in the elected European Parliament on account of a legal device. Instead, the postponement was accepted almost as a normal administrative occurrence. However, I do not wish to get off the subject, but merely to say that this very fact demonstrates the lack of success in harnessing European public opinion. The attainment of specific objectives must be entrusted to specific organizations. The USA, for example, has created the Tennessee Valley Authority, and Italy the Fund for the Mezzogiorno. Each of these organizations, even with limited powers, has made a significant contribution, relegating to the history books the problems which led to its creation. How can one expect two States with innumerable problems — emergencies, electoral changes, changes of government, internal and external concerns — to relentlessly pursue a specific aim when, at any time, they must also take account of public opinion? A journalist has said — I do not know whether he was being malicious — that at the critical moment in the French

election, virtually all the parties avoided any mention on the divisive subject of France's relations with Europe. I wonder how the French and Italian Governments, in the thick of the battle over wine, can satisfactorily inform and guide public opinion. A foundation, on the other hand, or an independent institution funded by the Community or even privately from within the Community, could do the job and persevere in finding a solution.

For these reasons, Mr President, my group is in favour of the practical implementation of the Decision adopted by the European Council in December 1977, and therefore approves the interim report which has been presented so competently by Mr Johnston.

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

Mr Brugha. — Mr President, I would like to say a few words on this debate, and in order to shorten it I am going to try to concentrate on the reasons why I believe this motion is worthy of support.

I think the prime object of such a foundation as this must be, as has been said, to mobilize the citizens of the Community in the service of the European ideal. The European nations have a common destiny which can only be reached by coming together. How they decide to come together in the future is a matter for the future, and for the electors of that time, but the European Foundation, as it has been set out, could be a means of making the eventual integration of Europe the concern of the people of the Member States.

Whilst man must have substance in order to survive, he will find himself unable to do so without a worthwhile aim, and it is in this sense that the aims of the founders of the Community need to be kept alive by a determined and deep-seated idealism which can find expression though a foundation such as is proposed here to Parliament. Such a foundation can be a link between what may be seen as the bureaucratic institutions of the Community, and all the citizens. Many of us appreciate how difficult it is to mobilize support for the Community on the basis of what they see as balance sheets for funds received from, or payments made to the Commission. It is, then, essential that one object of such a foundation should be to reduce the remoteness of the Community in the minds of citizens, and bring home to the ordinary person the full impact, opportunity and potential of an integrated Community of 270 million people organizing themselves into one social and economic unit, and eventually into one political unit dedicated to peace and the betterment of the human race. If the European Community is to survive the European ideal must form a lasting philosophy, and a whole new generation of young people now growing up must not only be able to identify themselves easily with that Community, but must also have the opportunity to understand the motives of its founders so as to be able to contribute to their ideal.

Brugha

Now it has been said that this is the job of political parties. But of course we have an unusual situation in this European Community. We have all our political parties in all our Member countries, all of whom must direct their main attention to the electoral battles that take place in the Member States. So we have to find some other means of trying to reach the mind of the citizen of the Community.

As has been set out in the Commission's proposals, such a foundation could provide a useful framework for indicating areas of cooperation between the Community and the Member States, such as, if I may cite a couple of examples, allowing greater exchange facilities for students, apprentices and workers in all Member States; secondly, the speedy adoption and application of regulations governing the mutual recognition of diplomas, degrees and other qualifications; and thirdly, possibly, encouraging the idea of earmarking resources under the European Social Fund to provide a trans-European technical institute for the training of young people in modern technological skills. I admit, Mr President, that this is departing slightly, but it is merely what comes into one's mind in connection with the ideas that are being talked about.

However, we must be alert to the fact that in today's world it is not easy to present the Community to youth in a positive way. They are too disenchanted with life to be impressed with what they see, as I said earlier, as an area of balance-sheets of monopoly capitalism. The sterile clichés and dogmas of the past have no place in their minds, and while there is understandable frustration amongst them, due to high unemployment, the only acceptable solution for them is a Community that will offer full expression and fulfilment to them in their lives and the knowledge that they are engaging in a worthwhile adventure in life.

It is for reasons such as these that I think that a foundation of this kind, should it take shape, should pay particular attention to the needs of youth, and give the citizens of tomorrow a more decisive role. I believe the Foundation, if it does develop, should ensure that well-researched proposals and papers be discussed, involving the different interest-groups in the Community, Parliament itself would also have to be vigilant in ensuring that such a foundation carried out its mandate and did not become either élitist or in-growing.

Finally, I would like to say a word of commendation, because he has been mentioned, of the idea that Mr Tindemans visualized, because I think it was a worthwhile idea, and I think it is worth supporting. I would also like to thank the rapporteur, Mr Johnston, for a very excellent speech.

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

Mr Rippon. — Mr President, this is a matter about which I feel particularly strongly. Mr Johnston, in his admirable report referred to me and my initial interest in this proposition. It began with a suggestion that I made in a letter to *The Times* on 17 January last year to the effect that, at a time when Europe was not making progress in many fields, a modest initiative might be taken towards the creation of a 'citizen's Europe' on the lines suggested by Mr Tindemans in his concept of the European Foundation. And I suggested then, following very much his thoughts, that the aim would be to promote, either directly or by assisting existing bodies, anything which helped towards greater understanding of our European aim — placing the emphasis on human contacts such as youth activities, university exchanges, town-twinning and the like. Now, as has been said, while many people may not go all the way towards a federal Europe very few people can object to an activity of that character. Indeed, even if we did not have a European Community, one would have hoped that there would be support for human contacts of that kind. At any rate, as a result of my floating this idea of marking the twentieth anniversary of the signing of the Treaty of Rome, as Mr Johnston has said, with all parties' support, an absolute majority of Members of the House of Commons supported the idea and this, as he said is fairly rare, because Members of the Government are not allowed to sign private Members' motions.

But that was not the end of the matter. Quite contrary in what Mr Seefeld has implied, support came from a wide range of organizations, including the international councils of the European movement, of the European League for Economic Cooperation, of the Council of European Municipalities, and although the European Cultural Foundation was one of the bodies which was anxious that such a foundation should not interfere with its work, it too has come forward in favour of the idea and asked me to become a member of its governing body, which I gladly accepted. It has even gone so far as to say that it could raise, say, £ 50 000 for certain activities, and there could be matching funds from the Foundation: that is the basic idea that we all have in mind.

At any rate, as a result of the House of Commons' motion, our Prime Minister, Mr Callaghan, put forward this proposition to the meeting of the Council of Ministers in Rome last year, and it was accepted. It was suggested that it would be a suitable way to mark the 20th anniversary of the signing of the Treaty, but as Mr Johnston says, that was not the sole purpose: it was to give effect to an idea which had a much wider measure of support than many of the issues now before us in Europe today. It was not just a carrot to Mr Tindemans, as Mr Seefeld so deplorably and snidely suggested: even those of our present

Rippon

leaders who sometimes seem to be devoted to pygmy politics are not so petty, as Mr Seefeld suggested, as to propose a serious proposition of this kind just as a way of placating Mr Tindemans. At any rate, they set up, under Mr Olivi's direction and guidance, a working-party of which I have the honour to be a member, so I must, I suppose, declare an interest to that extent (I joined it before I became a Member of this House). We prepared a report, and that has been accepted unanimously in principle by the Council of Ministers, including, of course, the Head of the German Government, who has apparently now indicated that he has some doubts about the matter. As a result of that, there is now the final report by the Commission to the Council, which the Council will consider at its next meeting in April.

The original proposals have been sharpened up, I think quite rightly, in the light of the various views that have been expressed, and I certainly have no complaint about that, although personally, I would have hoped that in due course its activities would not be confined either to the existing Members of the Community or to the new applicants, but would embrace some of the activities of the Council of Europe, which has done a great deal of work in the field of promoting *Europa Nostra*, the European cultural heritage and matters of that kind.

I am sure that those people who read this report carefully must understand that it is designed to ensure that there is no duplication of existing activities and that the prime thrust is to help existing organizations who are very short of funds and find great difficulty in present times in carrying out their work effectively. I do not see how the Socialist Group in this Parliament can honestly object to a Foundation designed to extend opportunities for contacts between the peoples of the Community so as to develop greater understanding of the European Community and the rich diversity of the European heritage. I cannot understand how they can object to the promotion of contacts between persons from all parts of the Community and from the countries who have requested accession to foster personal and group contact based on professional, vocational, social, cultural and leisure interests, particularly as it emphasizes over and over again that there should be no overlapping and that there should be maximum flexibility. As far as financing is concerned, the Commission make the very sensible proposition that it should operate principally by granting subsidies or aids to projects or measures carried out by appropriate organizations and that its financial contributions should as far as possible do no more than supplement contributions from other sources, particularly from governments, private individuals or other foundations.

Now it seems to me that the way in which the Commission have expressed this is designed particu-

larly to deal with the quite legitimate questions that were asked about the objectives. As far as the contribution from the Community budget is concerned — I'm sorry Germany has apparently become so poor it can't contemplate making a reasonable contribution — the Commission proposes a contribution from the Community budget of 5 million units of account for the first year, 10 million units of account for the second and approximately 20 million thereafter. And what is more, of course, we ourselves in this Parliament, without any opposition, made a proposition in our own budget for a national amount.

I must say I found Mr Seefeld's speech exceptionally depressing. I entirely agree with Mr Vergeer that there is no cause for delay: as far as Europe is concerned it is five minutes to twelve, but as far as Mr Seefeld is concerned, I believe the curtain has already come down. He gave the impression — I don't know whether he gave it deliberately — that there was all this opposition inside the European movement and other bodies, when he knows, or ought to know, that no such opposition in fact exists. I believe that the most vicious form of anti-Europeanism is represented by the sort of hypocritical speech we have heard tonight when people who pretend to be good Europeans in fact seek every opportunity to undermine, by every possible means in their power, the European ideal and the whole concept of European unity. I hope that this Parliament will not listen to that sort of voice, that it will show some real imagination in a field in which there ought not to be this sort of petty party-political diatribe which we hear from the Socialists so often — more often, I must say, from some of my British Socialist colleagues than from a German colleague. I hope the Council of Ministers will grasp this nettle; they have accepted the position in principle and I hope they will proceed, as Mr Johnston has said, to deal with this matter expeditiously: preferably — I would have thought, obviously — by way of regulation under Article 235 of the Treaty.

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

Mr Masullo. — (I) Mr President, I feel that this short debate is not a very effective expression of European Community spirit, given the tone of indignation which has coloured the exchange of opposing views, although I would have thought everyone had the right to his own opinion.

We in the Communist Group naturally appreciate the spirit in which this proposal has been outlined here today. Nevertheless, we have certain doubts on the practical side and on the real effectiveness of this proposal. It seems to us that it is not clear on one or two points and is somewhat ambiguous. Permit me to give a brief explanation: on the one hand, I have heard evoked — and have read — the name of Mr Tinde-

Masullo

mans and his document ; on the other hand, I have heard talk of urgency, linked with the fact that European elections — or so we certainly hope — may be held next year.

If we look at the Tindemans report, we find a document which does not concern the immediacy of elections, but takes a long-term view of things. Conversely, the need to inform the people of Europe about the Community reality with an eye to direct elections is a legitimate, real and pressing problem of public relations, but — forgive me if I say this — it is nevertheless quite another matter.

The Tindemans report is a wide-ranging document which sets out medium and long-term objectives ; the motion for a resolution, on the other hand, concerns a topical and urgent proposal of immediate concern. These two documents are thus at cross-purposes.

The real problem facing us, over and above that of Community public relations and a rapid provision of information for European people, is essentially that of constructing Europe. The construction of Europe — and I am gratified that this debate comes immediately after that on the question about education — does not mean defining a common concept, but teaching people to think along the same lines. Real unity must be reflected in our approach rather than in a formulation of abstract concepts. The real problem is thus not to disseminate information — although this would be a positive step in the immediate future — but to launch a wide-ranging and general debate on European education.

Indeed, if we launched a searching debate on schools, teaching methods, and exchanges — not just to promote tourism or friendly relations, which would be admirable but would not solve anything, but within the framework of the common organization of the educational and teaching systems of the various European societies — we could then adopt Article 100 of the EEC Treaty as the basis for such action. The House is doubtless aware of the conclusions of economic studies carried out in, above all, the United States, quantifying the increase in productivity consequent upon the development of education at all levels.

Education is also an economic factor ; the divergences between the educational systems of the Member States not only affect the construction of Europe, but maintain those countries in a state of unequal competition. That is the root of the problem, which has unfortunately been ignored in this proposal. Hence our doubts on its merits.

Do we really need a Foundation to boost these exchanges, or do the means already exist ? Even if the Foundation helped to coordinate more closely the various efforts made, its action would remain for ever rooted in the present. What we would like to see, on the other hand, is action on all the suggestions and implications contained in the Tindemans report.

If Europe is to become a workable idea and not to remain an abstract ideal, we must take practical steps to enable the individual citizens of Europe to start thinking, acting, choosing for themselves and working from a common and European standpoint.

For this reason, Mr President, our group will be abstaining on this proposal. We shall not vote against it because that would appear as a condemnation of its spirit, but we cannot vote in favour because this subject needs to be examined, debated and approached from every angle and in the light of the long-term implications.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, I shall prudently refrain from joining in the argument, but I should like briefly to say what ideas the Commission has developed on this matter.

Since the decision was taken on 5 and 6 December by the Heads of Governments we have drawn up the broad outlines ; we have ideas about its structure ; we have ideas on the means of finance ; we have ideas on its objectives. We want to build on them and create something flexible and autonomous. We don't want a bureaucratic institution, we want to provide a new impetus.

To this end we shall concentrate on three aspects. Firstly, the Foundation should be concerned with the Member States of the Community and the applicant countries. Secondly, the Foundation should, where possible, exert an indirect influence, i.e. it should create the momentum for getting things going. But it should not try to do everything itself.

Thirdly, the Foundation should concentrate on contacts between those groups which do not normally experience exchanges at European level to the desired extent, who are not sufficiently involved. If the Foundation does this, we feel that valuable progress can be made. After all, this Parliament did approve half a million units of account for the preparatory work. I think we have used this money wisely. The question now arises : how are we to proceed further ? There are two possible methods : either we proceed under Article 235, which means that we take a Community decision and make the Foundation part of the Community. This procedure has certain advantages, but it has disadvantages too. One advantage is that we can maintain closer contact between Parliament and the Foundation ; another is the advantages of secure finance through the budget.

The disadvantages are also obvious enough ; a certain amount of bureaucracy might develop. This we want to avoid, because we believe that despite this disadvantage it is the only possible way. The alternative would be for an inter-State agreement with a long process of

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ratification. There would then be a considerable period in which we should be unable to do what is necessary. That is why we hope the Heads of Governments will take the decision on the basis of Article 235 of the Treaty at their meeting in April.

President. — I call Mr Johnston.

Mr Johnston, rapporteur. — I can afford to be quite brief, Mr President. First of all I would thank Mr Brunner for the positive reaction from the Commission indicating and underlining what a number of speakers have said from the different groups, that what is sought is something which should be flexible, autonomous, a provider of incentive and initiative, and for indicating, as I understood it, that, although there were drawbacks to proceeding under Article 235, that was what the Commission proposed to do, in line with what the Parliament is seeking.

I would thank those who spoke on behalf of the Christian-Democratic Group, the Liberal and Democratic Group, the Group of European Progressive Democrats and the Conservative Group for the positive remarks that they made in emphasizing, in the case of Mr Vergeer for the Christian-Democrats, the need for coordination and the involvement of the population, in the case of Mr Burgha, for the Progressive Democrats, the fact that we do need a bridge or link between the bureaucracy and the people, Mr Cifarelli, for talking of the need to recapture the idealism of youth, which we are always trying to do, sometimes successfully and sometimes not, and Mr Rippon, who himself has had so much actively to do with the promotion of the idea, for emphasizing again that the intention is that the prime thrust would be to help existing organizations which are short of funds at present.

Turning to the Communist and Allies Group and the contribution made by Mr Masullo, I accept that his group is taking what you might call a neutral position in this regard, and obviously a neutral position is much better than an antagonistic position. But, although I am always reluctant to argue with professors, I would suggest to him that if he argues, as he was doing, that the important thing is to develop a common way of thinking, that it is that which promotes unity, and that Europe must be more, as he said, than an abstract ideology, then surely the approach of Tindemans in emphasizing, as he did, the need always to promote human contact was a very practical proposal in building this unity and contributing to the development of this common way of thinking in a positive, practical way.

I turn finally to my friend, Horst Seefeld, who has already been battered about by Mr Rippon. I do not propose to do that, though I know he is a very resilient gentleman. I know that the Socialist Group has considered this matter carefully, and had a long meeting in consideration of it. But I think that on the basis that second thoughts are very often the best, he

should give the matter some further consideration, because there is no need to take up an absolute position at this time. The arguments that he advanced were basically that there are sufficient organizations in existence already, all we would be doing would be creating one more, and he made the point about bureaucracy which a lot of speakers have touched on. But I would not only point out, as Mr Rippon already did, that the European movement as such is broadly in favour of this idea, I would also look at this from another angle and say that the European movement in many ways is a political organization. Certainly in its operation within the United Kingdom, it advocates certain political objectives which I personally agree with, but which many other people do not agree with, so that they would find it difficult to operate under that particular umbrella. And I would beg of Mr Seefeld to contemplate the fact that one of the advantages of a politically fairly neutral foundation of this sort is that it would be welcomed by a great many people who feel reluctant to operate under the aegis of existing organizations, although I quite accept that many organizations do exist. But surely it must be a valid point that the bulk of these organizations are now favourably disposed towards the idea.

I would ask Mr Seefeld to give some further consideration to this matter. I know he is a careful man, and I am sure that further consideration might at least lead him to the point at which on this occasion he might abstain and allow further consideration to be given later on.

President. — I call Mr Seefeld.

Mr Seefeld. — (D) Mr President, I don't wish to detain anyone further, but the remarks made by my colleague Mr Rippon simply compel me to set the record straight. Mr Rippon is quite entitled to find my speech depressing. The feeling is mutual to that extent: his remarks have just the same effect on me. But to allege that I had made a hypocritical speech would be like my saying that his speech was demagogic. I must protest at this. I most emphatically resent his implication that I am an anti-European. If he persists in this belief, all I can say is, either he was not listening, or didn't want to listen, or is incapable of listening when anyone expresses opinions different from his own.

Secondly, he mentioned the German Government in connection with myself. I do not represent the German Federal Government in this House. I must ask him to understand that these Members of Parliament are freely elected Members responsible to no one, not even their governments. So what is the point of such statements in this debate? They are out of place. I must ask Mr Rippon to read my speech again tomorrow. He will then observe that he has produced nothing factual to counter my argument but has merely tried to set out his own position, which I do not understand, in a very polemical way.

Mr President. — I call Mr Rippon.

Mr Rippon. — I did not, of course, suggest that Mr Seefeld represented the German Government. I only got the impression that he thought there were doubts in those circles. It may be that I misunderstood him. I will certainly read his speech tomorrow. All I was saying is that the German Government has endorsed the principle and presumably meant what it said.

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.

18. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Wednesday 15 March 1978, at 10.00 a.m. and 3.00 p.m. with the following agenda :

10.00 a.m. and afternoon :

- Council statement on direct elections to Parliament ;
- Shaw supplementary report on draft amending and supplementary budget No 2 for 1978 ;
- Hughes report on the fixing of prices for certain agricultural products ;

3.00 p.m. :

- Question Time (Questions to the Council and the Foreign Ministers)

4.30 p.m. :

- Voting time
 - Vote on draft amending and supplementary budget No. 2 and on the motion for a resolution contained in the Shaw report ;
 - Vote on motions for resolutions on which the debate has closed ;
 - Hughes report on the fixing of prices for certain agricultural products (continuation of debate).

The sitting is closed.

(The sitting was closed at 9.25 p.m.)

ANNEX

*Questions which could not be answered during
Question Time, with written answers*

Question by Mr Jahn

Subject : Negotiations with Comecon

In the forthcoming negotiations with Comecon on the creation of treaty relations, will the Community take into account the different fields of responsibility of both Institutions ?

Answer

In shaping the Community's relations with individual Eastern European States or with the Council for Mutual Economic Assistance, the Community is guided by prevailing realities. These reflect not only objectives of all the participants, but also the actual conduct of their affairs, especially in the context of external relations and the rules and procedures which have been laid down within the Community and the Council for Mutual Economic Assistance.

Subject to this basic principle, the Community believes that treaty relations in the sphere of trade should be established between the Community and each individual Eastern European country. The Community has in fact created a common trade policy, while the Eastern European State-trading countries continue to form their external trade policy individually.

With regard to the possible creation of relations between the Community and the Council for Mutual Economic Assistance, the Community takes the view that, in particular in the fields of exchanges of economic information, environment protection and standardization, favourable opportunities for cooperation exist. The Council for Mutual Economic Assistance has independent experience in these areas, so that the initiation of working relations would be in the Community's interests.

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IN THE CHAIR: MR COLOMBO

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. *Petitions*

President. — I have received from Mrs Herzberg and nine other signatories a petition on Community

support for the educational experiment at the Decroly French State school.

This petition has been entered under No 1/78 in the register provided for in Rule 48 (2) of the Rules of Procedure, and referred to the Committee on the Rules of Procedure and Petitions pursuant to paragraph 3 of the same Rule.

3. *Urgent debate*

President. — I have received from Mr van Aerssen, Mr Bertrand, Mr Blumenfeld, Mr Brugha, Mrs Dunwoody, Mrs Ewing, Mr Johnston, Mr Klepsch, Mr Müller-Hermann, Mr Normanton and Mrs Walz a motion for a resolution, with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on the latest attack by Palestinian terrorists on Israeli citizens (Doc. 4/78).

President

Pursuant to Rule 14 (1), second subparagraph, of the Rules of Procedure, I shall consult Parliament on the adoption of urgent procedure for this motion for a resolution at the beginning of tomorrow's sitting.

4. *Council statement on direct elections to Parliament*

President. — The next item is the statement by the Council of the European Communities on direct elections to the European Parliament. In accordance with the Rules of Procedure, the enlarged Bureau has decided that the debate must not last longer than 20 minutes.

I call Mr Patijn.

Mr Patijn. — *(NL)* Mr President, at the moment there are fewer Members of Parliament present than Members of the Council.

Could we not suspend the proceedings until the Group meetings are finished? I feel that if the President of the Council comes here, there should be more than eight of us to listen to him. I think that the Group meetings are lasting rather longer than was anticipated and that we should therefore wait a while, unless Mr Andersen has any objections.

President. — I should be very pleased to be able to grant your request, but I do not think there is any reason to suspend the proceedings unless it is to establish whether there is a quorum.

I call Mr Andersen.

Mr K.B. Andersen, President-in-Office of the Council. — *(DK)* Mr President, I have no wish to intervene in a question of procedure, but I would say that we are all accustomed to coming to Parliament when the benches are not exactly overflowing, and as far as I am concerned I do not take it amiss. I thought you might like to know that.

I should like to begin by congratulating the President of Parliament on his re-election to this high office. We here from the Council and the Commission believe that the way in which he exercises his duties plays a major part in giving this Parliament the authority and dignity to which it is entitled. I therefore congratulate him on his re-election.

The last time I spoke to you on this subject was at the February part-session, when I promised to report briefly to you today on what had happened at the Council meeting on 7 March. At this Council meeting there was an exchange of views on the date for holding the direct elections to the European Parliament. During the Council meeting, as the honourable Members will undoubtedly know, I had the pleasure of meeting the President of Parliament, Mr Colombo, to learn of the Bureau's views on this matter. This contact was continued later that day immediately after

the Council meeting, since the Council was anxious to inform Parliament — through its President and before the news could come from other sources — about what it had discussed.

At this Council meeting I informed my colleagues of the resolution on direct elections adopted by this House on 16 February last. All the ministers agreed that the European Council would be able to issue a political declaration on the date for the elections. It was frequently stressed that it was important to choose a realistic date, i.e. to avoid picking a date in April, only to find subsequently that this date could not be met. This would appear to be a sensible requirement, which takes account of the differences between the Member States in progress in passing the requisite legislation. We also agreed at our March meeting that, at its next meeting on 4 April, the Council would again discuss the matter in preparation for the European Council meeting of 7 and 8 April in Copenhagen. As I made quite clear last time, it is the Council which will take the formal decision on a date for the elections after a debate in Parliament. This debate will be held once the Convention of 20 September 1976 has come into force, in other words once all Member States have informed us of the ratification of this Convention. I am hopeful that, at its meeting in April, the Council will be able to reach a policy decision on the election date, and it goes without saying that I shall keep Parliament constantly informed of any developments in this important question at the Council meeting on 4 April and at the European Council in Copenhagen.

(Applause)

President. — Mr President, I should like to thank you for your kind words.

I call Sir Geoffrey de Freitas.

Sir Geoffrey de Freitas. — Mr President, I have no right whatsoever to speak for the Assembly. But I am sure that my colleagues who were here — all fourteen of us — when the President of the Commission rose to speak very much regretted that not many others of our colleagues were here. I am grateful to the President for keeping his undertaking and making a statement, and I hope we shall have a debate in April or May when the European Council has finally made its decision. Because I know from what the President-in-Office has said that that decision will be communicated to us, and it will then be for us to comment on it and to discuss it in depth.

President. — I call Mr Patijn.

Mr Patijn. — *(NL)* Mr President, I was interested to hear what Mr Andersen said about the meeting of the Council on 7 March. However, he failed to refer to one thing which everyone has had a chance to read about in the press. Mr Andersen is making out that

Patijn

nothing happened at the meeting and that the talk was exclusively of 'realistic dates'. Well of course, we must have realistic dates, but I should like to ask Mr Andersen whether it is true that two dates were in fact discussed, namely 17 to 20 May 1979 and/or 7 to 10 June 1979. If Mr Andersen takes these to be 'realistic dates', then he has my wholehearted support, because these were precisely the dates that I as rapporteur had in mind. I should therefore like to know whether these two dates, and these two only, are the ones under discussion.

The second point is : where do we go from here ? This is something I should like to hear about. The Council of Ministers will be meeting on 4 April. They will be followed on 8 April by the European Council, which will have the task of fixing a provisional date — but without taking a formal decision on whether one of the two dates I have mentioned will be the date of the direct elections. We dealt at length last month with the consequences of this, and I should like to draw your attention here to the observations made by Mr Bertrand on the kind of decision reached by the European Council in Copenhagen. Because the Member States will not all have ratified the Convention by April, the Copenhagen decision can be nothing more than a 'gentlemen's agreement' on a new date. Only at some later stage — once all the Member States have completed the ratification procedure — will Parliament be consulted on the formal Council proposal. I should like to know whether this is indeed the plan, because we must know how we are to organize our business.

One final question : When you speak of a 'realistic date', taking account of national legislation, may I assume that at its meeting on 7 March, the Council assumed that, taking into consideration progress to date in passing the national legislation, all the Member States now regard the dates in May or June 1979 as realistic dates for direct elections ? I should appreciate an explicit answer from Mr Andersen on this point.

President. — I call Mr Bertrand.

Mr Bertrand, chairman of the Political Affairs Committee — (NL) Mr President, I should like to thank Mr Andersen for keeping his word to us by informing us of the latest developments within the Council on the preparations for direct elections. I am grateful to him for this, but I am less than pleased about the Council's going round and round in circles again.

The Council met on 7 March to hold an exchange of views. Like Mr Patijn, I should like to know whether the views exchanged concerned the two dates and whether any Member States have lodged their ratification documents. How many Member States have already lodged their acts of ratification officially with

the Council secretariat ? The Council has decided to discuss this subject once again in April to enable it to pass its advice on directly to the European Council without involving Parliament in the process, which means that Parliament will have no chance of bringing its influence to bear on the European Council. In these circumstances, we are duty bound to protest in view of the policy the European Council may decide to adopt on 7 and 8 April. If I have understood you correctly, Mr Andersen, you said quite clearly that the European Council would do no more than adopt very general policy guidelines on 7 and 8 April. On behalf of the groups whose interests I have been authorized to represent here today, I would say that we insist that 7 and 8 April should see the fixing of a definitive and binding date for direct elections.

Our experiences over the last few months in various other fields have sadly led us to conclude that certain decisions of principle taken by the European Council simply get torn apart by the experts and called into question by the Council, with the result that we finish up with no definitive decisions at all. Let me take as a case in point the European Foundation, which was agreed on in principle by the European Council, but whose future has now once again been cast into doubt thanks to the efforts of the experts who have dreamt up all manner of problems to prevent the Council from taking a decision. I am afraid of the same thing happening on direct elections, and I could cite other cases.

I therefore hope that the European Council will — at its meeting on 7 and 8 April — set a date which is binding on the Council, so that at its first meeting after the European Council, the Council can put forward a formal proposal which Parliament can then consider and offer its advice on, so that the final decision can be taken immediately afterwards.

But this whole business lies under the threat of the sword of Damocles. What I mean by this is that a decision can only be taken once the nine Member States have lodged their acts of ratification. Until that happens, Parliament cannot officially be asked for its advice. This seems to me to be one of the major hazards threatening the European Council's basic decision. Of course, the Council can claim after the event that it is very sorry but one or two Member States have still not lodged their acts of ratification, so that the Council has no legal grounds for taking a formal decision and consulting Parliament. So I would appeal to the President-in-Office of the Council to use his position to urge the Member States to lodge their acts of ratification. If the nine national parliaments have in fact ratified the Convention and there are no basic difficulties left in the way, I — along with Mr Patijn — wonder why it should not be possible to fix May or June 1979 as the date for direct elections. We must therefore press for the acts of ratification to be lodged

Bertrand

with the Council Secretariat forthwith, so that a definitive decision can be taken.

(Applause)

President. — I call Mr Andersen.

Mr K.B. Andersen, President-in-Office of the Council. — *(DK)* Mr President, one good feature of the Danish Parliament is that we speak our minds. I should like to say that I do not understand one single word of this debate. Not because of language problems — the interpreting is very good — but because I fail to understand a single one of the speeches which have been made. Let me tell you why.

First of all I was asked by Mr Patijn whether it was true that we had discussed particular dates reported in the press. I did not mention any dates to the press. I did not think it right to mention any dates to the press before the meeting of the European Council — this would have been improper, and I did not do such a thing. Some dates may have been mentioned to the press, but it was not I who did so, and I cannot do so today. However, Coreper has naturally been doing the preparatory work we asked it to do with a view to establishing when these elections can be held, and the dates proposed to the European Council are thus realistic dates which will not subsequently have to be dropped for some reason or other.

Mr Patijn asked whether, when I said that we would choose realistic dates, this meant that I could name these dates. Realistic dates mean dates which can be adhered to, so that we do not again have to change them and dash the hopes of the peoples of the nine Member States. The date we choose will be adhered to — that is what we mean by realistic.

Mr Patijn also asked what exactly would be happening on 4 April and 7-8 April. Mr Bertrand went further and asked whether we would be deciding on a date on 7-8 April and how Parliament would be informed of this. I have been asked this before by Mr Bertrand, and I would draw your attention to my reply to him on Col. 382 of the Report of Proceedings of last month's part-session, where I said :

I have stressed quite emphatically that obviously no final, official decision can be taken by the Council until the Act has been ratified by all Member States. This also means that the relevant procedure cannot formally take place in this Parliament before the Act is ratified. This is quite clear.

That was the reply I gave last month, and I willingly repeat it here today, and I shall willingly repeat it when I am here again in April. That is how things stand.

The European Council cannot take any decision, and it is extremely important to emphasize this. If there are decisions to be taken on Community matters, and for which other institutions are competent — in this case the Council after consulting Parliament — the European Council can only reach what I have called

policy guideline decisions. Parliament should not, in its eagerness to promote the direct elections, which we all want to see, call upon the European Council to do something which its underlying principles and practice do not allow it to do. It cannot take decisions, it cannot — and will not — usurp the powers of the Council of Ministers. It should not be asked to do this. We must on no account be asked to come to the European Parliament before the Convention is ratified in all the Member States and to short-circuit the national parliaments. This would certainly not be right. I therefore fail to understand your impatience, if I may put it that way.

We are pressing ahead as fast as we can. We are adhering strictly to the procedure approved by Parliament, and as I have just said, I fail to understand what the aim is unless it is to make us deviate from the procedure we have to follow. However, as long as I am President-in-Office of the Council, I shall make a point of observing proper relations with Parliaments, with my colleagues in the Councils, with the Commission and with the European Council, and the procedure must therefore remain the one I described last time I was here, as I described this morning, as I have now described for the third time, and as I shall gladly describe again in April if your President will allow me.

(Applause)

President. — I call Mr Bertrand.

Mr Bertrand. — *(NL)* Mr President, the nine Member States have all passed the ratification legislation, thereby completing the procedure. What I should like to know now is how many Member States have officially lodged their acts of ratification with the Council Secretariat. That is what really matters. The process of ratification has been completed in all the Member States, and so there is nothing whatever to prevent the acts from being lodged with the Council and a decision being taken.

President. — I call Mr Patijn.

Mr Patijn. — *(NL)* May I add one more comment, Mr President? Mr Andersen speaks of realistic dates but won't quote any. Clearly the press must have got wind of the dates from some other source, because they certainly did not get them from Mr Andersen. So only one date has been fixed, and that is May or June of this year. If this date has now been abandoned, and if the elections have been postponed to 1979, I should like at least to be told. Is the Council still considering a date in 1978? If so, we must surely be told, so that we know where we are and can arrange our timetable accordingly. If Mr Andersen is unable to give a date, can he not at least tell us in what year the direct elections will be held?

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, I have decided to intervene in this debate because Mr Bertrand has twice appealed to the President-in-Office of the Council and thus given the impression that the President-in-Office was to blame for the fact that no progress was being made in some Member States on the question of ratification. What we should be concerned with though is not addressing appeals to the President-in-Office of the Council to bring his influence to bear, but rather seeing to it that the Members of Parliament delegated to this House exert pressure on their own governments back home to get the ratification documents lodged with the Council. Our job is to seek a dialogue with our own national governments should there be any delay in lodging the act with the Council after ratification.

The President-in-Office of the Council has extensive powers, but in reality these powers are limited by his being *primus inter pares* in the Council of Ministers, and the political pressure should be exerted by the legislative bodies in our nine Member States. I felt I had to make this point after Mr Bertrand had twice implied that an appeal to the President-in-Office of the Council was all that was needed.

President. — I call Mr Andersen.

Mr Andersen, President-in-Office of the Council. — (DK) Mr President, it is not true that the procedure has been completed in all the Member States. Five countries have ratified the Convention. As Mr Fellermaier said, I hope you will use some of the energy you expend upon the Council on ensuring that the procedure is completed in those national parliaments where this is not already the case, so that we can then move on.

Mr Patijn asked whether it would be 1978 or 1979. The answer is simple. No matter how many times you ask today you will not get me to act improperly towards the Council or the European Council. As regards a personal guess, I would point out that Mr Patijn has already asked me this in Parliament, and I would draw your attention to my reply then: My personal guess is the spring of 1979. You can read this reply to Mr Patijn in Col. 378 of last month's Report of Proceedings. I shall gladly repeat it in April.

President. — The debate is closed.

5. Draft amending and supplementary budget No 2 for 1978

President. — The next item is the oral supplementary report, drawn up by Mr Shaw on behalf of the Committee on Budgets, on

draft amending and supplementary budget No 2 of the European Communities for the financial year 1978, drawn up by the Council.

I call Mr Andersen.

Mr K. B. Andersen, President-in-Office of the Council. — (DK) Mr President, I am grateful for the opportunity you have given me today to say a few words on this draft amending and supplementary budget. As you know, I was unfortunately unable to be present at the debate on Monday.

As Members are aware, the President of the Council generally has the somewhat depressing task, when presenting the draft budget to the European Parliament, of trying to explain — some of you would probably say 'explain away' — the difference between this draft and the provisional proposals submitted by the Commission.

Today I am in the very fortunate position of being able to tell you that, in any case as far as this draft budget is concerned, the Council has approved virtually all the Commission's proposals, apart from a couple of minor points which are little more than formalities.

I also understand — and I hope that this information is correct — that in the debate to date no questions have been put to, or special comments requested from the Council, and I can therefore limit myself today to thanking Parliament, and in particular the chairman of the Committee on Budgets, Mr Lange, and the rapporteur, Mr Shaw, for the friendly reception this draft budget has received in this House. I asked to speak simply to express my thanks.

(Applause)

President. — I call Mr Shaw.

Mr Shaw, rapporteur. — Mr President, we did of course, as you recall, have a discussion on this matter on Monday. There were two points on which I wished to take counsel with the Committee on Budgets later that evening, and as a result of that we have the happy opportunity of being able to welcome to our budgetary debates the President-in-Office of the Council, Mr Andersen. We are grateful to him for being here this morning and for the opportunity to say a few words to him. I am glad that his first incursion into budgetary affairs has come about on an occasion when, in the end, we are all agreed. I think that is a very happy augury at the start of what can sometimes be a rather stormy passage.

As I said, there were only two points on which I wanted to consult the Commission on Budgets. First, there was the nature of the 84 posts that were being created to deal with the work on the steel and textile sectors. Second, there was the wording of a new paragraph relating to the financial contribution of milk producers. The Committee on Budgets met and it agreed to the insertion of two new paragraphs, No 3a and No 4a, into the original text of the motion for a resolution. I think that the text will be found to be quite self-explanatory.

Shaw

On the first text, relating to the employment of this additional staff, I would remind the House that we hope the difficulties that are at present worrying the steel and textile industries will be of a temporary nature. If that is the case, we hope the need for the additional staff will itself be temporary. Arising from that, the Committee on Budgets hopes very much that temporary staff can be used wherever possible. So the purpose of the alteration has been quite simply to show that we are concerned that the temporary nature of the problem as we see it is reflected in the use, wherever possible, of temporary staff. That appears in the motion for a resolution. Secondly, we would like to show that we shall be concerned to watch the progress of the appointment of this staff, to see just how possible it is to get temporary staff. We have therefore asked in this proposal that the Commission keep us informed by reviewing the situation later in the year — in June — and I hope that, with the mutual goodwill that we always seek with the Commission, they will assist us in that review by giving us information later in the year.

Finally, I would say on this point that if the figure they give in their own proposal of 13 temporary posts out of 84 in fact exceeded, by having more than 13 temporary staff, we should be very gratified indeed. We want to encourage the Commission to use as many temporary staff as possible.

As regards the financial contribution of milk producers, the amendment to the motion for a resolution in the form of a new paragraph 4a is also before the House. I do not think that colleagues will have any particular difficulty with this text, which promises that the presentation of the budget insofar as the co-responsibility levy is concerned will be looked at again when we examine the draft budget for 1979. We have done what we can to bring clarity now, and we will look at it again under the efficient guidance of the next rapporteur, Mr Bangemann, in 1979.

With those few words, Mr President, I would like to commend the document and the motion for a resolution with the two amendments, for approval by the House.

President. — I call Mr Lange.

Mr Lange, chairman of the Committee on Budgets. — (D) Mr President, I do not wish to add anything to what Mr Shaw has said on the supplementary budget. I should only like to make a plea to the Council.

We have noted with satisfaction the Council's recognition of the fact that this Parliament has waived its right to the periods permitted to it by the terms of the Treaty and has dealt with the amending and supplementary budget in such a way that its provisions can be implemented promptly. However, Mr President of the Council, the Council really must think hard about

allowing this state of affairs to arise again in connection with other critical questions. We do not believe that this should be allowed to happen again, and we think that, when the Council sees a specific need for decisions to be taken towards the end of the year, it should try to include these decisions, with their budgetary consequences, directly in the budgetary procedure, so that in the future we can avoid such unsatisfactory procedures as those we now have to accept, as well as an — in my view — quite superfluous supplementary budget.

I therefore urge the Council most emphatically to adapt its procedures somewhat to the budgetary procedure and to live up to its own standards, for the Council has told us often enough, as have individual members of the Council at conciliation meetings, that it is as reluctant to have supplementary budgets as Parliament is. We should therefore very much like to see the Council making some progress in this respect, since it will not be long before we have to start dealing with the budgetary procedure for 1979.

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

Lord Bruce of Donington. — Mr President, once again, the clarity with which Mr Shaw, the rapporteur, has presented these two further items makes it unnecessary for me to add anything. My group will support the steps that he has taken.

President. — I call Mr Andersen.

Mr. K. B. Andersen, President-in-Office of the Council. — (DK) Mr President, I shall not enter into the details of the Parliamentary debate at this time, but I should like to say that I am fully conscious of the problem raised by Mr Lange and completely understand his request to the Council. I can state categorically that we shall do our utmost, in cooperation with the Commission, to avoid situations of this kind and such as Mr Lange warned us against. However, I believe that you all understand that we can give no absolute promises, for situations can arise, such as the crises in the steel and textile industries, which do not allow us to wait until a new budget, and where the only possibility is a supplementary budget. As Members are aware the reason this time was not so much that we needed the money, for we could have avoided a supplementary budget if the only question had been one of finance, and the Commission deserves praise for ensuring that this problem could be solved without a request for funds. However, purely formal considerations made it necessary for us to have these items included in the budget framework and this is why we landed in this situation. Nevertheless, as I said, I can inform Mr Lange and Parliament that I agree with the points he made. We shall do our best to ensure that we do not get into this situation again.

President. — I note that there are no more requests to speak.

The vote on the motion for a resolution contained in Doc. 565/77, together with the amendments which have been tabled, will take place during voting time at 4.30 p.m. today.

The debate is closed.

6. Fixing of prices for certain agricultural products

President. — The next item is the report (Doc. 579/77), 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 on certain related measures for the 1978 -1979 marketing year.

I would point out that, with regard to the organization of the debate, the speeches by the rapporteur and the draftsmen of opinions will be followed by an initial statement by the Commission. It has been decided that these speeches must not take longer than one and a half hours from the moment the general debate begins.

I call Mr Hughes.

Mr Hughes, rapporteur. — Mr President, opening this debate on what is clearly the largest sector of this Community's budget, the expenditure on a very difficult area in the whole of the Community's activities, we start from a clear problem : incomes in agricultural activity are getting further and further apart. The growth in the disparity between one part of the Community and another, between one sort of farming and another, is accelerating ; the prosperous farmers appear to be getting more prosperous, while the less prosperous farmers in other parts of the Community are getting relatively less prosperous. The objectives of Article 39 of the Treaty of Rome — increasing agricultural productivity, ensuring fair standards of living for the agricultural community, stabilizing markets, ensuring availability of supplies and that those supplies reach consumers at reasonable prices — are getting harder and harder to realize. It is against that background that one must try to judge the Commission's proposals and the report I have the honour to present on behalf of the Committee on Agriculture.

I think I must make it clear at this stage that in the debate in that committee, and in the final vote, I was not able to vote in favour of the report that is in my name. Amendments were made in the committee with which I so fundamentally disagreed that in the end I could no longer vote in favour of the report that carries my name.

In determining where to set the level of agricultural prices, in addition to the specific problems of the agrarian sector, a number of external factors need to be taken into account : the necessity to contribute to the fight against inflation throughout the Community ; the necessity to try to contribute to the fight against the unacceptable levels of unemployment throughout the Community ; the desirability of maintaining and even strengthening the stability of the Community, and of limiting monetary divergences within the Community. It is in these areas that some of the proposals to come from the Committee on Agriculture became less and less acceptable. The Commission originally proposed an increase of 2 % with various deviations from that norm for certain products — oil seeds, 4 %, pigmeat 3 %, and so forth, with in other cases, proposals that were significantly lower than the suggested 2 %. That this set of proposals was clearly not in line with the figure arrived at by the so-called objective method was accepted by the Commission. But in the Committee on Agriculture and in the representations that were received from COPA it was made clear that the interests of the farmers, demanding at least 4.2 %, frequently 4.7 % and in the end 5 %, were to have paramountcy. Within the various Member States of the Community the paradox arose that it was precisely in those countries where there was no possibility of using adjustments in green currencies to assist the income of farmers that the discrepancies in farmers' incomes were most severe. In the Benelux countries and in Germany during 1977 it is quite clear — and the latest bulletin of the Statistical Office bears this out — that farm incomes have tended to decline, whereas in countries such as Britain, Ireland and Denmark, where the possibilities of green-rate adjustments existed and still exist, the increase in farm incomes has been most noted. Therefore an overall price increase of 2 % or 5 % can do little to offset the difficulties facing the hard-currency countries within the snake. Their farmers will still be relatively disadvantaged as compared with the farmers in other countries of the Community, even if they get 5 % rather than 2 %.

Beyond this technical difficulty facing the different countries, there was also the problem that for many products — and in particular for the product upon which two-fifths of all our expenditure on agricultural support is spent, to wit, milk — the level of surpluses is growing at an alarming rate and that the growth in this surplus seems to be scarcely capable of being controlled by even the most prudent of price policies. Because the evidence is increasingly present that it is the increased yield per lactation of the cow that is causing the increase in the quantity of milk coming on to the Community market. Although the number of cows in the Community is tending to go down, the amount of milk being produced is consistently going up. At the same time, the consumer demand to take away and utilize this product is at best static, and in many cases declining. As a result of demographic

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changes, a decline in the birth rate and the high specificity of milk-drinking among the youngest in the Community, the under-fives, of whom we have very few compared with say, ten or fifteen years ago, there are now fewer mouths prepared to drink milk, and yet we are producing more and more of it. It is against this pattern of surplus in the dairy sector that one must ask: how can you achieve an average increase of 5% without giving a significant increase in the dairy sector — which takes up two-fifths of the support price in any case — without yet further exacerbating the problem of surplus?

In another field, sugar, one has a somewhat similar position. A few years ago, when the world sugar market was in deficit, the Community decided to increase considerably the price given to beet sugar producers in order to increase its self-sufficiency. Noteworthy, it did achieve that. The position however now is that on top of some 9 million tonnes of consumption, there is gross production, plus Lomé-guaranteed imports, of the order of 12 million tonnes. This coming year the Community will be in surplus on sugar to the tune of some 3 million tonnes. How can it get rid of that surplus? In the same way, how can it get rid of the surplus in the dairy sector? On sugar, the problem of our international obligations and the existence of the International Sugar Agreement, makes it very difficult to see how, within our obligations, we can off-load this sugar surplus on to the world market. If we sell it at world price with massive Community subsidies — that is, restitutions to bring it down to that price from the guaranteed internal intervention level — then we can only further depress the world price itself and the incomes of the producers in some of the poorest parts of the world. In the case of milk products, the selling of butter to Russia — I need scarcely remind this House — at prices of a third or so of the price being asked of the internal Community consumer is something which is politically very difficult to defend.

Therefore if you continue along the path of crating ever-greater surpluses, you run into both a political unwillingness to finance those surpluses, and an economic inability to get rid of them. It was with these considerations in mind, I am sure, that the Commission embarked on its cautious price policy, recognizing that, of itself, a cautious price policy was not a sufficient and total instrument, but that it was the first and essential step towards bringing production, supply and demand for agricultural products into balance. There are sectors of Community agricultural production where we are in permanent deficit. This is notably so in the case of protein oils, and here the Community and the Commission have taken important steps to try to rectify this deficit. It is here that there is the opportunity to switch from beet-sugar production to production of protein oils, which would satisfy the need for farmers to maintain their incomes from that sort of land up to a point. Here one must

however recognize the technical impossibility of easy switching from beet sugar into many of these other products. It is not easy for the individual farmer to do it, because of the limitations of his land, water supply, and so forth. It is not an easy switch that is being asked for, it will take some time to make the transition. Within that area of problems one saw the Commission proposing a decrease in B quota sugar from 35% to 20%, and by saying nothing about it in the report, I take it that the Committee on Agriculture implicitly accepts that reduction in the B quota sugar. There is an amendment which puts back in explicitly what, by saying nothing at all about sugar, was implied implicitly.

For many consumers in the Community, the great achievement of the common agricultural policy — and this may sound paradoxical, particularly to my own countrymen — has been the stability of prices for the consumer. In most of continental Europe over the last 10 or 12 years, the consumer price for food-stuffs has been marvellously stable. They have been able to achieve a stability of price, although that is not what one would normally read in the British press. For the British coming up to that high stable level has caused a major trauma. But for much of the rest of the Community one of the great achievements of the common agricultural policy has been a level of stable prices which we would be very foolish, from the narrow British point of view, to underestimate. This gives to many of the consumers in the Community a sense of security as to their future expenditure. But that does not mean that they are totally indifferent to unnecessary increases in those prices. They do not see, even those who have enjoyed this relative price stability, any reason why there should be an increase in consumer prices for products in which there is a major and growing surplus. Even those who have benefited from that stability find it difficult to accept the need to increase the price of those products where there is this major surplus.

In external relations there is clearly a division, reflected in the Committee on Agriculture and reflected in this House, between those who see the need for a much closer level of protectionism, and those who feel that, in itself, protectionism is no solution to the long-term problems facing the European farmer and consumer. The protectionist argument is most noted in the Mediterranean region and in the case of Mediterranean products, and I suspect it is not unassociated with the possibility of the accession of Spain, Greece and Portugal to the Community. The objective method of looking at how, and by how much, to improve farmers' incomes, assumes no change in the level of protectionism. It assumes that you are not artificially raising the market price by tariff barriers and so forth. Whereas, if one expands and extends the degree of protectionism, then the gap between intervention price and market price is liable to increase, and farmers who get their return, not from

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intervention but from market prices, will benefit very considerably, it is thought, by a greater degree of protection. I think, as a trading Community in which our ability to buy agricultural products from third countries is essential to enable them to afford our industrial exports, protectionism in agricultural products is not a road we should follow without a great deal of careful consideration. I would be reluctant to see any extension of the degree of protectionism already enjoyed for many products within the Community.

I should like to divide my 30 minutes to answer many of the points that will be raised during the rest of the debate. I will conclude now by saying that I cannot recommend the major element of this report. I recommend more warmly the explanatory statement. I cannot accept the major recommendation of a price increase of the order of 5%. I did not vote for that in the Committee on Agriculture. I believe it to be notoriously against the interests of the farmers themselves as well as those of the consumer. An unfocused increase of 5% across the board will not solve the problem of the small family farmer whose income level, compared with incomes available in the industrial sector, has declined and is declining. It will not solve the problems facing, in particular, Belgium, the Netherlands, Luxembourg, and Germany. The 5% of itself will not alter the relative prosperity of French agriculture against the prosperity of Germany or the United Kingdom. It will not achieve those ends; the budgetary cost, on the unlikely assumption that 5% will neither decrease consumption nor increase supply, when it in all probability will do both, is at least 500 million units of account, and may well rise to over 800 or 900 million. I therefore do not believe it will serve either the farmers' interest, or the consumers' interests. But most seriously of all, if this Parliament is seen to be little more than the mouth-piece of the farmers organizations, it will bring this Parliament itself into disrepute.

(Applause)

(IN THE CHAIR : MR SCOTT-HOPKINS)

Vice-President

President. — I call Mr Caillavet to present the opinion of the Committee on Budgets.

Mr Caillavet, draftsman of an opinion. — *(F)* Mr President, ladies and gentlemen, I find myself in the same boat as Mr Hughes but for different reasons. Whereas the rapporteur — contrary to the opinion of his committee — proposed a lower rate of increase for certain farm prices, I in the Committee on Budgets — and for the opposite reasons — proposed an increase which my committee refused to accept.

We shall be debating this matter again in a few weeks during the April part-session, and shall then be

commenting on a number of points in an opinion on the milk sector, the beef market, cereals and potato starch.

I shall now comment as straightforwardly and clearly as possible on the subject matter of this report. I would refer you to the written opinion, which gives an accurate account of the political and technical observations formulated by the Committee on Budgets.

Despite my own opinion, the Committee on Budgets accepts the Commission's proposals. On the whole, it feels able to support the Commission's proposal for a 2% price increase. As rapporteur I originally requested an increase of 4.2% for reason of clarity and consistency. Prior to this the Commission had been persuaded, on the strength of certain economic indicators, to accept farm price increases of 3 and 7%. Using the same indicators and applying them to European agriculture I arrived at an increase of 4.2%. I therefore proposed to the Committee on Budgets that it should apply this objective method and call upon Parliament to support an average overall increase of 4.2% in farm prices.

I particularly favoured this method because, properly applied, it was capable of producing results which I found to be more logical, as its cost did not exceed 400 million units of account. Besides, I believe that Europe should preserve its independence in agriculture in order to shield itself against the buffets of world politics. I also pointed out to my colleagues on the Committee on Budgets that my proposal for a 4.2% rise in farm target prices would not in fact be much of a burden to the Community. Furthermore, this increase represented only 0.3% of the GDP, a negligible change on the Guarantee Section of the EAGGF.

Despite this, I failed to get the Committee to agree to my proposal. The Committee on Budgets calls upon the House to accept the Commission proposal for a 2% increase.

I am therefore in the same anomalous position as Mr Hughes. He proposed 2% and has to accept 5%, while I proposed 4.2% and have to be content with 2%. But we can console ourselves, at least, by sharing our disappointment.

I now turn to the related measures proposed by the Commission, and here again I shall be very brief. These are the reduction of the quotas to which the sugar price guarantee will apply, the extension of the calving premium, aid to processed feedingstuffs, and finally, because this debate also has political overtones, the continuation of the co-responsibility levy on milk, and levies on isoglucose.

The Committee on Budgets has accepted all of these related measures. It believes that they will eventually lead to the rationalization of agricultural markets and

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make agricultural produce more profitable. But it has asked me to comment on the co-responsibility levy, which poses a major budgetary problem. As far as budgetary democracy is concerned, there is no doubt that if we want to adhere to the rules of dialogue and conciliation, the Committee on Budgets must make a number of observations.

It is true that last year we voted rather hastily and simply gave an opinion on the application of the co-responsibility levy on milk. The policy pursued at present is that the Council sets the amount of this levy and then decides in consultation with the European professional organizations how it is to be used. We find that the Council has great difficulty in achieving an effective balance. Hence the amendments and the successive attempts to achieve a perfectly balanced budget. The Committee on Budgets regrets that it is unable to supervise the decisions of the Executive. Democracy in Europe is unattainable if Parliament is deprived of its right of supervision by technicalities.

I made a number of proposals to the Committee on Budgets. I first asked that it should refuse to discuss the co-responsibility levy until it has been 'budgetized', as it is clear that once this has been done we shall normally be able to deal with it. The Committee on Budgets did not adopt this proposal.

I presented a further proposal to the effect that the levy should not be applied until we knew the opinion of the newly created Court of Auditors. Here again my colleagues — no doubt wisely — were unwilling to adopt the proposal, and I bowed to the views of the majority.

The Committee on Budgets says that while it accepts the levy on 1980, it hopes that it will be presented within the context of the budget to enable us to exercise budgetary control, without which the Commission can do as it pleases while we carry the responsibility. Therefore, the Committee on Budgets hopes — or rather demands — that the Commission and Council should declare their willingness to include the tax in next year's budget so that the tax may be debated, and then approved or rejected by Parliament, thus ensuring that the democratic rules are respected.

This brings me to my third point, namely the agri-monetary measures.

I am required to deal only with the budgetary aspects of this matter, as a special rapporteur is due to speak later. We have found that monetary compensatory amounts have some bearing on levies and that they therefore indirectly affect the budget. The Commission has proposed to us that monetary compensatory amounts should be phased out over seven years by one-seventh each year.

My committee found this proposal unrealistic and thought that greater account should be taken of

economic developments which could arise at any time. It therefore proposes that this period of seven years should be cut to three or five years, but it does not want a formal plan to be applied as this would be too inflexible, and the committee feels that the situation should be re-assessed yearly.

The Committee on Budgets has found that it constantly has to deal with supplementary budgets and that these are increasing in size, a trend which it considers very unfortunate. Now the Council and Commission are submitting a series of 'packages' to us in which they propose to undertake definite commitments on new policies. During the April part-session I shall, as rapporteur, be commenting on the new Commission proposals, which relate mainly to milk, beef and cereals.

The Committee on Budgets is surprised at this policy and objects to it because it prevents the committee from considering the Community's agricultural policy as a whole. We are debating the matter in several phases, whereas we should be taking an overall view of the situation. We are called upon today to approve a supplementary budget on agriculture, and this poses a threat, directly and indirectly, to the single character of the budget. I am entitled to ask the Commission and Council how they hope to implement two — and if they are not careful — three successive budgets. We must, therefore, try to use our imagination, and the Committee on Budgets requests the Council and the Commission to think about this problem.

I should now like to state the conclusions reached by the Committee on Budgets.

The Committee on Budgets requests the committee responsible to take account in its motion for a resolution of the following conclusions:

- a) the price increase should be limited to 2 % as proposed by the Commission, on the understanding that there should be no price increases for surplus products;
- b) the Commission's proposals concerning agri-monetary and related measures are to be welcomed since they should lead to improvements in the common market organizations.

The Committee on Budgets further requests the committee responsible to include the following provisions in its motion for a resolution:

- a) the Commission is invited to propose, in the 1979 budget, a system of budgetizing revenue and expenditure connected with the co-responsibility levy on milk which fully guarantees the budgetary rights of the European Parliament, which, I stress, must never under any circumstances become a mere rubber-stamp Parliament;
- b) the Commission is also invited to submit proposals capable of solving in future the problems connected with agricultural supplementary budgets;

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c) Parliament reserves the right to initiate the conciliation procedure should the Council intend to deviate from its opinion.

I should like to wind up these brief comments by drawing attention to this last paragraph. This has a nullifying effect because, as we can opt to engage in the conciliation procedure with the Council, we can insist that we are not required to decide hastily and without a proper dialogue. The conciliation procedure is undeniably the most attractive solution from the democratic standpoint. Now that it has completed its examination the Committee on Budgets calls upon Parliament to approve the proposals submitted to it.

(Applause)

President. — I call Mr Müller to present the opinion of the Committee on the Environment, Public Health and Consumer Protection.

Mr Willi Müller, draftsman of an opinion. — *(D)* Mr President, I have the much easier task of presenting an opinion which was adopted unanimously by the Committee on the Environment, Public Health and Consumer Protection. I hope that this will be taken into account by whoever is responsible for taking the final decision on these questions. Mr President, ladies and gentlemen, we are very pleased that for the first time in such a round of negotiations, we have managed to get away from the usual practice of taking a blueprint as the basis for discussing price proposals for agricultural products. We are also pleased that a different committee, representing the interests of European consumers, is getting a look in for a change. Like the previous speaker, I shall restrict my remarks to a few basic considerations, since we have tried in our Opinion to set out our thoughts on this subject in more detail.

Getting down to essentials, we feel that the Commission has come up with sensible proposals, amounting to an average 2 % increase in prices for the coming marketing year. This is at least considerably below the average increases in administrative prices in previous years, and in particular in 1975 and 1976.

The Committee on the Environment, Public Health and Consumer Protection welcomes the Commission's proposals as a sign of a cautious anti-inflationary price policy and as a long-term instrument designed to remove the present imbalances on some of the European agricultural markets. The Committee trusts that the Commission will — with the support of this House — succeed in getting its price proposals accepted by the Council. In our scrutiny of the Commission's price proposals, we took account of the fact that the overall economic situation is still characterized by a high level of unemployment and inflation. The unemployment rate in Europe is around 5.6 %, and the Community's rate of inflation in 1977 was over 9 %, a relatively high figure in our opinion.

We must not forget that the agricultural sector is likewise affected by this situation. We fully realize that farmer's operating costs are rising. It has become much more difficult for smallholders to find alternative employment, and so it has become practically impossible for these smallholders to give up their unprofitable holdings. The Committee felt it should take these factors into account in its assessment of the Commission's price package.

It is all too easy to say that we are all in the same boat. But, Mr President, ladies and gentlemen, there are different jobs to be done on a boat: some man the oars while others grasp the rudder. And this is why we have adopted a very clear stance on this whole subject. We should not forget the privileges which the agricultural sector has enjoyed as a matter of course for many a year thanks to our European organization of agricultural markets and which the beneficiaries — and this is a point of criticism which I would personally endorse — are somewhat loth to publicize. This is something I would particularly like to stress.

Unlike their counterparts in other sectors of the economy, farmers have price and marketing guarantees for more than 75 % of their products. They enjoy protection from cheap imports from third countries and they receive compensatory payments to protect them from currency fluctuations. To a certain extent then, farmers can rely on increased production destined for sale to a guaranteed market to safeguard their level of income. Where else could it happen — and this is a legitimate question — that the customs duties and countervailing charges levied on cheap tomatoes and peaches from third countries are so high that European farmers are ensured a market for their products at fixed, guaranteed prices even when their tomatoes are cultivated at stupendous cost in northern European greenhouses?

This being so, and in the light of what I would call a policy of privileged treatment for European agriculture going back over many years, how can we possibly still speak of the European farmer struggling to keep pace with rising incomes in other sectors of the economy? How long can we go on feeding these myths to the European public without losing all credibility? How should we go about explaining price rise of 5 % for products like milk, sugar, wine and beef to a critical European public at a time when the intervention stores are not only brim-full but overflowing with these products?

What we need — and what the Consumer Committee has been calling for — is co-responsibility, involving in particular those groups of European farmers who have so far done nothing but cash in on all the privileges provided by the Common Agricultural Policy. And what I am talking about is more than simply symbolic co-responsibility. Symbolic co-responsibility

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levies, as applied in the milk sector alongside simultaneous massive price increases, are not in line with our current intervention planning.

Mr President, my motto for this debate was 'all there is to sacred cows is beef', and I mean to stick to this motto. I readily admit that the Consumer Committee would much rather have seen a complete freeze on the prices of surplus products, but we decided to spare a thought for the countless smallholders and reject the demands put forward by the BEUC — one of the European consumers' associations — because we thought this would be the wrong way to go about things. We therefore came out in favour of the Commission's price proposals, and I should like to emphasize the fact that I regard the Committee on Agriculture's call for a 5 % price rise as exaggerated. For the reasons I have just mentioned, there is no way we could justify a price rise of these proportions to the public at large. The laugh is always on the loser, but if it is price stability that loses out, our approval will not be forthcoming. The effect of a price rise of this magnitude on the inflationary spiral would be all too predictable. The effect on the imbalances in certain agricultural markets would in our opinion be disastrous, and there could be no justification for the effect on the Community's agricultural budget, more than 20 % of which even now goes on the stockpiling of intervention produce. Let me repeat that figure: 20 % of all expenditure goes on the cost of storage.

Mr President, ladies and gentlemen, I just wonder how this House will face the 265 million European electors next year if it has nothing more to offer than a Common Agricultural Policy which results in inflated food prices, which devours 75 % of our Community budget and which is responsible for producing senseless surpluses. We know that this deplorable state of affairs is being watched anxiously even by European farmers.

If, despite all this, a strong agricultural lobby both within and outside this House does not tire of laying claim to privileges as if they were inherent rights and demanding price rises way beyond what can possibly be justified, then I think it is time for this European Parliament to declare itself and stand up for what is objectively feasible. Our aim is not to call the Common Agricultural Policy into question, but simply to see that common sense prevails in fixing the prices for the coming marketing year. What matters is the readiness and willingness of all concerned to make sacrifice for the good of a common Europe.

The Commission deserves — and this was the view taken by the Committee on the Environment, Public Health and Consumer Protection — our wholehearted support in getting its price package accepted by the Council. It was for this reason that the Committee on the Environment, Public Health and Consumer Protec-

tion unanimously adopted the Opinion which I have had the honour to present here today.

(Applause)

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, the Commission's proposals on prices and related matters for 1978-79 are the subject of the report now before Parliament, for which I would like to express the thanks and appreciation of the Commission. These proposals by the Commission are part of a comprehensive strategy to restore the wellbeing and the credibility of the common agricultural policy. It aims to do this by pursuing a policy of price moderation, by developing the instruments of structural policy, by restoring the unity of the common agricultural market, by stimulating agriculture in the Community's poorest regions and, finally, by making sure that the policy will be able to cope with the enlargement of the Community.

In my remarks I shall focus on agricultural price policy, but of course we must not lose, and are not losing, sight of the overall policy framework. The days when the agricultural policy was only a price policy have gone, but that does not mean that prices no longer play an important role. Because they influence the prices which have to be paid by the consumers, and they are also important in determining the income of farmers. Progress in other areas than price policy may not always be as fast as one would wish, but the Commission is pushing hard, and it has a clear view of the way in which the different instruments should knit together.

May I, at this point, Mr President, call the attention of the House to the fact that the Commission has, over the last few months, submitted to the Council and to Parliament proposals for updating the structural policies already in force on modernization of farms, free pensions and other measures of this kind. We have furthermore put forward more substantive proposals in regard to structural reform than were ever put forward before in the Community, in particular with regard to the least favoured zones of the Community that is, the Mediterranean areas — without, however, forgetting the poorer zones in other parts of the Community, such as western Ireland and some of the northern most areas of the United Kingdom. These are massive proposals which are on your table and which are only for discussion at a later stage; that should not be lost sight of when you are taking an overall view of the Community's policies in regard to agriculture. They do stress the importance of prices, but they have demonstrated in fact a willingness, an ability to put forward dynamic proposals to deal with structural imbalances, be it from a commodity point of view or, more importantly, from the regional points of view which exist in our Community.

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Two things are essential if we are to restore the well-being and the credibility of the common agricultural policy. We must always keep in mind the goals and needs of general economic policy, and we must end the waste of resources that is represented by unwanted surpluses. Both these considerations affect our policy towards agricultural prices. What does that mean in other words? We are under a Treaty obligation, which we intend to honour, to secure reasonable incomes for farmers, because that is, from the social point of view, of importance to the Community, not least in a situation of high unemployment. What responsible politician would, under those circumstances, wish to push people out of the land into an industrial environment which is, at the present moment, not in a position to offer an alternative? But it is also of interest to the consumer that agriculture is in a position to earn a living, because thereby the security of supply can be obtained.

I quite agree with the rapporteur of the Committee on Budgets that it would be folly to rely to a very large extent on foreign supplies of Foodstuffs. We all know that international markets of foodstuffs are artificial. They are plagued by violent swings in prices and therefore to dismantle our own agricultural production, which is a trump card in international politics, would not be desirable and is not what we are seeking. We also want a policy of stability, by the way, in international relations. Here, I refer to one of the amendments which have been put down to the report, and can do that with a very good conscience, since until a few days ago, we continued to fight for a greater degree of stability in trade and agricultural commodities, including prices. If we want that, we must also accept that there must be stocks, because stocks serve the purpose of stabilizing prices and securing supplies, be it within the Community or be it to meet our commitments, to a world which is short of foodstuffs, though not necessarily those where we are most dramatically in surplus.

But when all is said and done, I must repeat, as I have said many times before, that whilst a steady level of stocks is a normal and valid aspect and instrument of the common agricultural policy which must be maintained, a permanent increase in these stocks confronts us with the situation where we are producing certain major agricultural commodities for a market which does not exist today and which will not exist tomorrow, even if we are, as we have been doing, in particular throughout the year 1977, using to a very large extent export restitutions and aids for uses inside the Community. Even with such substantial financial means to support the consumption, both inside and outside the Community, of surplus commodities, we are still producing major commodities for a non-existent market and a market which is not going to come into existence either tomorrow or the day after

tomorrow. That is what I call a structural surplus. That is the kind of surplus which is contrary to the spirit and the meaning of the common agricultural policy and whose continuation in the future will bring the common agricultural policy into disrepute. This aspect must be dealt with, and whilst it will not be dealt with by the foremost instrument of the common agricultural policy as now conceived — the price policy together with the structural policy aspect to which I referred — to shrink back from that responsibility will be to push us in one of two directions: either into a situation where we are no longer using the price policy for any serious market purposes, but must rely on an income aid system which will be infinitely more expensive to the Community than the present system and which will freeze indefinitely a farm structure which is not in accordance with the economic realities today; or into controlling the level of agricultural production in the Community, which would mean abandoning the type of agriculture to which we are accustomed, with its individual farmers and the competition between them, and moving towards a type of agriculture which has been applied in other parts of the world and which has led to declining efficiency and loss of wealth. You will not find me willing at any stage to defend either of these two extremes. The solution therefore has to be found by using the methods and mechanisms at our disposal in the present agricultural policy, together with the various structural policies to which I have just referred.

Agriculture is not an economic island. Through its impact on price and income levels, it plays a key role in the general economy of all Member States. This general economy is still plagued by inflation and unemployment, and we must face this fact when we decide the 1978-79 agricultural prices. The Commission's proposals have therefore to be understood in the light of the Community's most sustained economic recession. The economic recovery we have been working to bring about has faltered. Inflation in the Community still averages about 9%, and although it has been reduced, the Community economy is balanced on a knife edge.

Agriculture is, to some extent, sheltered from this recession, and, for the political and social reasons I just indicated, that is just as well. Farmers can carry on their business in the knowledge that a large part of their production receives the stabilizing benefit of guaranteed prices which act as buffers against monetary uncertainty by the system of monetary compensatory amounts. Financial support from Community and national resources amounts to about a quarter of the total value of all agricultural production. Despite cost increases — and this I want you to note — farmers' real incomes on average rose last year, and remember that this followed a 2.6% increase in real terms of incomes in 1976.

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Here we should not forget that price increases have multiplying effect on farmer's income. We are not fixing market prices, we are fixing guaranteed prices, the safety net. It is wrong to think that a 2 % increase in prices leads to a mere 2 % increase in incomes. The income left to the farmers rises more because of this multiplier. Let me give you an example. A price increase of 2 % will lead to a 4.5 % increase in the incomes of Belgian farmers, even allowing for increased costs.

Our second consideration must be an attack, as I have just said, on the waste of resources represented by unwanted surpluses. Something approaching 15 % of all milk delivered to dairies cannot find a market, even with heavy financial support. We have an exportable surplus of 3.8 million tonnes of sugar. We have beef-stocks of more than 350 000 tonnes. We have studied in depth the markets experiencing difficulties. In most cases, we have discovered that our prices frequently encourage an unwarranted increase in production. In other words, farmers in some sectors are producing for the intervention store, as I have just said. Here again, we have found that when prices increase, consumption is discouraged. It sounds simple, but it has been part of the philosophy of many, that price increases had no impact on the level of consumption. All studies on what has happened in the last five to eight years demonstrate the opposite. If we continue to increase prices for agricultural commodities beyond reasonable levels, we are going to have the same set-back in consumption as we have experienced for a number of dairy products, and not least beef and sugar. The only sensible policy under these circumstances is one of price moderation.

The Commission is proposing to raise prices for the next marketing year by an average of 2 %. In the case of some of those products which are in surplus, market conditions certainly do not justify even this increase ; but the Commission has sought to propose an increase that would allow some development of farm incomes. The needs of the farmers themselves, as I said earlier on, must not be forgotten either in this policy mix. There must be a balance between the interests of farmers, of consumers and of taxpayers. Conditions in the general economy and the persistent surpluses on several Community markets demand, however, a response in price policy. A policy of price moderation avoids the brutal effects for the individual farmer of a price squeeze. Remember the social tensions in the farm population of the early 1970's and the subsequent price explosion.

Price moderation has the further advantage of passing on, in mitigated form, the right market signals. Farmers who can increase their productivity — and they are in the majority — will go on covering their costs ; those who cannot have time to look for alternatives. There are those who attack price moderation on the grounds that it prompts farmers to increase their output to prevent falling incomes. This is too simple an argument. It may be true for some sectors over a very short period of time, but price moderation over

several years, which is what we are seeking, will cause many farmers to switch to other lines of production, and our policies are put together in such a way as to encourage them to do precisely that. Those who remain will increase their efficiency and thereby make a moderate, consumer-oriented price policy possible. One thing is absolutely certain, however : a bigger price rise will lead to a bigger increase in production than a moderate price rise and also to a fall in consumption.

The conclusion one must draw, therefore, is that price moderation must be pursued over a number of years if it is to be effective. Let me say clearly that I strongly oppose the suggestion that prices should be raised by 5 %. Given the present state of the general economy, the surpluses on some markets, the harmful effects on consumption of unwarranted price rises and the extra budgetary costs, the move being proposed by the Committee on Agriculture — I am sorry to use such strong words — is in my view utter folly.

(Applause)

It is also, I believe, out of keeping with the Committee on Agriculture's own motion for a resolution. This motion points out that (1) serious market imbalances exist in a number of agricultural sectors, (2) large price increases cannot equally benefit large and small farmers — in other words, they increase income disparities — and (3) in certain sectors price increases beyond those proposed by the Commission would increase the problem of surplus production. These are all sentiments with which we can agree, but I would submit that it becomes mere word-play, mere political shadow-boxing, if such statements are followed by a call for a 5 % average price increase. Such an increase, associated in several Member States with price rises already in the pipeline as a result of the green-rate adaptations, would feed inflation, stimulate agricultural production and reduce consumption. Please do your arithmetic : add 5 to 7½ in the United Kingdom, 6 in Italy and how much in France ? We must be consistent. Having started on a policy of price moderation, we must have the courage and determination to see it through. It is our job to give farmers a clear indication of how they should develop their farms. We must not confuse them by blowing cool one year and hot the next.

There are those who argue that a 2 % price rise is unnecessarily severe basing their view on the fact that the so-called objective method produced a figure of 4.2 %. But this argument is based on a misunderstanding. The objective method is an indicator, it is one of a whole host of facts that have to be taken into account when considering price increases. In addition, we have to consider market balance, the interest of consumers, budgetary consequences and the need for price stability. The method is based on a mathematical formula, and building a policy on a simple formula would be a serious mistake. It would simply mean a political abdication of responsibility for the common agricultural policy. I quite agree with the Committee on Agriculture that the objective method

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of calculating increases should, following my own suggestions, be improved, but I must insist that this is one element among others. It has always been thus, there is no change in the way we are using the objective method this time as compared with previous occasions.

There are, then, serious objections to a 5% price increase. It would aggravate market difficulties by increasing production and lowering consumption; it would have inflationary consequences; it would very seriously discredit the agricultural policy, and it would display political inconsistency. To this must be added the extra cost to the Community taxpayer: an extra 30 million units of account in 1978, 300 million in the full 12-month period, and the likelihood of stringent measures in the not-too-distant future. What gains could be set against these disadvantages? An increase in the incomes of some farmers but not all — the large but not the small, the cereal-grower but not the cereal-user.

A policy of price moderation must be supported by other measures, as I said previously, if it is to be truly effective; and in referring to these, perhaps I may also mention a few specific points in the reports of the committees in front of you. In the milk sector, we are continuing the measures to reduce milk supplies and to increase and diversify the demand for milk and milk products. If we can diversify this demand, we can reduce the role of intervention. This is the view of the Committee on Agriculture, and it is a view I share. In this connection, I would recall that the Commission has proposed the prolongation of the non-marketing and conversion premium scheme, as we think that this measure has just now begun to get off the ground. Since last September we have increased the subsidies available for the feeding of skimmed milk to animals, both in powder and liquid form. We are now proposing to increase still further those for powder. With the expansion of the various measures to support the skimmed milk powder market and skimmed milk generally, there has been a continuing decline in sales of powder to intervention over the last three years. In 1975 intervention purchases were about 875 thousand tonnes; in 1976, 640 thousand tonnes, but that was due to the drought. But in 1977, owing to the additional measures we have taken, the figure fell to 470 thousand tonnes. Because these schemes are now providing new and significant support for the market, we feel justified in proposing the suspension in respect of skimmed milk powder in the winter of 1978/79. There must be a counterpoint to the market support measures in the intervention system. This is a clear example of the way in which diversified demand can reduce the role of intervention with no loss to producers.

In regard to butter, the funds raised from the co-responsibility levy can also contribute to this objective. The committee advising on fund management —

the final decision lies with the Commission and the Council — has already voted funds for school milk, butter and ice-cream schemes and for the production of butter concentrates. We hope next week to agree on funds for the promotion of milk and milk products. This is a valuable part of the effort to diversify demand for milk products and thus lessen the role of intervention. Along with many recent measures designed to establish a balance in the milk market, it is only now beginning to work. It is therefore too early, in my opinion, to say that it is ineffectual and should be abandoned.

May I in regard to the budgeting procedures, which have been referred to in particular by the Committee on Budgets, say that the Commission has an open mind on the budgetary procedures to be applied to the co-responsibility funds. I would only like to make the political comment that the co-responsibility levy brings in a very limited amount of money to the Commission and those directly concerned with marketing these products. They have accepted the financial burden giving a reasonable influence over the way in which the money is being used. That must be safeguarded. This tax is therefore different from other taxes. That I want to be borne in mind in settling technical budgetary questions or political questions. I quite agree these have to be settled, and we must keep an open mind. But I consider the maintenance of the aspect of co-responsibility to which I have just referred to be a more important step forward than the 200m u.a. as such. Furthermore, to have treated this as own resources would have required changes in basic documents, ratification in national parliaments, and we could never have introduced co-responsibility at the time of peak difficulties in the milk sector. That is a practical consideration you might wish to take into account and which I think you did take into account when you approved last year the way in which we were handling this co-responsibility levy. Apart from that, we have an open mind on the right budgetary solution for dealing with this subject.

Turning to beef, and considering the relative trends for beef consumption and production, it is difficult to guarantee income by the use of the intervention system alone. We agree with that. But I do think that the various premiums available to beef producers since 1974 have meant that incomes have been kept at a reasonable level. We have already published proposals which would increase consumption in periods of plentiful supply. We also want these to be fully discussed in this Parliament; we have not done that yet. In the meantime we will continue with the available slaughter premium and the calf premium. Furthermore, I think there are certain improvements in the intervention system that will be beneficial if introduced in the 1978/79 year. The improvement I am suggesting is that, if in a particular Member State

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or region, the market price for a particular category of beef is above the intervention buying price for that category, then intervention can be suspended. This would get round many other known disadvantages and would save us up to 40m u.a. of unnecessary expenditure in a full year. As I said, this proposal has been put to the Council and I am sure the Parliament will examine it carefully.

I want in regard to sheepmeat briefly to repeat what I said at the last part-session but one in this House. The Commission will be putting forward in connection with this price package a recommendation concerning sheepmeat which will be adequate to maintain the free trade in this product stipulated after 1 January 1978. The proposal will shortly be available to Parliament in order that it may be discussed with the other supplementary measures to which I have referred.

The Community's policy of a different approach to animal and vegetable fats was set out as far back as 1964. For the latter the broad policy we have followed, and are forced to follow, subsequent to the developments in the multilateral trade negotiations, is one of a rather open door for oil imports with a Community policy based on income aids and intervention for the main products. The main justification for this policy lies in our level of self-sufficiency — 20 % for these products — and our international obligations entered into in the 60's. But, as I have often said before, this policy is not without serious problems. One which I want only briefly to recall is that of oil and other imported feedingstuffs competing with our own feedingstuffs, including our own animal protein. We can only make our own products competitive — and I have just explained how we are doing that — with a massive input of money. That leads people to say: why don't we put a tax on imports of protein from third countries? In that case, breeders, who would carry the economic burden in a different way, would have to pass their extra costs on to the consumer. This would probably cause even greater difficulty. Furthermore, as I said, we have Treaty obligations to stick to the present system. If we were to replace that by a duty or tax, we would have to pay compensation to the tune of 600 to 800 u.a. in industrial concessions. Given the climate in the industrial world in the Community these days, I hardly see how they could be found.

With regard to our own production, in the olive oil sector we run the risk of considerable surpluses, with attendant budgetary problems, if no action is taken to improve the market organization. The existing market organization for olive oil has three main deficiencies: it does not effectively meet the problems of price competition from other vegetable oils, it poses severe problems of control, as you know, and finally, there are unavoidable delays in payments to producers — up to three years in certain regions. The proposals we have put forward aim to remedy these defects. The variable aids at the level of the industry will enable

olive oil to compete effectively with other vegetable oils. This is good for the consumer; the flat rate aid to all producers will enable the waiting time for payments to be cut back to nearer six months. This element alone will be worth an increase of about 10 % on the target price to producers. Therefore I hope you will reconsider your position on this point. I do recognize there are a number of technical elements which will have to be further discussed. We shall do that in the light of the views you are putting forward and in the light of the views of the Member States concerned.

Production of other oil-bearing plants — sunflowers, cotton seeds, soya — remains at a relatively low level in the Community, partly because of low yields, partly because of lack of experience in their cultivation, particularly in the case of soya. But you will see from our proposals that we are going a long way to increasing prices over and above the average price increases we are proposing. We are also suggesting various other measures to stimulate production of these products in the Community. I think we will achieve a certain increase, but I must say there is no reason to believe that that would lead to self-sufficiency or anything near it. Some alternative production is possible, but not miracles.

For cereals we are again proposing to raise the intervention price for maize to the level of the single intervention price for fodder grains. The system has worked well this year despite the very large barley crop. There have been very substantial increases in common prices for durum wheat in recent years, in particular 1974, and the price relationship with soft wheat has become significantly out of line. We are now trying to correct this relationship, which is important, without harming the incomes of producers in areas where yields are low. Here again, back to the regions and the question of alternative production. To this end we have proposed a substantial increase in aid from 60 to 66 u.a. per hectare, but have limited it to the low yield areas in the Mezzogiorno, as we proposed last year. We do not think there is a general problem of revenue for durum wheat, rather that stocks in some areas are rather low, and it is these areas that we are trying to help.

In the case of rye, however, there are serious problems. Intervention stocks are now at 273 thousand tonnes. That is considerably higher than it should be, of course. We produce about 3.5 million tonnes of rye in the Community, of which about 1.4 million goes to human consumption. We need to make sure that the remainder can be disposed of and does not move into intervention. The Commission is fully prepared to see reasonable support for rye of bread-making quality, but we do not think that all rye should be supported at that level. As a result, we have proposed a reduction in the support price but a substantial increase from 3.1 u.a. to 6.1 u.a. per tonne in the premium for bread-making rye.

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I told you previously that we expect to have an exportable surplus of 3·8 million tonnes of sugar. The world market is becoming more and more tight and is increasingly governed by international sugar agreements, which are the subject of some disagreement in the Council. In those circumstances we are proposing a reduction of 15 percentage points in the maximum quota. We must consider this proposal in relation to the figures I have just referred to, the state of the world market and our own internal markets. To those like Mr Howell, who want, to a certain extent, to control agricultural production inside the Community by quota arrangements, I would say: here is the test case. If Parliament and the Council cannot agree, in a situation of excessive surpluses, to use the quota system for the purposes for which it was made, if they refrain for political reasons I cannot quite understand, then I do not think anybody should have the courage to stand up and speak about controls by quotas any more. The test lies here. If we use these quota systems to bring production into line with obvious market possibilities, even with this cut of 15 percentage points, we will still have a difficult time selling inside and outside the Community.

In another debate tomorrow I am to be asked whether we could not bring about better stability by increasing food aid and subsidized internal consumption. But, gentlemen, the less developed countries are producing sugar themselves; that is not one of the items they need the most, just as they do not need our butter. Subsidizing internal consumption can in certain circumstances be a good idea, but if it just replaces normal consumption, which would be the case with sugar, it may be good for the consumer but it certainly would not solve the surplus production problem. Therefore, on this point, I must insist.

We discussed isoglucose at great length last year. It is an industry which benefits from the general policy on sugar, and must therefore carry some part of the burden. We have tried to put it at a reasonable level. A study is being carried out and we may modify the tax in the light of the results.

Let me turn to the fruit and vegetables sector and to wine. I think, Mr President, on this I can be relatively brief. Of course these are matters to which we shall have to come back when debating the Mediterranean policy next month. Here is an area where it is impossible to distinguish between the structural measures of great importance we have put forward, in that package, and the questions concerning prices, and mechanisms concerning protection. I will therefore withhold any further significant comments on this score at the present moment. I would like, however, since criticism has been made in the report on the distillation of wine, to call the House's attention to the fact that the rules have been significantly changed since the heavy years of intervention, 1974/75, which

means that intervention now only takes place with 55 % of the guide price. In addition, this season, for the first time, aids for the storage of wines are limited to those with an alcohol content higher than 10 %, and long-term storage aids are only available for wines meeting very strict quality criteria. Consequently, we have had less intervention.

Since the question of the introduction of a floor price in the wine trade has been referred to in the report, even if this matter is to be discussed further in the Mediterranean package, I want to make it clear that this market aspect is, in the Commission's view, intimately linked with the execution of our proposals concerning restructuring wine production by the grubbing up of the less valuable vineyards, thereby diminishing the production of cheaper wines. I would further like to point out that this floor price idea would not be automatic but would be decided upon by the Council on a proposal by the Commission, in the event of serious market disturbance, and that, secondly, it would be applicable throughout the Community and therefore does not involve any measures at national frontiers. I would ask Parliament to wait before passing final judgement until it has had the opportunity to examine all aspects of this matter in the context of the discussions on the Mediterranean policy. The same goes for certain minor modifications in the calculation of reference prices on imports of fruit and vegetables and other measures in regard to this subject. Mr President, I referred heavily to the Mediterranean package. I presented this previously to the House. I do not want to go over the main elements of it again. But even if it is not being discussed until a later stage in the House, you must have it in your mind when you are deciding on the price package in front of you today. Otherwise you are not keeping in your minds the whole picture as the Commission has presented it to you.

In regard to monetary affairs, to which we may also have to revert before the Council take their decision or start this year's discussions, and in respect of which the Commission must retain the opportunity to make additional proposals, a great deal has happened since we formulated our price proposal. That is why I want to maintain a certain flexibility with you, and that was the view of the Committee on Agriculture when I met them a little more than a week ago. We proposed originally to reduce MCA's in general by 1/7 a year, and this would have been in keeping with our plan to phase out over a reasonable period of time. This year has seen a considerable unblocking of the MCA logjam. There have already been green rate adaptations for France, Italy and the United Kingdom, and I have begun to wonder if a seven-year elimination period is not too pessimistic. On the other hand, the recent fall of the dollar has affected the Community's freely floating currencies and shown yet again how volatile the monetary markets are. It has also

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reminded us of the necessity of an agri-monetary system as a first line of defence against monetary instability for consumers and producers.

Our policy, therefore, still remains to phase out MCA's over a reasonable period of time and to return to a unified agricultural market as quickly as possible. But 'as quickly as possible' does not mean at the cost of introducing an irresponsible price policy. Therefore we suggested seven years. It might have been six years or five years — the shorter the better — but not at the cost of an irresponsible price policy. I would furthermore like to make the point, Mr President, that events over the last three or four months have indicated that if changes in green currencies are decided upon *ad hoc*, as the months go by the significance of the debates in Parliament and the Council, and of the Commission's price proposals, becomes eroded. Because before we start, prices have already been increased by 7.5 % in the United Kingdom, by 6 % in Italy, by nearly 4 % in France. How, in those circumstances can we carry out a real price review? The truth being, under present circumstances, that the prices to the farmers consist of two elements, in units of account and in green currencies. Reforms in the field of monetary compensatory amounts must therefore, in my view, first and foremost bring back into the orbit of price packages, except in very special circumstances decisions in regard to green currencies, in order that the political institutions of the Community may take an overall view of where the agricultural policy is going in the light of the general economic situation, and take responsible decisions which have not been prejudged before and by decisions on an *ad hoc* basis, except in circumstances where special considerations apply.

Mr President, I have focused these remarks — which I regret have been too long, but there have been a number of comments in the reports and numerous amendments on the Community's agricultural policy — on prices, but also showing how structural policy will help us to balance, to some extent, the conflicting objectives of a fair income to farmers and reasonable prices to consumers. The central issue concerning prices is whether we continue with the policy of price moderation that we began last year. Parliament's Committee on Agriculture says no. But the rapporteur personally says, yes, while in other parliamentary committees, the Committee on Budgets says yes but its rapporteur says no and the Committee on the Environment, Public Health and Consumer Protection says yes. Moderation is dictated by the needs of general economic policy, by the need for market balance, the need for political consistency and, I am convinced, the need for credibility in the common agricultural policy and in the political institutions of the Community.

If we all recognize that the Community faces growing problems of over-supply, and we obviously do, then

there is only one course we can take. We must have the courage to draw the political conclusions from our own factual analysis. And we must therefore be consistent in pursuing our goals.

(Applause)

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, I would like to join with my colleague, Mr Gundelach, in thanking the three rapporteurs from the Committees on Agricultural, Budgets and Consumer Affairs, for their contributions, which have opened what promises to be a fundamental and interesting debate.

Among the duties given to me as Commissioner in the new Commission formed in January 1977 was responsibility for consumer affairs. As I have already indicated on a number of occasions, and indeed in response to discussions in this House, the Commission in April 1977 decided to change the emphasis of its policy from the protection of consumers to the protection and the promotion of the interests of consumers. In this regard the Commission decided that the service for the protection of the environment and for consumer affairs should be consulted over a wide area of Community policy, so as to ensure that the voice of consumers should be given a weight commensurate with its importance as foreseen in the Treaty, and particularly in the articles on agriculture and competition, as further elaborated at the Paris summit of 1972. In view of the importance of this, the Community institutions in 1974 and 1975 elaborated the preliminary programme for a consumer protection and information policy. I am glad to be able to tell Parliament that the consumer protection and environment service was involved for the first time in the preparation of the price proposals this year. It is against this background that I intervene in this debate, to deal specifically with the implications of the agricultural price proposals for the coming marketing year, as they affect our 260 million consumers.

It has long been recognized that the income problem, which is a severe one in many rural areas of the Community, cannot be dealt with adequately and fairly by price policy alone. The same is true of the related social problems and of the structural problems. One very interesting note which I have found in the debate this year is the observation made by your Committee on the Environment, Public Health and Consumer Protection, to the effect that a drastic price policy consisting of a price freeze for surplus products would have anti-social effects on many small farmers in the present, difficult economic climate.

The statement that price policy alone cannot deal with income, social and structural problems, has a logical corollary which has been pointed out by that

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Committee. It is that price policy on its own seems to be a most unsuitable instrument for restoring market balance in the short term. Other measures too, are needed. The Commission agrees with this view. Our proposals have been carefully developed with full consideration being given to the general economic background. In particular, they take account of the unsatisfactory growth rate of real, disposable income in the Community. Looked at from the consumer's point of view, this is clearly a factor of major importance. Equally, it is a very important factor from the producer's point of view. The evidence of this statement can be clearly seen in the abundant indications of price resistance on the part of consumers, especially in relation to products in which we have structural surpluses. We cannot overstress the fact that it is in the interests of both consumers and producers to ensure a better balance between supply and demand. The continued production of large quantities of agricultural commodities destined for intervention stores cannot be a viable policy. It will eventually work to the producer's disadvantage, indeed it has already done so, just as it already works to the disadvantage of the consumer. In some sectors, selling to intervention amounts almost to a normal practice for many operators. Large-scale intervention, carried out over a long period, divorces producers from the realities of the market, and can sometimes lead to a sclerosis of the normal marketing function.

I would like to underline some of the reasons why consumers take particularly close interest in the common agricultural policy. Firstly, they must pay the prevailing prices for foodstuffs. These prices are influenced to a varying, but usually substantial extent by the level of Community prices fixed in the context of the CAP. Secondly, individual consumers pay a considerable proportion of total taxes in all Member States. For the moment, an important proportion of the Community budget is financed from Member States' revenues. Thirdly, levies and duties on imports of agricultural products from third countries affect consumer prices, and constitute part of the Community's own resources used to finance the budget. Lastly, when our own-resources system comes into full operation, value added tax, which is a tax on consumption, would provide a substantial proportion of Community financial resources.

To sum up, consumers pay prices which are partly determined by our market support mechanisms, and they pay a substantial proportion of the cost of operating these mechanisms.

Consumers benefit directly from some of our CAP measures: the beef premium is a good example. In addition there is a long-term benefit from our structural policy. These are both areas to which consumer opinion wishes to see greater attention given. In addition, of course, there is the very important element of price stability, referred to in Mr Hughes's contribu-

tion. Stability of agricultural prices in the Community, which results from our agricultural policy, and which contrasts markedly with the situation in world markets, has a very positive value for our consumers.

So much then for the background to our proposals. A close examination of these proposals will, I think, show the importance we attach to the various elements I have outlined. Everybody will agree that the price increase proposed is a modest one. It is I think the smallest overall price increase in units of account ever proposed by the Commission. This is justified by reference to the general economic situation, the state of the markets, and trends in supply and demand, and by a concern to ensure, in this policy area, that we reinforce action being taken to hold down the general level of inflation. We clearly have to judge the balance of effects on the different groups concerned. I believe you will find that this balance has been struck in a way which takes account of all the elements of Article 39 of the Treaty.

Our price proposals are of course accompanied, as Vice-President Gundelach has pointed out, by an agri-monetary proposal. The result of this is that the final effect of the package are different in each Member State.

The agri-monetary system was originally conceived as a means of cushioning the effects of exchange-rate fluctuations on both production and consumption of agricultural products. With a system of common prices, the effect of a given exchange fluctuation on consumption is the opposite of that on production. The same applies to measures which we take to phase out the cushioning mechanism. These effects are unfortunately inevitable since we cannot accept that such an adjustment mechanism should be allowed to become a permanent fixture.

We have also, as you have just recently heard, put forward a number of supplementary proposals for the milk, beef and starch sectors. In the milk and beef sectors these proposals meet much of the concern expressed in the context of our surplus problems. In the beef sector in particular, our proposal amounts to a refinement of the intervention system in order to allow normal market forces a greater role in the process of adjustment. We believe that there are very strong arguments for this from the point of view both of the consumer and of the producer, and I would remind you that in December last the Consumers' Consultative Committee, formed from consumer associations, cooperatives, family associations and trade unions adopted an opinion which supports the Commission's proposals. This opinion, which has been sent to you, was of course adopted before the Commission's supplementary proposals. Mr President, my impression is that these supplementary proposals would also command a large measure of support in the Consumers' Consultative Committee.

Burke

I would conclude therefore that our proposals for 1978/79 represent a serious attempt at securing an equitable balance between the various interests involved by making further progress towards improving the fundamental balance of the market. I would ask the European Parliament to have regard, as I have just indicated, to the interests of 260 million consumers in supporting the price levels suggested by the Commission, which we judge to be in the best long-term interests of producers and consumers alike.

President. — It gives me great pleasure to welcome the President-in-Office of the Council, who was a Member of this House before being elevated to his present position of responsibility.

I call Mr Dalsager.

Mr Dalsager, President-in-Office of the of the Council. — (DK) Mr President, ladies and gentlemen, it is a great pleasure for me to be here today at Parliament's debate on the proposal for agricultural prices for the marketing year 1978/1979 and the associated measures.

It is of major importance for the Council's ongoing work in this field that I, as President-in-Office, should have the opportunity of acquainting myself with your views on these vital issues. It is surely not necessary for me to describe in detail the situation facing us this year.

The Commission's proposals to the Council list the objectives to be attained, the difficulties to be overcome and the means the Commission feels should be used. In addition to this, Mr Hughes's report and the discussions and conclusions of your Committee on Agriculture have provided you with an introductory analysis and a sound basis for reaching your own assessment. To this can be added the statement made by the Committee on Economic and Monetary Affairs on 2 March, of which the Council has taken note.

I can therefore restrict myself to making a few general remarks on a number of the main points. As is customary for a President-in-Office, these remarks will be marked by a certain degree of caution, so as not to anticipate the difficult talks the Council will be having on these questions in April.

One particularly pressing problem is the agri-monetary question. We have heard of the difficulties the Council had to overcome with regard to the effects of the monetary compensatory amounts in some Member States.

These difficulties reflect a situation which has been with us now for a number of years and which has progressively worsened, so that many Member States now feel it can no longer be tolerated, and that it is difficult to reconcile with the principles of the Common Agricultural Policy.

The monetary compensatory amounts have reached major proportions, at least in some Member States, and in contradiction to the original intention the differences between exchange rates are maintained longer than is necessary for the costs to adjust to changes in the actual market rates.

In its justification for the proposed phasing-out plan, the Commission also points out that the monetary compensatory amounts split the common agricultural market into seven monetary zones, each with its own price level. This is a deplorable situation. In some monetary zones the national prices are totally different from the Community prices. This makes it more difficult to adjust the common agricultural prices annually and to use the price policy as a means of reestablishing equilibrium in the markets. Some Member States also complain that the monetary compensation system leads to a distortion of competition.

Another major problem is the average increase in agricultural prices. The Commission's proposal for an average 2% price rise, accompanied by monetary adjustments which will cause a further 1% average rise in national prices, will have slightly varying effects on prices in the individual Member States.

There is nevertheless a certain connection between cost trends and price increases in the various countries. In particular, in some countries whose currencies have been revalued, problems may arise in that the adjustment of their green currencies keeps the price rises down even if costs in those countries have lately been rising fairly rapidly.

Apart from these monetary consequences, I am aware that farmers in some Member States have expressed dissatisfaction at an increase which they feel does not cover the increased production costs and the general increase in the cost of living.

In this context, I wish only to draw your attention to the extremely sensible arguments put forward by the Commission in support of its proposals. The Commission is in favour of a cautious price policy which takes account of the interests of both consumers and producers, the fight against inflation and the need to avoid an increase in surpluses. To achieve this, the Commission proposes price increases which are lower than the average in the case of products which are already in surplus, e.g. butter and skimmed milk powder, while granting above-average price rises for products in which there is no risk of a structural surplus, such as pigmeat, seeds and proteins and oil products.

As a further argument in favour of a cautious price policy, the Commission points out that, thanks to the market organizations, the economic risks facing farmers in the current period of recession and rising unemployment are less than in other sectors.

Dalsager

For these various reasons, it would appear difficult simply to adopt the conclusions blamed by applying the so-called objective methods and the Council must take all these arguments into account. We shall not go into details as regards the particular problems facing the individual products. In this context, I can refer you to the Commission's proposals and the numerous details contained in Mr Hughes' report and in Mr Gundelach's speech today.

As regards one of the most important and most controversial sectors in the Community — namely the dairy sector — I would, however, point out that the action programme adopted last year has to some extent slowed down the growth in surpluses, particularly in the case of butter. The problems are not yet solved, however, and that is why the Commission has proposed continuing last year's policy, including the co-responsibility levy.

There is another group of products which occupies a special position. I am referring to wine, fruit and vegetables, including olive oil. These products must be considered partly in the light of the agricultural policy and partly in the light of the Mediterranean policy. The wine sector poses particularly difficult problems, since there are various objectives in this field. Production must be controlled so as to improve quality and keep output down to avoid new surpluses.

At the same time, the wine-grower's incomes must be effectively stabilized, and finally the aim is to achieve a restructuring and conversion of the wine-growing areas. The Commission has put forward various proposals to this end, but the experts have not yet finished studying these.

Parliament will have an opportunity to debate the Mediterranean products and their major problems at the next part-session, when the Mediterranean policy is on the agenda. This is a vital question to which great importance is attached — and not just by the Member States directly involved.

In addition to the subjects I have mentioned, there are many other important points in the Commission's proposals on prices and associated measures, as well as in the other proposals which are being considered alongside this. The Council is naturally interested in hearing Parliament's views on these matters as well. Thank you for your attention. My main purpose in coming here today is to listen, and you may rest assured that all that has been said will be noted, and I shall make it my duty to convey your views and assessments to my colleagues in the Council.

(Applause)

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

Mr Hoffmann. — *(D)* I should like first of all to thank the rapporteur on behalf of the Socialist Group

for the excellent job of work he has done. The rapporteur has already mentioned his own attitude to the report's recommendations, and the remarks I wish to make are intended to give a very quick survey of the opinion of the Socialist Group.

In principle, we agree entirely with what Mr Gundelach said. In principle, we agree with the comments of the Committee on the Environment, Public Health and Consumer Protection. We also agree in principle with the substantive comments made by the Committee on Budgets and we endorse the personal interpretation of the discussion in the Committee on agriculture given here by the committee's rapporteur, Mr Hughes.

After all the detailed discussion which has taken place here, you will not expect me to go into all these questions again. I should therefore like to keep my contribution very short and to concentrate on a few essential points.

This debate should really concern itself with three questions, the first being the more specific one of agricultural production, concentrating on ways of ensuring fairer conditions for the agricultural producers at the production, marketing and processing stages.

Secondly, we must ask ourselves how we can guarantee the consumer an adequate supply of quality products at low prices. The Member of the Commission pointed out earlier — in our view, quite rightly — that it was not sufficient to discuss agricultural and consumer problems in isolation. Thirdly, what is important is that we should be in a position to view these problems in terms of economic and monetary developments and of course in terms of those structural regional changes which are having such a great effect on the labour markets. Judging by what I have seen so far in my short acquaintance with this House, we have — up to a short time ago — concentrated far too much on prices and other questions affecting agriculture.

Today's discussion has shown — and I think this came out in the committee as well — that we are no longer taking such a narrow view of things. We are still, in my opinion, too concerned with whether prices should rise by 0 %, 2 % or 5 %, but I think we have at least made some progress towards seeing things in a wider context. So I am pleased to be able to say that we, the Socialist Group, accept the Commission's statements in principle and even find them, in part, very encouraging.

We welcome the proposed 2 % increase in prices as a sensible policy adapted to current economic conditions and one which will have a moderating influence on consumer price trends.

Along with the price proposals, the Commission has put forward proposals on agriculture in the Mediterra-

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nean region and on the mechanism of monetary compensatory amounts.

Mr Gundelach, you made a point of saying that all these aspects belonged together, and so I should just like to say briefly that we endorse your view of the importance of keeping the whole picture in mind.

Mr Hughes pointed out in his introduction to this debate that there were growing disparities in agricultural incomes. A large proportion of the producers in the less prosperous regions are living on the breadline, whereas other farmers are gaining more and more advantages compared with the standard of living of industrial workers. This is something we should be devoting more attention to. Trying to tackle this problem using only price policy as a regulating instrument encourages surplus production, widens the incomes gap and ignores both the resultant long-term effects on the re-distribution of income and the fact that the effects of a very high level of agricultural prices on the industrial sector is a point which also requires further study. In other words, far too little attention has been paid to the fact that a constantly high level of agricultural prices has a completely different effect on industrial resources and the distribution of those resources from what we would perhaps wish, and in turn affects our relations with the Third World. This is too short for me to go into more detail on this question here.

In formulating price policy, therefore, we must take account of the degree of self-sufficiency or surplus production, and we must differentiate between the varying income levels of the producers. We therefore take the view that this policy should in principle assume a low rate of increase. For this reason, we must provide special assistance for low-income producers to ensure that the large-scale producers are not the sole beneficiaries.

Certain price problems are, however, consistently and wrongly laid at the door of the agricultural sector. It is not the fault of agriculture that there is still no economic and monetary union and so we must add that some of these difficulties can only be overcome once we have at last made some progress towards EMU.

The uniform market for agricultural products is also still only rudimentary. The problem of monetary compensatory amounts has already been mentioned, so I shall keep my comments very brief. We feel that once the monetary compensatory amounts become a permanent feature, going beyond their original role of smoothing out fluctuations in the currency system, they then begin to eat away at the structural edifice they should therefore be done away with as quickly as possible. Otherwise, if they become a long-term fixture, they tend in hard currency countries to subsidize the producers and/or the exporters and have a contrary effect on the consumers, whereas precisely

the opposite applies in those countries with weak currencies.

This is a much-discussed problem and the Commission has meanwhile produced material setting out the overall picture. We therefore take the view that the monetary compensatory amounts should be quickly done away with.

However, the Socialist Group has always viewed this problem in the light of the basic question of monetary policy, namely the question of the green currency rates. Again, this problem has been dealt with by a previous speaker and so I shall not take it up again.

The Socialist Group has traditionally called for a price policy geared to the modern farm and taking into consideration both production costs and direct income support for those who have to be guaranteed an adequate minimum income.

On this latter point, the Commission has still not managed to produce any meaningful and practicable models and I suspect that there may well be differences of opinion within the Commission itself on this subject. We realize that progress is still awaited on this point and we have the greatest possible sympathy for the difficulties arising in certain Member States and in certain regions of the Community, as for example, in all those regions in which agricultural incomes are very low and in which problems abound. I am thinking here in particular of certain regions in the south of France, in Italy and, of course, in Ireland. The Commission has — and we regard this as qualitatively a new departure — produced a draft which we very much welcome and which seeks to demonstrate the connections with regional policy from the examples of the Mezzogiorno and Languedoc-Roussillon. Of course, we feel that far too little has as yet been done and that the connection with regional policy has still not been sufficiently clearly established. We do, however, want to say that we greatly hope that the Commission will continue working along these lines, and we would point out that the funds set aside for these measures are still very much lower than those made available for the programme of price supports. Nor has any connection been established with social policy measures.

As far as consumer policy is concerned, I should like to reiterate most forcefully what was said by the rapporteur of the Committee on the Environment, Public Health and Consumer Protection. We join with that committee in calling for a curb on surplus production, more stringent co-responsibility rules for the producers in the case of surplus production, and a forward-looking production, consumption and marketing analysis for agricultural products.

Finally, I should like to address a few remarks to Mr Gundelach. You have our full support in your efforts to achieve comparable levels of income and standards

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of living for the producers by way of these cautious and stability-orientated price proposals. We shall likewise lend our full support to any attempt to cut down structural surpluses. As I mentioned before, there are slight differences of opinion as to whether direct income transfers are a suitable instrument or whether it would not be preferable to develop a model.

In conclusion, I would say that in the future we must pay far more attention than we have done so far to the way in which our price policy is affected by — or, looking at it from the opposite point of view, impeded by — the systems of marketing and further processing. I think a good deal of the efficiency of our price system is lost at the producer or marketing stage, with the result that the farmers do not derive the full income benefits and the positive benefits for the consumer are partially eliminated. More attention should be paid to this problem and I would therefore ask the Commission to go beyond the data that have already been made available and to investigate the question more deeply to help us find the right solution.

(Applause)

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

The House will rise.

(The sitting was suspended at 12.55 p.m. and resumed at 3.00 p.m.)

*IN THE CHAIR: MR COLOMBO**President*

President. — The sitting is resumed.

7. Agenda

President. — The Bureau had decided to place the oral question by Mr Fioret and others on the working languages of the European Parliament (Doc. 571/77) on the agenda for Thursday, 16 March 1978.

In the meantime the authors have asked me to postpone this question to the April part-session. I would remind the House that, pursuant to Rule 47 (7) of the Rules of Procedure, an oral question with debate may be immediately taken over under the conditions set out in paragraph 1, with the agreement of Parliament deciding by vote without debate.

I note that no-one wishes to maintain this item by taking over the question.

I therefore consult Parliament on the request to postpone this question to the next part-session.

Since there are no objections, that is agreed.

8. Welcome

President. — I should like to extend a warm welcome to a large group of members of the Greek Parliament who have taken their seats in the visitors' gallery. Their visit to this Parliament reinforces the links which already exist within the EEC-Greece Joint Committee and which have already been forged by meetings and visits by parliamentarians who belong to it.

On behalf of all the Members of this Parliament, I should like to express the hope that this visit will be fruitful.

(Applause)

9. Question Time

President. — The next item is the second part of Question Time (Doc. 1/78). We shall begin with the questions addressed to the Council. The President-in-Office of the Council is asked to answer them and any supplementary questions. I call Question No 42 by Mr Ripamonti :

If the Council was aware that the USSR had launched satellites with atomic material on board, did it consider taking any special measures when American space scientists established that the USSR had lost control of satellite Cosmos 954 and it seemed possible that it would disintegrate and that the debris would fall to earth, and is it now considering taking any measures in future to ensure better control of space, possibly through the channels of the European Space Agency?

Mr K.B. Andersen, President-in-Office of the Council. — *(DK)* Mr President, I must answer this question, which deals with the better control of space, by pointing out that this is not a matter which falls under the competence of the Community and the Council cannot therefore take any measures in this field.

I should nevertheless like to add that as the Russian satellite travelled back through the atmosphere, it passed over Danish territory and no doubt also over parts of British territory. I should therefore like to add in my capacity as Danish Foreign Minister that we in Denmark followed very closely the sequence of events in connection with the satellite returning to earth and we were able to do so thanks to the United States constantly supplying us with extremely valuable information.

We in Denmark have initiated studies aimed at ascertaining what measures may be taken with a view protecting the people of Denmark as much as possible in any similar cases in the future.

At the international level, Canada and Sweden in particular stressed at a February meeting of the UN Committee on the peaceful use of space the need for the Committee to reach agreement in principle regarding guidelines for the exchange of information

Andersen

on uncontrolled satellites and, in particular, notification of the countries in which such a satellite might land if there should be any similar occurrences in the future. If the countries involved can agree to draw up guidelines of this kind, the negotiations could begin officially in the Committee's legal sub-committee which holds its next meeting in Geneva in March and April of this year. This is a matter which concerns us all, and it gave me great pleasure to add these few facts with which I am familiar as a result of my acquaintance with the problem from the Danish point of view. I must, however, repeat what I said at the beginning, namely that the Council as such cannot take measures in this field.

Mr Ripamonti. — (I) Given that the superpowers are racing to gain military control of space even to the extent of developing anti-satellite weapons, known as 'killer satellites', does not the Council feel that it is essential for the sake of the peaceful use of space and for reasons of security, that the Community should approach the problem of space research by participating directly in the European Space Agency which includes eight of the nine Member States of the Community among its members?

Mr K.B. Andersen. — (DK) All I can say to Mr Ripamonti is that, as I pointed out just a few moments ago, this lies outside the competency of the Council and the Community and, as I also pointed out, these vital questions are being discussed in other international forums. I cannot, however, give an answer on behalf of the Community since it lies outside the competency of the Community.

Mr Noè. — (I) Does not the President-in-Office of the Council feel that this attitude is a little out of keeping with the position we will adopt tomorrow when we come to discuss the Flämig report which states, among other things, that it would not be a good idea to dispose of long-lived radioactive waste, i.e. the actinides in space, in case they fell to earth? It has been scientifically proved that this long-lived waste could in fact fall back to earth, but only at the time of launching, since it would subsequently go into an extra terrestrial orbit. However, the satellite which fell on Canada, for example, also produced waste similar to the actinides but in this case it was possible for the waste to fall to earth not only at the time of launching, but all the time the satellite was in a terrestrial orbit.

Mr K.B. Andersen. — (DK) Mr President, I should like to repeat what I am obliged to say on various occasions, namely that, however strange it may seem that one should not be able to adopt a Community posi-

tion on an extremely vital issue, one cannot do so if this issue falls outside the competence of the Community. Neither I nor any of my colleagues can do this. I should like to point out, however, in connection with what Mr Noè has said, that as far as I can see there can be no doubt that the interests of the various Member States will coincide to a great degree in the vital issue. This will become clear when the question is discussed in the United Nations, for example, and if we need to adopt a position on any aspect of this question in the UN we will discuss it, not within the context of Community cooperation, but under political cooperation. I do not, however, doubt for a moment that the Nine will have a common attitude to this vital question. It is just not possible to discuss this matter within the context of the Community.

Mr Brown. — Will the President-in-Office bear in mind that at our last part-session, I did raise the problem of satellites in geostationary orbit that contain nuclear weapons? We know that the Russians were already developing a system in the sixties for what they used to call FOBS—Fractional Orbital Bombardment System. The object of that system is to launch into geostationary orbit a device which could be released any time over any desired spot. It got round the United Nations protocol on the grounds that, since it was not actually in orbit round the earth, it did not fall within the terms of the outer-space protocol. Does the President-in-Office not consider it nonsense for any nation to be allowed to park in geostationary orbit a satellite containing a nuclear weapon?

Mr K.B. Andersen. — (DK) If I were to answer in my capacity as Danish Foreign Minister, I would use the same expression as the questioner used, namely 'nonsense'. Indeed, this is perhaps putting it somewhat mildly. However, the question lies completely outside the competence of the Community, and for this reason there would hardly be any point in discussing it here. It will be possible to bring it up on a suitable occasion under political cooperation, but I see little point in wasting Parliament's time today on discussing a matter which lies completely outside the Community's competence.

President. — I call Question No 43 by Mr Schyns:

At its 491st meeting on 13 December 1977 the Council, under the presidency of the Belgian Minister for Economic Affairs, Mr W. Claes, decided, within the framework of a rational energy policy, to introduce 'Community financial measures to promote the use of coal for electricity generation'.

Can the Council give Parliament more precise information about these measures?

Mr. K.B. Andersen, President-in-Office of the Council. — (DK) The questioner has misunderstood the nature of the decision reached at the Council meeting of 13 December 1977. The Council was not able to agree on the introduction of Community financial measures to promote the use of coal for electricity generation. The Council in fact requested Coreper to continue its examination of the proposal with a view to including it on the agenda for the next meeting of the Council of Energy Ministers which, as far as we know at present, will be held at the end of May. The proposal discussed at the Council meeting provides for investment aid for the construction of new coal-fired power stations and the conversion of existing oil-fired power stations. I should like to add for the sake of completeness that the Commission recently issued a communication regarding support measures aimed at promoting sales of Community coal. The intention of this proposal is to promote the sales of Community coal on a competitive basis to power stations in those Member States which do not themselves produce coal. With this end in view, the proposal provides for a Community subsidy at a fixed rate per tonne as a supplement to the existing national subsidies. This proposal will also be included on the agenda for the meeting of the Energy Ministers I have just mentioned to allow the Council to adopt it in principle.

Mr Schyns. — (F) I am not satisfied with this answer since, in my view, what the President-in-Office of the Council said at the beginning of his answer is clearly at variance with the communiqué published by the Ministers of Economic Affairs on 13 December 1977. In addition, the Commission forwarded a communication (COM (78) 70 final) to the Council on 22 February containing a proposal to the effect that Community-produced coal should be used more extensively in Community generating stations. It was proposed to introduce measures to promote the use of 8-9 million tonnes more coal per year in existing power stations, and financial aid amounting to some 120 million u.a. has even been provided for. The coal-producing Member States are also to make a similar financial contribution. Can the President-in-Office of the Council tell me when the Council will make a statement on this programme to which the coal-producing countries are looking forward with impatience and great interest, since they hope it may permit them to dispose of their existing stocks and avoid extensive unemployment in this sector? The coal-producing Member States would no doubt be grateful for a precise answer from the Council.

Mr K.B. Andersen — (DK) The Commission's communication of February last, which has just been mentioned, is what I was speaking about in my answer a few moments ago in which I explained that the Commission had recently submitted a communication regarding support measures designed to promote sales of Community coal. The support measure I was

speaking about was the same as the one just mentioned, i.e. the Commission's communication dating from the end of February this year. This shows that it is not only Parliament which is greatly preoccupied with this subject — this is clear from many resolutions it has adopted on this matter and from the question here today — but that this interest is shared by both the Commission and the Council. As I said before, I expect it will be possible to discuss this matter at the next meeting of the Council of Ministers for Energy in May.

Mr Osborn. — Is the President-in-Office aware that this Parliament has passed two measures to encourage the use of coal, one relating to stocking of coal and the other to the use of coal for electricity generation? Community coal suppliers and the British coalfields of Yorkshire, Derby and Nottingham in particular, have benefited from productivity agreements. Indigenous coal will now be produced in the summer at record levels, and if we are not to force a major need to cut back at the end of the year, is there not an urgent need to devise ways and means of consuming Community coal in order that we may have this indigenous strategic reserve in good order for any eventuality in the future?

Mr K.B. Andersen. — (DK) I have listened with great interest to the points which have been made here today and I will take them into account during future negotiations in the Council.

Mr Ripamonti — (I) Does not the President-in-Office of the Council feel that, in view of the seriousness of the energy problem and the measures provided for under the Carter Plan in the United States, it is time to develop a binding Community-level energy programme for the nine Member States, in the context of which the part played by coal in energy supplies could be determined with a view to developing coal production and utilization?

Mr K.B. Andersen. — (DK) I think I have made it quite clear — and I am sure Mr Ripamonti will agree — that it is my wish to bring about some progress in this matter, but nevertheless I shall be quite glad to repeat it. One of the tasks which the Danish Presidency has put high on its list of priorities — there are not all that many things a presidency can do, but at least we can give priority to certain matters — is to establish, if possible, an energy plan for the Communities, and I think this is one of the fields in which, as we have also stated quite clearly already, there has perhaps not been sufficient solidarity within the Community up to now. As has already been pointed out, this would be a good thing from the point of view of the energy situation, and it would also be a good thing for many other reasons including employment. We will do what we can to promote an energy plan with a view to reducing our dependency on imported oil, and this will involve, among other things, greater use of coal.

Mr Brown. — Before the President-in-Office takes too kindly to the suggestion being put to him, would he make sure that the Commission evaluates what the cost to the environment would be of increasing the use of coal for power stations? Are we going to examine the cost of converting power stations and putting in all the necessary equipment to stop the atmosphere being polluted; is he prepared to say what this will mean in increased costs for electricity generated? Because that is why we stopped using coal in the past.

Mr K.B. Andersen. — (DK) This is surely a question for the Commission, but I should like to say that I am not all that keen on using coal and I would not like you to get the impression that I am. However, if we hope to make ourselves less dependent on imported oil, one of the ways in which we could do this is, whether we like it or not, to make greater use of coal. This raises obvious environmental problems, as Mr Brown mentioned, but I would prefer to save these arguments for when we are discussing the matter with people who are against the use of nuclear energy. I sometimes feel it could be pointed out to people who are against the use of nuclear energy and would prefer coal to be used instead that this is not a particularly appropriate solution to the problem, at least from the environmental point of view.

President. — I call Question No 44 by Mr Osborn:

Do the Ministers expect reciprocity from recipients of STABEX funds by their purchasing goods and services from Community firms?

Mr K.B. Andersen, *President-in-Office of the Council.* — (DK) The situation is that under Article 20 of the Lomé Convention the ACP States themselves decide how the STABEX resources will be used. In order to discover the purpose of this system we need only look at Article 16 which states that it is intended to remedy the harmful effects of the instability of export earnings and enable the ACP States to achieve the stability, profitability and sustained growth of their economies. In order to do so they can naturally choose to purchase goods and services from Community firms and it is clear from the information with which the Council has been provided by the Commission — and I should like to draw Mr Osborn's attention to this point — that this is in fact what happened in the case of certain funds for 1975. We can therefore expect the same thing to happen again, but I must stress that the system does not bind or commit the ACP States in this respect.

Mr Osborn. — This question is to seek information and to determine to what extent the benefits of the Stabex proposals are proving to be mutual. Just as contracts should go to Community suppliers for ACP Lomé Convention projects, should not the ACP countries benefiting from Stabex agreements purchase manufactured goods from the Community? To what extent, therefore, is this happening in practice, and is the Council of Ministers satisfied that this trend is being adequately monitored?

Mr K.B. Andersen. — (DK) I can only repeat that this is not the purpose of the system, and I should perhaps also point out that however natural it may be for the developing countries to purchase goods from the Community — and I can see no reason why they should not — I feel sure none of us of here would simply want something in the nature of equilibrium, in the literal sense of the word, in our trade with each individual country, and it is not the purpose of this system to help to establish equilibrium of this kind. Its purpose is to bring some order into the economies of the countries involved. However, this also makes it possible for these countries to buy goods from Member States.

President. — I call Question No 45 by Mr Pisoni:

What stage have the Council's deliberations reached on the harmonization of national health regulations regarding skimmed-milk powder and its reconstitutions as liquid milk and on the adding of dyes to milk powder to denature it so that it is used exclusively for animal feed and not human consumption?

Mr K.B. Andersen, *President-in-Office of the Council.* — (DK) The Council has already laid down Community regulations governing the description and composition of skimmed milk powder both for human consumption and for animal feed. However, there has as yet been no proposal concerning the quality of skimmed milk powder destined for human consumption from the hygienic and microbiological point of view. As regards the reconstitution of skimmed milk powder, the Council has introduced a provision whereby the Member States may produce condensed milk for human consumption using a maximum of 25 % milk powder. Apart from this, there are no harmonized Community regulations on this matter.

Finally, I should like to add that the Council has discussed the question of how useful and practicable it would be to mix the skimmed milk powder with a special substance in order to prevent the milk produced specially for animal feed being used for other purposes within the Common Market. Work on this matter should continue, particularly with a view to finding the most efficient methods possible of preventing fraud.

Mr Pisoni. — (I) We are aware that not only Italy but other Member States too could consume a larger amount of skimmed milk powder, especially for animal feed, if it was not permitted to reconstitute if for human consumption.

Does not the Council therefore feel that steps should be taken to dispose of the milk-powder mountain and at the same time avoid various frauds in the food sector by permitting countries such as Italy to make greater use of animal proteins in meat production?

Mr K.B. Andersen. — (DK) I fully understand the problems Mr Pisoni has just mentioned, but I should like to point out that the reason why a number of dele-

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gations have not as yet been prepared to take the line put forward here is because major administrative difficulties are anticipated, and perhaps also because it is felt that cases of fraud are not in fact as common in practice as some people suspect. There are a number of administrative problems, but as we said, we will continue work on this matter, and I agree with the questioner as regards the problem mentioned both in his question and when he spoke just now.

Mr Mitchell. — Would the President-in-Office of the Council agree that any harmonization of national health regulations that takes place should be in the interests of health, and not a back-door method of dealing with the skimmed milk problem?

Mr K.B. Andersen. — (DK) We must weigh two legitimate interests, if I may describe them as such, against each other, and this is one of the questions we are currently working on.

Mr Ripamonti. — (I) In view of the widespread famine in the world and the major surplus of milk powder, does not the President-in-Office of the Council feel that market research is called for with a view to establishing new ways in which the milk surpluses could be used, e.g. for export or as food aid to those countries which are currently underdeveloped and underfed.

Mr K.B. Andersen. — (DK) It is as the honourable Members will no doubt be aware, up to the Commission to make proposals on a matter such as this. However, the Council has already frequently decided to provide this very form of aid.

Mr L'Estrange. — Would the President-in-Office of the Council tell me why he believes it is necessary to go deeply into this question, and what administrative difficulties he foresees? Would it not be better to add the dyes on time, and not wait until the fraud starts, in order not to be closing the stable door when the horse has bolted?

Mr K.B. Andersen. — (DK) It is not necessary to go deeply into this question. I concur with the Honourable Member's view that this problem is one which calls for swift action, but the task of the Council is of course to ensure that the measures taken produce positive results which outweigh the administrative difficulties which will doubtless arise. This is what we hope to achieve by our current work. It is not our intention to delay progress in this matter.

President. — I call Question No 46 by Mr Dondelinger, for whom Mr Willi Müller is deputizing:

Does not the Council share the opinion of Mr Brice Lalonde, a spokesman for Europe's ecologists, that it would be desirable to reword Article 2 of the EEC Treaty, which emphasizes economic expansion alone to the detriment of environmental protection and the quality of life?

Mr K.B. Andersen, *President-in-Office of the Council.* — (DK) The Council is convinced that Article 2 of the EEC Treaty does not in any way exclusively stress economic expansion. The article in fact stresses that economic development should take place in a harmonious and balanced manner, and the questioner's concern with the environment and the quality of life was stressed by the Heads of State and Government at their meeting in Paris in 1972 when they issued a declaration from which I should like to quote:

Economic expansion, which is not an end in itself, must first and foremost serve to counteract disparities in living conditions. All sections of society must be involved in this process which should result in an improvement of both the quality of life and the standard of living. In accordance with the European spirit, particular attention must be paid to non-material values and wealth and the protection of the environment with a view to making progress serve mankind.

Since the adoption of this declaration, which I think makes its point very clearly, the Council has, as you know adopted environmental programmes and legislation in which account is taken both of economic development and environmental protection and of the quality of life. I should like to add that, as will be clear from what I have said, the Council in no way regards these two considerations as incompatible or in principle totally at variance with each other.

Mr Willi Müller. — (D) I have only stepped in here today on behalf of Mr Dondelinger who cannot be present. However, it strikes me on examination of his question that the central point has been glossed over somewhat. What the question asks is whether or not the Council sees a need for the Treaty of Rome to be amended in such a way that the quality of life will receive particular attention in addition to all the other questions covered by this Treaty. This strikes me as vital, since it is something to which the environmental protection organizations in the world at large attach great importance.

However, I should also like to take this opportunity of putting a supplementary question. In view of the fact that the Council has repeatedly said how important it regards the improvement of the quality of life in Europe, how is it that it has been dragging its feet on this, i.e. that decisions adopted by this Parliament — not just a few but dozens of them — remain before the Council without being adopted and without the Council explaining why it feels unable to adopt these draft directives and other proposals put forward by the Commission and adopted by the European Parliament?

Mr President. — Mr Müller, you are turning a question into a long speech more suitable for a debate.

Mr K.B. Andersen. — *(DK)* Mr President, I admit that this would be a very suitable subject for a debate, but this is not the point. There is no reason why Article 2 should be amended, and I made this quite clear in my answer. There is nothing in Article 2 implying economic growth and nothing else — there is scope for the question of the environment too. One programme has been adopted and another is in preparation. A great deal of work is being done on these matters, but we should not go to the other extreme of thinking that we can improve the quality of life without economic growth. At least, this is a view which people earning a little less than most of us here would find difficult to understand.

Mrs Ewing. — Would the Council not accept that, as the very name of the Community includes the word 'economic', and that in view of the wording of Article 2, it may very well be that many outsiders, who are going to be voters soon view the Community as being too materialistic? Will the Council not look again at this request, which seems to me reasonable, and would it do so before direct elections, when we want as many people as possible to be interested and to vote?

Mr K.B. Andersen : — *(DK)* Something could be done about changing this situation if either the Commission or a government, who are entitled to do so, were to submit a proposal to this effect. No such proposals are currently before the Council, however, and I am sure that this is because such proposals are considered superfluous since our objectives are stated quite clearly in Article 2, and one might well ask how one could do most for the environment — whether one does not do more for it by implementing environmental programmes than by amending an Article which does not need to be amended.

Sir Derek Walker-Smith. — While I wholly endorse and support the importance of environmental considerations in the life of the Community and its Member States, will the President-in-Office of the Council make it clear that his references to opinions expressed by the Council do not in any way suggest that either the task of amending the Treaty or the interpretation of the Treaty is in any way vested in the Council? Would he confirm that as a matter of constitutional law, amendments to Article 2, or to any other provisions of the Treaty, can only be made subject to the provisions of Article 236 and ratification by the Member States according to their constitutional procedures, and that the interpretation of the Treaty is vested in another institution of the Community, namely the European Court of Justice?

Mr K.B. Andersen. — *(D)* Yes.
(Laughter)

Mr van Aerssen. — *(D)* Since the President-in-Office is no doubt familiar with the many proposals for

extending the EC Treaty to include environmental policy, I should like to ask whether he sees any chance of any practical steps being taken, and whether he personally is prepared to press for the Treaty of Rome to be amended in the interests of an improved environmental protection policy. There are three main aspects to the amendment I have in mind. Firstly Article 3 should be amended to make explicit mention of environmental protection policy, secondly Article 92 should be amended to include the compulsory granting of aid if economic restructuring is necessary in the interests of an environmental protection policy, and thirdly, the third part of the EC Treaty should be extended to include a Title 3, 'Environmental Policy', setting out the programmes and instruments with which the European Community could tackle this problem?

Mr K. B. Andersen. — *(DK)* I must admit that in my view — and I hope the honourable Member will understand this — we should use our energy to improve the environment by means of joint Community action in this field and not waste it in changing a treaty which can in no way impede moves to protect environment.

Mr Prescott. If the President-in-Office cannot accept the clear conflict between environmental objectives and the economic objectives of the Treaty, can he possibly accept, since the Council has endorsed the Commission's proposals in regard to steel and textiles and other areas of industrial policy, where supply and demand do not determine price any more, that both the price and the quotas released on to the market are determined by intervention by the Commission, supported by the Council — surely a clear breach of the Treaty showing its diminished relevance to the problem?

Mr K.B. Andersen. — *(DK)* I should just like to say in connection with steel and textiles, which are after all merely a side issue here, that our intention is to re-establish the proper markets. I do not, however, understand how it can be that various Members apparently think that the Council is not aware of any problems whatsoever in this entire field. I did not say this. What I said was that in my view — and the Council in general shares this view — zero growth is no way to improve the quality of life. If I might make an additional remark in my capacity as the Danish Foreign Minister, I should like to repeat what I said before, namely that I have noticed it is neither the poor developing countries nor the less privileged sections of the Community in our Member States who are so opposed to economic growth. They take the view that growth can be reconciled with improvements in the quality of life.

Mr Damseaux. — (*F*) No-one is disputing the fact that reasonable economic growth is a necessity, even a priority, even though this view may be materialistic. The question put by my honourable colleague therefore strikes me as a little tendentious in its use of the expression 'to the detriment of', which implies 'jeopardizing'.

I should therefore like to ask the President of the Council if, in his view, the Council or Commission has ever interpreted Article 2 of the Treaty as on the one hand recommending economic expansion, and on the other recommending the destruction of the environment or a poor quality of life.

Mr K. B. Andersen. — (*DK*) I think it would be useful if I read out Article 2 which is, after all, very brief. It runs as follows:

The Community shall have as its task, by establishing a Common Market and progressively approximating the economic policies of Member States, to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the States belonging to it.

There is nothing in this — and this remark is not meant for the last speaker, since we are in complete agreement on this point — there is nothing in this to prevent us using, as we should, the growth we can achieve in order to improve the quality of life.

Mr Patijn. — (*NL*) This is an interesting discussion, but does the President-in-Office of the Council have any idea as to whether a majority in the Council would be in favour of revising the Treaty on this point?

Mr K.B. Andersen. — (*DK*) I presume and hope that if there were such a majority, it would have made its presence known by submitting some proposals. So far, no proposals have been made, and I for my part would like to close this discussion by pointing out to those Members who are so afraid of growth that one can speak about growth in the same way as wealthy people speak about money, i.e. it is not everything but it is the key to the rest.

President. — Since the author is not present, Question No 47 by Mr Hamilton will receive a written reply.¹

I call Question No 48 by Mr Howell:

How does the Council justify its apparent double standards in allowing certain Member States to devalue their 'green rates' at will, yet by contrast causing delay over United Kingdom devaluation requests specifically approved by the House of Commons?

Mr K.B. Andersen, *President-in-Office of the Council.* — (*DK*) I take the question to refer to the way in which the Council recently dealt with two draft regulations involving adjustments of the exchange rate for the Italian lira and the pound sterling in the agricultural sector. These proposals were dealt with in the same way as all previous proposals in this field. As regards the British request in particular, certain questions regarding the dates when the regulation would enter into force for certain products had to be examined in relatively great detail. The two regulations referred to have, as you know, been adopted and came into force on 2 February this year, which was the date put forward by the Commission in its proposal.

Mr Howell. — While I can fully understand the difficulty which the President-in-Office has in trying to explain the procedure which were adopted when Britain asked for a 7½ % devaluation of the green pound when it had already been granted without any difficulty to Ireland, I feel that his explanation was totally inadequate. It really did not answer this question at all, and I feel that he should give me a proper explanation. Is the President-in-Office aware of the huge distortion which is caused in the market in agricultural produce, particularly in cattle and pigs, between Ireland and Britain and the damage this is inflicting on British livestock producers? Will he agree that this is the very negation of a common market and that proceeding in this way is doing great harm to the credibility of the EEC itself?

Mr K.B. Andersen. — (*DK*) I can say three things. Firstly, the actual case brought up here today is currently under discussion in the Council of Agricultural Ministers. Secondly, I should like to repeat that the circumstances surrounding the last proposal regarding the pound were very exceptional, and finally, I should like to add in my capacity as Danish Foreign Minister that no country is more keen than Denmark to eliminate the monetary compensatory amounts because of the many unfortunate effects they have on this entire sector.

Mrs Ewing. — Is the Council aware that agriculture is not only one of the major industries of the United Kingdom, but is the major industry in Scotland; that 70 % of the population there is dependent on livestock and that under every single heading of livestock there has been a tremendous decrease and there is now acute anxiety about the future of this vital sector of the industry in Scotland? Would the Council reconsider the urgency involved in this matter of the green pound, which seems to many of us to be an example of extreme unfairness meted out by the Community?

Mr K.B. Andersen. — (*DK*) There must be a misunderstanding for as I said before, the decision has already been taken.

¹ See Annex

Mr L'Estrange. — As the President-in-Office of the Council is aware, the green currencies help the countries with weak currencies and ensure that producers from such countries, if their government seeks devaluation of the pound, get a fair price for their produce. If they seek devaluation of the pound, would the President-in-Office not agree that Ireland made application at the proper time, that she plays according to the rules of the game at all times, that she kicks the ball to the best advantage, which is in her own interests, and that the British Government, if they so liked, could get a further 15-20 % devaluation of the pound? Is he further aware that there would not be such distortions if the British Government did make application for such devaluation?

Mr K.B. Andersen. — (DK) My answer can be very brief. Two points have been brought up here today. Firstly, there is the procedural question, and my answer on this point was very clear. Secondly, there is a major question of principle which is not a matter for discussion here today but should be dealt with in the context of the debate on the agricultural policy in general.

President. — I call Question No 49 by Mr Ryan:

In view of the fact that the report by Mr Klinker on some aspects of the common fisheries policy, which has been forwarded to the Council, contains radical proposals which would appear to conflict with the sovereign rights of Member States and with international law, would the Council examine this report as a matter of urgency?

Mr K.B. Andersen, President-in-Office of the Council. — (DK) Mr President, if the Council makes a decision on the Commission's proposal regarding control of fisheries, it will naturally examine more closely the resolution adopted by Parliament at its February part session on the basis of the Klinker report mentioned previously. This is completely in accordance with the Council's obligations and the practice it has always followed, and will follow in this case too.

Mr Ryan. — Will the Council bear in mind that the adoption of the resolution in question has caused very serious concern in the minds of people in those states that have considerable off-shore waters, and on that account would the Council endeavour to make an early declaration which would make it clear that, in the absence of the surrender of sovereign rights by Member States to the Community over the waters adjoining their coasts, there cannot be any hostile pursuit of fishing-vessels in waters off Member States other than by vessels of the Member State in question? Would he also consider making an early statement to avoid any difficulties which might arise where vessels, without authority, pursue fishing-

vessels from third countries in the waters of Member States?

Mr K.B. Andersen. — (DK) Unfortunately, the Council's negotiations on fisheries policy have broken down. The question brought up here is one very important aspect of fisheries policy, but all of us here know that the negotiations have broken down and we know why.

Mr Corrie. — Can the President-in-Office give us any idea how near we are to reaching agreement on a fisheries policy?

Mr K.B. Andersen. — (DK) No.

(Laughter)

Mrs Ewing. — As Mr Ryan has indicated the possibility that this report, if implemented, would bring us into a conflict in the field of public international law, could I ask the Council to look at paragraph 10, which it seems to me, will bring the Community into conflict on a matter of private international law — that is to say, with Scots law, which is a distinct and separate system, where in the administration of the courts it is a fact of life that fines are part of the revenue on which the administration of the courts of justice depends? This paragraph would seem to me, therefore, to need most careful reconsideration.

Mr K.B. Andersen. — (DK) I fully agree.

President. — I call Question No 50 by Mr McDonald:

Will the Council make a statement on the policy of national governments of Member States in allocating television channels, in view of the problems which will be caused to many viewers in Leinster, who have until now been able to receive BBC and ITV, by the introduction of RTE 2?

Mr K.B. Andersen, President-in-Office of the Council. — (DK) This question falls completely outside the Council's competence.

Mr McDonald. — Arising from the reply by the President-in-Office, surely it is not right that a portion of the media as important as television should hold no interest for the Community or the Council of Ministers. What does the President think of the case where one of the member governments in effect operates censorship by selecting a channel which is either the same as or adjacent to those of neighbouring states? Surely, if we are ever going to move towards European unity, the Council and the Commission should aim at a dissemination of news, at least once a week, on some type of a Eurovision system? I think we have fallen down badly on our policy as a Community towards television, the allocation of channels and other problems.

Mr K.B. Andersen. — (DK) There is no point in asking the Council to adopt a position on a question which falls completely outside its competence.

Mr Van Aersen. — (D) Even if the question does not directly come under the Council's competence, cannot the President-in-Office, nevertheless, see that it might be useful if we could at least coordinate our policy on this matter in the context of the UPU in Berne?

Mr K.B. Andersen. — (DK) This question of allocation of channels involves other countries as well as the Community, and the problem does not stop at the borders of the Member States. The existing system of frequencies dates, if I remember rightly, from 1961, when it was drawn up at the general European conference. It is not something the Nine can do anything about, and as I have already repeatedly pointed out, the question falls completely outside the Council's competence.

President. — I call Question No 51 by Mr Bouquerel:

Is the President of the Council aware that, when making a statement in a third country on the internal situation of a Member State, he is speaking not as the leader of a party, but as President-in-Office of the Council of the European Communities?

Mr K.B. Andersen, *President-in-Office of the Council.* — (DK) This question seems to imply that the President of the Council makes statements regarding the internal situation in another Member State while visiting a third country. This allegation must rise from a misunderstanding since this has never happened during the Danish Presidency.

Mr Bouquerel. — (F) We are not satisfied with this answer, I should be grateful if Mr Andersen would tell us clearly whether or not he agrees that all the Presidents of the Council are under an obligation to observe discretion — particularly in connection with the internal situation in our Member States — and whether this obligation is not even greater in the case of the Members of the Commission of the European Communities?

(Applause from certain quarters on the right).

Mr K.B. Andersen. — (DK) I should merely like to refer to the answer I have already given. I have nothing to add or withdraw.

Mr Patijn. — (NL) If I may address the President-in-Office of the Council in his capacity as Danish Minister of Foreign Affairs, does he not think it is reasonable for a Social Democrat to hope that a Social Democrat will win the elections in another country?

Mr K.B. Andersen. — (DK) In spite of the friendly invitation I have no comment to make.

President. — We turn now to questions to the Foreign Ministers of the nine Member States of the European Community meeting in political cooperation.

I call Question No 52 by Mr Edwards:

Have the Foreign Ministers considered the latest report of Amnesty International and what action do they propose to take on the issues raised therein?

Mr K.B. Andersen, *President-in-Office of the Foreign Ministers.* — (DK) The question is whether the Foreign Ministers have considered the latest report of Amnesty International, i.e. the 1977 report. This report has not been the subject of discussion in the framework of political cooperation. The Governments of the nine Member States are fully aware of the work being done by non-governmental organizations in the field of human rights and follow this work with close attention since they regard it as extremely important, both for the practical implementation of specific human rights and for increasing awareness of the nature and significance of human rights. Since, unlike cooperation between states, the work of non-governmental organizations is not subject to considerations of foreign policy, it will not always be possible for governments to take action on specific issues which these organizations find reason to bring up and which, moreover, they are frequently better equipped to deal with themselves in view of the nature of their activities and aims as a whole. The problems which the organizations point out or concern themselves with can, however, be major factors in the policy-making of various governments in the field in question.

I should also like to point out to Mr Edwards, that, although I do not know exactly, I am nevertheless convinced that my colleagues and their staff have examined this important and interesting report in the same way as we in the Danish Foreign Ministry have done.

Mr Edwards. — I am delighted to hear that the Foreign Ministers have studied this very important report, which is a rather severe indictment on many of our non-European associates, particularly those who are concerned in the Lomé Agreement. Of the 53 non-European potential signatories of the second Lomé Agreement, 32 received very adverse comment on the violation of human rights. Twenty-one maintained detention without trial, 9 used torture against political prisoners and 12 actually operate capital punishment for political offences. In the light of these facts, will the Foreign Ministers meeting in political cooperation bear these points in mind and at least use their good offices to abolish two of the worst features of the violation of human rights, namely the use of torture and detention without trial. If this is done, it will help our Community and help some of the people fighting for human freedom in these 36 countries mentioned.

Mr K.B. Andersen. — *(DK)* Firstly, I should like to say that I fully agree that both the problems mentioned and the work which can be done with a view to remedying them are of major importance. Indeed, we in the Community are working on these problems — for example, in the UN. As you know, the matter was touched upon in connection with the Belgrade conference, and all I can say is that all the governments are fully aware of the resolution adopted here on 19 January in which they are urged to support and assist Amnesty International in its very valuable work. We are fully aware of this very important organization and of Parliament's support for it.

Lord Castle. — May I quite frankly say that I am not satisfied with the reply of the President-in-Office who seems to turn his back on what we, as Parliament, have been pressing for, both by vote and by reports from our committees on greater and greater political cooperation between the Nine. In this case it seems to me, and I ask the President-in-Office whether this is to be inferred from his reply, that in this case we are relying purely and simply upon unilateral action by the nine governments. Would he not agree that it would be far better if representations were made by the Community as a whole, represented by the Foreign Ministers meeting in political cooperation on such questions as the death penalty carried out without trial in places like Rhodesia and the continuation of the horrors of apartheid in South Africa, which are this year's major objectives in the campaign of Amnesty? I would be glad if he could urge Community action on this matter.

Mr K.B. Andersen. — *(DK)* The honourable Member must have either totally misunderstood or misheard what I said before — there is no other possible explanation. I said nothing about relying purely and simply upon unilateral action. I spoke about our cooperation in the UN on this matter, the cooperation between the Nine in connection with the Belgrade conference, and I might also mention the cooperation between the Nine in connection with South Africa and the fight against apartheid. All these things are well known, and only a few moments ago I drew attention to the cooperation between the Nine on these matters. It strikes me as a little strange, therefore, that someone should now get up and ask why I am speaking about unilateral action when I was in fact speaking about the very opposite.

Mr Prescott. — Is the President-in-Office aware that, as the Amnesty International report on Argentina has shown, between twelve and seventeen thousand political prisoners were in gaol or in concentration camps, while a further fifteen thousand people including two French nuns, have disappeared, despite the protests of the French President? In view of the fact that the World Cup is being used as major propaganda by the

Argentinian regime, is he satisfied that Community citizens who choose to attend the World Cup in Argentina will be protected against arbitrary expulsion or imprisonment by an Argentinian regime which conducts acts of murder against its own citizens and against non-Argentinian people resident in Argentina?

Mr K.B. Andersen. — *(DK)* I can assure Mr Prescott that we are aware of this problem and that, in addition, it is one of the matters to be discussed at the political cooperation meeting in Copenhagen. The meeting is being held today and tomorrow, and I think this is one of the matters on the agenda for tomorrow.

Mr L'Estrange. — I would like to ask the President-in-Office of the Council, when he speaks about cooperation within the Nine, and when he states that they are familiar with the reports, and when we hear so much here today about Argentina and about Rhodesia, whether he is aware that the Russians, and indeed certain other countries behind the Iron Curtain, show little respect for human rights, and that they have thousands of innocent people in gaols or mental hospitals on trumped-up political charges? Does the Council think it right and proper that these countries should get such long-term credit from the EEC, while they are putting their own money and resources into sophisticated arms to try to bury perhaps each and every one of us? Does the President not think that we should bargain with the credit, with the food and the machinery we are giving to those countries, and give them only to nations who respect, or at least make an effort to protect, human rights in their own countries?

Mr K.B. Andersen. — *(DK)* These are in fact some of the questions which were hotly debated at the Belgrade conference which has just finished. We are therefore fully aware of these questions too.

As regards the problem of credits, I must urge the honourable Members to bring this up with their own governments, since this is a national question

Sir Geoffrey de Freitas. — Without getting involved in what our governments do in the United Nations or at Belgrade, in view of our Community's direct association with many countries in the Lomé Convention, surely before our money is spent in countries indicted by Amnesty International, we should at least make the most careful investigations to see that we are not subsidizing oppression.

(Applause)

Mr K.B. Andersen. — *(DK)* I have already answered this question to a certain extent, but I should like to say that the Council is currently discussing all the problems to which Sir Geoffrey is drawing attention here.

Mrs Ewing. — Could I make the point that I was not very clear about the answer given by the President-in-Office as to the future attitude of the Foreign Ministers meeting in political cooperation? Is his answer tantamount to saying that these Ministers will not make a statement as if it comes from the Ministers of the Nine? Because does the President not agree with me that many victims mentioned in Amnesty International must look to this forum and to the people here, and the united voice of this forum, with hope of some betterment of their plight? Does he not agree that statements from the Nine would have beneficial effect, because we have known this to happen in the past, and could I add to the list given by Mr Edwards the question of the abuse of the use of psychiatry which I think was raised originally by Mr Johnston?

Mr K.B. Andersen. — (DK) I can only repeat what I said in my first answer. Clearly, these questions involve the nine governments and they also involve the nine governments meeting in political cooperation. Let this be said once more so that there can be no misunderstanding. However, the point I was making in my first answer was the positive significance of the work of Amnesty International, since this organization can say and do things which governments do not and cannot do. For this reason, these non-governmental organizations are, in my view, extremely important. I greatly approve of Amnesty International being awarded the Nobel Prize. I think it was a good thing that Parliament welcomed this, since we need this kind of organization to draw attention to matters which can occasionally — not always, but occasionally — be difficult for governments to handle for reasons I am sure everyone here understands.

Mr van Aerssen. — (D) It has undoubtedly not escaped the attention of the President-in-Office of the Council that major attempts have been made in the United States Congress and Senate in recent months to make foreign trade policy, economic cooperation with the developing countries, and the development of the instruments of foreign trade in general, conditional upon the observance of certain principles of human rights, i.e. the Final Act of Helsinki. Does the Council go along with this attitude, and is the Community cooperating with the United States in this field with a view to finding a common solution to these problems?

Mr K.B. Andersen. — (DK) We are in permanent contact with the United States regarding this and many other aspects of foreign policy, but an enormous number of problems are involved with what I might call a selective application of human rights evaluations. Most governments here, I think, come to the conclusion that if one wishes to conduct a very clear human rights policy, it must also be conducted in a

consistent manner. If it is conducted on a selective basis depending upon the degree of sympathy one has for a particular country, one's human rights policy simply loses credibility.

President. — I call Question No 53 by Lord Reay:

By what means do the Foreign Ministers propose to enforce the code of conduct adopted in September 1977 with the object of ensuring that European firms operating in South Africa safeguard the rights and position of their black employees?

Mr K.B. Andersen, President-in-Office of the Foreign Ministers. — (DK) The Foreign Ministers are asked how they propose to enforce this code of conduct and I can reply that the observance of the Nine's code of conduct will of course primarily depend upon the extent to which the individual companies feel an incentive to follow the recommendations. The nine governments unanimously agreed to recommend this code of conduct to parent companies and are at present discussing its implementation with employers' and workers' organizations in the Member States. The code of conduct contains an item dealing specifically with its practical implementation. I am referring to paragraph 7 which I should like to read out:

- a) Parent companies to which this code is addressed should publish each year a detailed and fully documented report on the progress made in applying this code.
- b) The number of black Africans employed in the undertaking should be specified in the report, and progress in each of the six areas indicated above should be fully covered.
- c) The governments of the Nine will review annually progress made in implementing this code. To this end a copy of each company's report should be submitted to the national government.

The six fields which the report is intended to cover are as follows: relations within the undertaking, migrant labour, pay, wage structure and black African advancement, and finally, racial segregation at places of work.

As stated in the paragraph quoted above, each undertaking should publish each year a detailed and fully documented report which will be examined jointly by the nine governments.

In view of the great interest in the wage and working conditions in South Africa among the general public and, in particular, the trade unions, I am certain that these reports will be thoroughly examined and compared by the public, the media and the governments. In addition, purely from the point of view of business, companies will do doubt be motivated to submit these reports, in view of the unfavourable effects failure to do so would have on their reputation.

Furthermore, the Foreign Ministers of the Nine have recommended that the governments of the other OECD countries should also adopt a code of conduct

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of this kind with a view to gaining wider support for these principles and they have been approached on this matter. If this code of conduct is adopted more widely, this will naturally increase its chances of being effective, but, as I said before, the first thing we must do to make this code of conduct as effective as possible is to require that reports be published and discussed

Lord Reay. — Does the President-in-Office of the Council not agree that, whatever views may be held about the adoption of this code of conduct, now that it has been launched, it is extremely important to see that it is properly and fully, and also fairly enforced — that is to say, with equal effect with respect to all the companies or parent companies which are registered in the different Member States of the Community? Is he in a position to give an undertaking to this House that the Foreign Ministers meeting in political cooperation will report to this House on a regular basis, giving their assessment of the implementation of this code of conduct?

Mr K.B. Andersen. — (DK) This was two questions in one. Firstly, whether or not I agree that — as Lord Reay put it, whatever views may be held about the adoption of this code of conduct — we should endeavour to ensure that it is enforced with equal effect, as far as possible, with respect, as I understood it, to all the various companies and all the various countries. I agree completely, and it is my view that non-discriminatory implementation is one of the most important aspects of this entire question, and one to which the Nine are jointly devoting their attention.

The second question was whether I or my successor will report to this Parliament. I think it is perfectly natural that we should do so, and I will inform my colleagues in the Council of this.

Mr Patijn. — (NL) Does not the President-in-Office of the Council agree that it is curious that now the Council has taken the initiative to adopt this code of conduct, it has nevertheless left the tasks of enforcement and monitoring entirely to the Member States? Is the President-in-Office of the Council prepared to promise that all the reports produced by firms under this code of conduct will be submitted to the European Parliament, and that Parliament will also be informed of any refusals on the part of firms to report on their conduct as regards the African situation. If not, this is not a Council code of conduct but a code of conduct of the Nine Member States and that was never the intention of the Council's decision.

Mr K. B. Andersen. — (DK) I agree with the views put forward by Mr Patijn. I cannot, of course, make any promises regarding agreement between all nine governments, but I will make the proposal that these reports should be submitted to Parliament. This

strikes me as a natural thing to do, and I am sure we all agree that if we have adopted such a code of conduct, we must all be interested in whether or not it is observed, so whatever can help to ensure that it is must be a good thing. I think that the suggestion made by Mr Patijn is a useful one and I will be glad to recommend it to my colleagues.

Mr Bersani. — (I) What line are the Foreign Ministers taking in the talks with the other OECD countries and what forecasts can the President-in-Office of the Council make regarding certain developments in this direction which, by broadening our scope for action as much as possible, will enable us to achieve the political results in which we believe?

Mr K. B. Andersen. — (DK) I am unfortunately unable to give a satisfactory answer to this question today, since the meeting I mentioned regarding the OECD countries has not yet been held, but is to be held in the near future when we will discuss the very issue brought up here. Unless the industrialized countries are as much as possible united in their wish to enforce this code of conduct it will not have the desired effect. This is the point we wish to put before the other OECD countries at the meeting but, as I said, it has not yet been held and I am therefore not in a position to say whether the other countries will adopt a favourable attitude to the view that the Nine take. I think they will but I cannot know.

President. — I call Question No 54 by Mr Ryan:

Will the Ministers give their views on the outcome or the present state of progress of the Belgrade Conference, especially with reference to respect for human rights?

Mr K.B. Andersen, *President-in-Office of the Foreign Ministers.* — (DK) At this conference the implementation of the Final Act of Helsinki was discussed extensively and frankly. In Belgrade, the Nine drew attention to a number of areas, in particular, human rights and cooperation within humanitarian and other fields, where the final act of Helsinki had been inadequately implemented and where changes were called for.

I think we can all agree that the 35 countries which took part in the Helsinki Conference should meet occasionally in order to take stock of the progress made in the implementation of the Final Act. This continuous reviewing of the situation, which is essential, has been guaranteed by the decision reached the other day to hold a new meeting in Madrid in 1980.

In addition, it is of great significance that the participant countries have confirmed their willingness to continue work on the implementation of the Final Act of Helsinki and the security and cooperation process as a whole.

The final communiqué of the Belgrade conference reaffirms the Final Act of Helsinki in its entirety, and

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I hope the honourable Members will take note of this fact as it is essential that this Final Act should be upheld in its entirety since it is a balanced whole in which human rights and the position of the individual are important features.

The things I have just described can be regarded as positive results. However, it has undoubtedly been disappointing to see that at the Belgrade conference no agreement could be reached on an exhaustive and dynamic document containing both a realistic description of the current situation as regards implementation of the Final Act or on a series of important proposals aimed at improving the implementation of the Act. We realize, however, that the process set in motion by the Conference on Security and Cooperation in Europe is a long-term affair and for this reason, no dramatic results were to be expected in Belgrade. We must now look to the future, first of all to the meeting in Madrid in 1980.

Mr Ryan. — I wonder whether the President-in-Office would consider making a fuller and more considered statement to Parliament at an early part-session, possibly the April one, on all aspects of the Belgrade Conference, covering the Community and political cooperation and especially human rights in relation to the treatment of religious and political minorities in the USSR. In the meanwhile, would the President-in-Office say to what extent the Eastern Bloc accepted that the implementation of the Helsinki declaration does not imply interference in the internal affairs of nations who have signed it, and whether the Nine Foreign Ministers will consider publishing the deliberations of the working-group at the Belgrade Conference particularly in relation to human rights?

Mr K.B. Andersen. — (DK) I should like to make two points. Firstly, the great virtue of the Final Act of Helsinki is that countries can no longer dismiss these matters as an internal affair. The various nations have signed a document to the effect that these questions may be discussed openly between the 35 countries, which in itself is extremely significant. Thus no nation can dismiss these matters as internal affairs.

As regards the second question concerning the Belgrade working document, I cannot give a reply on the spur of the moment. I will, however, look into this question.

In reply to the third question, namely whether I am prepared to speak to Parliament again on this point. I should like to assure you that I am always at Parliament's disposal.

Mr Johnston. — Remembering the positive advantages which stemmed from a united Community position at Helsinki, and regretting the unilateral French action at Belgrade, will the President-in-Office of the Foreign Ministers meeting in political cooperation

give urgent consideration to trying to obtain a commitment from all Member States not to take individual initiatives where the Community is engaged in a common negotiation and, at the very least, to undertake to go through some previous internal Community consultative procedures if they feel they must proceed on their own, and would he please take this up at Copenhagen?

Mr K.B. Andersen. — (DK) If one considers that this cooperation has been going on for 6 years now — since 1972 — it has been a particularly good example of cooperation between the Nine. Indeed, it is possibly the best example of political cooperation we have ever experienced. There may, therefore, have been times when things did not run smoothly, and this is regrettable and I can assure you that we will discuss this at a subsequent meeting in the context of political cooperation, but nevertheless I should like to stress that the few cases in which the views of the Nine have diverged should not be allowed to overshadow the fact that the Nine have cooperated effectively and that this has been decisive in producing the results from both Helsinki and Belgrade which — from the Western point of view — are at any rate reasonable.

Mr Albers. — (NL) Is it not extremely hypocritical and even sanctimonious to go on drawing attention to human rights and particularly the situation in the Eastern Bloc if one does not at the same time speak out against the manufacture and possible use of the neutron bomb as a weapon of mass destruction?

Mr K.B. Andersen. — (DK) There is no direct connection between the two things you have mentioned. I presume the President will not allow us to go into a discussion on this other question now, but I fully agree that there is not, as far as I can see, a single country or group of countries which can set itself up as an impeccable example to the rest as regards the respect for human rights. At least I do not know of any.

President. — The second part of Question Time is closed.

10. *Votes*

President. — The next item is the votes on the motions for resolutions contained in the reports on which the debate is closed.

We shall begin with the motion for a resolution contained in the *Shaw report (Doc. 581/77): Draft amending and supplementary budget No 2 of the European Communities for the financial year 1978, drawn up by the Council.*

I put the preamble and paragraphs 1 to 3 to the vote. The preamble and paragraphs 1 to 3 are adopted.

President

After paragraph 3 I have Amendment No 1, tabled by Mr Shaw on behalf of the Committee on Budgets :

After paragraph 3, insert the following new paragraph :

'3a. Reaffirms its view, already accepted in part by the Commission, that a substantial number of the posts needed to carry out the coordinating, monitoring and reorganizing work in relation to the steel and textile sectors should be of a temporary nature and, in order to assess how far this policy has proved possible, asks the Commission to review the position in June ;'

What is Mr Shaw's position ?

Mr Shaw, rapporteur. — I support this amendment, as I do the other one.

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

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

After paragraph 4 I have Amendment No 2, tabled by Mr Shaw on behalf of the Committee on Budgets :

After paragraph 4, insert the following new paragraph :

'Financial contribution of milk producers

4a. Notes that these proposals attempt to render more transparent the measures for easing structural surpluses of milk products arising from market imbalances and will re-examine the presentation, in the course of its deliberations on the 1979 budget, with a view to full budgetization of the financial contribution of milk producers ;'

I put Amendment No 2 to the vote.

Amendment No 2 is adopted.

I put paragraphs 5 to 9 to the vote.

Paragraphs 5 to 9 are adopted.

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

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the *Johnston interim report: (Doc. 575/77): European foundation to foster public support for European objectives and policies*. The resolution is adopted.¹

11. *Fixing of prices for certain agricultural products* (continued)

President. — The next item is the continuation of the debate on the report drawn up by Mr Hughes on the proposals from the Commission of the European Communities to the Council on the fixing of prices for certain agricultural products and on certain related measures for the 1978-1979 marketing year (Doc. 579/77).

I call Mr Baas on a point of order.

Mr Baas. — (NL) Mr President, since the Commissioner is not present, it is extremely difficult to start the debate. I object to the debate being continued in the absence of the Commissioners who made statements this morning which we cannot accept. I therefore ask you to adjourn the debate until both Mr Gundelach and Mr Burke are present. Mr Burke made statements this morning which we can only discuss when he is here in person.

President. — I note that Commissioner Gundelach is now present in the House. We can therefore begin the debate.

I call Mr Früh to speak on behalf of the Christian-Democratic Group (Group of the European People's Party).

Mr Früh. — (D) Mr President, ladies and gentlemen, I should like to start, at the beginning of this debate, by thanking our rapporteur, Mr Hughes, for the great deal of effort he has put into this report. As you all know, the great debate on agricultural prices is held once a year, and we have had long meetings to examine all the aspects of the proposals put to us by the Commission with a view to agreeing on a suitable price adjustment. I support the position formulated in the Committee on Agriculture's motion for a resolution, and it is clear that as far as the price rise is concerned this position represents an advance on the Commission's proposals.

In our motion for a resolution, which was adopted in the Committee on Agriculture by a large majority, we call for an average price increase of 5%. Many of those concerned — and in this morning's debate this was already apparent from the Commission's remarks and also from those of other committees — regard this, if I may say so, as a nuisance. We, however, see here a sign or beacon indicating how the basic features of other committees — regard this, if I may say so, as a nuisance. We, however, see here a sign or beacon indicating how the basic features of European agricultural policy ought to be conceived. It is, I think, surely right for the European agricultural policy — and this has been discussed here many times before — to be a cost-oriented prices and market policy, and for efforts to be made — using the extremely varied methods and procedures which have been developed — to realize as far as possible this objective of bringing incomes in agriculture into line with those in other sectors of society. I hardly need to point out that in practically all countries these are below this level.

Now there are many other models for agricultural policy which are discussed time and again in a more or less theoretical fashion and which are all aimed at this objective of equalizing incomes. But of all these models, which often appear at first sight to be more socially desirable and just and would often have more desirable structural effects, none has yet proved

¹ OJ C 85 of 10. 4. 1978.

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capable of actually achieving results — and here, Mr Gundelach, you deserve a word of thanks. Indeed, the real question in this great controversy facing us is whether we want to pursue a price and market policy based on actual prices and costs or whether we want to freeze or even lower agricultural prices and thus operate by means of subsidy schemes. For under the terms of the Treaty we are obliged to have an incomes policy for agriculture. And this is why I am grateful to you, Mr Gundelach, for having said in your speech this morning that subsidizing incomes would be considerably more expensive than a price policy based on farm costs — the costs, that is, of farms managed by modern methods.

Let me move on to a second point which is, I think, of vital importance. I would ask you all to see this in context for a moment. This European agricultural policy forms a bond between all nine countries, and so far it has achieved something; that is to say, it was expected to solve an almost insoluble problem, namely to satisfy the needs of agriculture by fixing uniform prices despite differences in costs and rates of inflation. All I can say is that that would be the real philosopher's stone. So far, however, in the annual price fixing the aim has always been to lay down European standards which are then modified depending on the particular situation with regard to costs, prices and inflation — unfortunately these have all come to play a part — in the individual countries. This year, it seems, something has happened, Mr Gundelach, which you also clearly find unacceptable, and which you in fact criticized earlier. You said that if we went on like this year the system would be undermined; that is, if we change the green exchange rates, in accordance with national needs or interests, before we have laid down an average European figure as a basis for higher and lower rates of increase, then the divergencies in our European agricultural policy will of course increase.

Allow me, therefore, once again to explain exactly what this proposal for an average of 5% means. It can, of course, only be taken to mean that this 5% average is a European base rate and that in relation to this European rate there are to be increases for countries with weak currencies and reductions for those with strong currencies. Our principle here — and this, we believe, is in the interests of European agricultural policy — must remain to take an average European rate as our starting point, to fix this figure first and then — I know how difficult this is — to decide on the necessary increase and reductions by means of negotiations in the Council of Ministers.

It was said earlier on, in some context or other, that it would be folly to make any such price proposal. I would ask you to consider this: our price proposal, Mr Gundelach, must on no account be taken to mean that there is to be 5% at European level plus, to give just one example, the 7.5% already decided in the United Kingdom.

It was never intended to mean that, but should rather be seen like this: 5% and then, if necessary, an addition, or indeed a reduction of 2.5% or 3%. This must, however, be a European decision and not a unilateral process of taking the lion's share for oneself, with each country helping itself in a sort of free-for-all, thus putting the Commission and the Council in a position where there is nothing left to decide at European level and virtually no room left for manoeuvre, where European activities are thus reduced to a minimum and issues are dealt with as far as possible at national level. That is what we think, and this is also expressed in the motion for a resolution. I can therefore imagine that both the rapporteur and the Commission will recognize this proposal as a matter of European concern such as we are all keen to support.

I should like to explain this reference to one particular case. The original motion for a resolution stated that we should take special measures, for example for the Benelux countries because they could not manage with the proposed 2% average increase, given their particular costs and inflation rates. And precisely because we are expected to take account of national peculiarities in very different fields, I have the impression that this is likely to spread like a contagion. With the European proposal for 5% — combined, however, with the positive and negative adjustments — I think we could prevent that. I am sure you see the good European thinking behind this proposal and recognize that it would benefit all of us.

There is a third problem I should like to mention which dominates our discussions time and again and also — this is my impression — generates far too much strong feeling. This is the problem of monetary compensatory amounts. We are all well aware that these are not particularly satisfactory and ultimately only mean that we have not managed so far to create a coordinated economic policy and a corresponding monetary policy. We shall continue, however, to have increasing difficulties unless we tackle this problem.

Let me give an example. The older motorists will perhaps remember this. Once we used to have cars without synchromesh, and every time you changed gear you had to double-declutch. I think these monetary compensatory amounts have rather the same effect as double-declutching, as we have not yet managed to coordinate the gearbox and the engine, and if we now say you need not bother to double-declutch, you can just slip straight into gear, then it is true that this can be done, but you all know what happens then, and the result is more likely to cause us trouble than help us.

Our conclusion, therefore — and we are indeed constantly, and with some success, attempting to do this — is that the monetary compensatory amounts should, as far as it is in our power to do so, be phased out within the context of cost trends and general economic developments. In addition, however, there is

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an equally pressing need to synchronize and modernize the machinery and put it on a new footing in other words to persist in our efforts to coordinate economic and monetary policy — for it would be completely unrealistic to suppose that, given the small percentage of GDP involved in the agricultural policy, it would be possible to coordinate economic and monetary affairs by means of a radical abolition of monetary compensatory amounts.

The Commission has prepared a very interesting and comprehensive study, but even in this document it shows great uncertainty. At the end there is then a description of the course to be followed; but this seems rather artificial — it does not follow logically from the arguments presented.

I see that my time is up, and as there is still a very long list of speakers, including members of our Group who will be discussing the individual problems, allow me to sum up by briefly mentioning just two things.

What we are discussing here is a proposal for fixing the prices for various sectors of agriculture and for taking a number of back-up measures. One often has cause to wonder — and this is, I think, a very serious question — where the emphasis really lies. Is the emphasis on prices or is it rather on the back-up measures? We are perfectly aware that the two aspects cannot be separated. But I have the impression that if these back-up measures introduce changes in fundamental features of the current system of market organization this will constitute something of a stab in the back for the agricultural policy as practised up to now, which we cannot accept without thorough discussion.

I mean to say that it is quite unacceptable for back-up measures to be submitted to Parliament at short notice. There are several that we have had no opportunity of discussing, Mr Gundelach. There is the suspension of intervention for skimmed milk powder — to mention one particular case. We should not put forward measures which involve fundamental changes unless there has been adequate political discussion — and that means here in this House.

There is a second point I should like to make. This is not meant as a reproach, but we must, I think, be careful not to combine the price package put forward each year with quite so many other supplementary measures. Take the national advance payments and monetary compensatory amounts, for instance. These are certainly relevant, but changes in the market organizations and so many other things that we are not sufficiently familiar with should be avoided, for if so many problems are discussed at the same time in conjunction with the price fixing, then it becomes impossible to see the wood for the trees.

What I would like to prevent is the constantly reiterated public belief that, owing to the way the package is tied up and the long all-night sittings and all that that implies, this agricultural policy finally ends up being incomprehensible to all and sundry, because we have tried to approach the questions from far too

many sides at once and finally force a decision which then still fails to satisfy the clear interests of our European agricultural policy.

I am convinced — and I am sure I can say this on behalf of my Group — that our common European agricultural policy has so far been a success for the consumer and for the producer. It is not perfect, and we must keep on working to improve it, but we should not change its essential feature — i.e. the fact that additional measures are taken to supplement a prices and costs policy and thus achieve the objective of guaranteeing security of food supplies here in Europe.

Our Group therefore maintains that we should support the cost-oriented prices and market policy and tackle the great structural task — and here, I think, there is often a lack of infra-structural measures — of attracting non-agricultural jobs to the rural regions and thus helping the people and also contributing to a better balance in Europe.

(Applause)

IN THE CHAIR : MR YEATS*Vice President*

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

Mr Baas. — *(NL)* Mr President, I should like to begin by commenting on Mr Hughes' explanatory statement on the report from the Committee on Agriculture. I had, in fact, some difficulty in deciding whether he was presenting the Committee's report or his own views. Mr Caillaud continued in the same vein, but he too shed no light on the Committee on Budgets' real reasons, and then again Mr Gundelach and Mr Burke did not make things at all easy for us either.

I must say, Mr Gundelach, that you have unfortunately done nothing to increase confidence in your present and future policies. Mr Burke's contribution consisted of telling us that the price increases were modest and that we should therefore all be able to agree on them. That, Mr President, is no way to argue. It is not primarily a question of whether or not these two hundred million consumers support the price proposals. It is a matter of our reaching a compromise between the divergent interests involved here. These two hundred million consumers are quite likely to disagree completely with our conclusions, but we must still take the political decision to put forward certain proposals.

What I find most difficult to accept is the way in which Mr Gundelach weighs the various interests one against the other in his presentation. He pours his heart out in macro-economic considerations as to what is good for the Community, and fastens on the fight against inflation. I fail to understand, Mr President, why this argument should be pushed so hard in

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this sector when no attention is paid to it in other sectors. Looking at the wage negotiations in the steel or textile industries — two sectors which also have considerable surpluses — I have never yet seen arguments such as the fight against inflation or the reduction of surpluses playing a part in the discussions. But when it is a question of price proposals in agriculture, which for the overwhelming majority of agricultural producers are also wage proposals, then it suddenly has to be shouted from the rooftops that reducing inflation, eliminating surpluses and so on have absolute priority. I cannot agree, Mr Gundelach, to your discussing the matter in these terms. It is a more or less effective way of playing to the gallery, but it makes no significant contribution to the debate. When you say that this is the only way to manage a common agricultural policy in the Community, your arguments strike at the very roots of this common policy.

I have tried, Mr President, to discover for myself why there should be this great irritation. Was it necessary, Mr Gundelach, to speak the way you did in this morning's debate? Was it really necessary — even if you are dismayed at the great discrepancy between the Commission's 2% price proposals and the increase of 5% requested by the majority of the Committee on Agriculture? I appreciate that only after the sitting has finished — when we have the transcript of Mr Gundelach's remarks — will we be able to find out whether the translation was perhaps somewhat unfortunate. But if Mr Gundelach calls the report from the Committee on Agriculture and the proposal for a price increase of 5% utter folly — once again, I take this back if the translation was incorrect — then I wish to protest. Considering that shortly we are going to have to vote on the 5% proposals, would we therefore be idiots if we accepted them? This, Mr Gundelach, I cannot accept in this House. You can have your arguments, you can discuss with us, but if you dismiss a report from the Committee on Agriculture which is trying to reach a compromise — and that certainly does not mean that I necessarily support this 5% — with the words 'utter folly', then I think that we no longer have a basis for discussion. I shall be very interested to see whether Mr Gundelach takes this point up again presently, and I hope we shall not need to play the tape to establish what was said originally.

But there was one other phrase you used, Mr Gundelach. You spoke of the 'wastage of unwanted surpluses'. When I hear that, Mr Gundelach, I wonder whether you are still able to accept your responsibility as a Member of the Commission. If not, then I think there is only one course you can take: resign. But ultimately, in referring to the surpluses as a 'waste' of resources you really hit the nail on the head. We have all, Mr Gundelach, played a part in allowing this situation to develop, and not least the Commission. You can, of course, say that it is the Council of Ministers that has, over the past 15 years, deprived the agricultural policy of any economic basis as a result of the

policies that have been consistently followed in recent years. But there the situation is, and in my view the administration in Brussels also shares responsibility for the surpluses. I always have the impression — but this is not the first time I have said this: I said the same thing ten years ago when it was Mr Mansholt I was addressing — that Brussels does not lose any sleep over the surpluses. They regard them as 'administrative data'. And that, in my view, is the most serious mistake that can be made in the world of business. In commercial terms too, you are closely involved in these surpluses! We have allowed these surpluses to build up.

Mr President, a number of macro-economic considerations have been put forward here — but in micro-economic terms the agricultural producer reacts quite differently. You think that with a moderate price policy you can restrict production, but the history of agricultural policy since the Thirties shows that any paring of prices results in increased production — for that is the only way the farmer can still earn his living. He does not react macro-economically — his reaction is exclusively micro-economic, seeking the best solution for his farm in the circumstances. That is how the man reacts, and there is no reason why he should react in any other way. He is not interested in working hours, he merely asks that the amount he produces should provide him with the income he needs to live on. I do not believe, Mr Gundelach, that this co-responsibility for surpluses will make a significant contribution to reducing them. Our sugar policy has, of course, included an element of producer participation right from the start with, I think, not unreasonable results.

However, Mr President, I should just like to return to the great irritation shown by Mr Gundelach and ask once again: what good can that do? If we analyse this debate presently, we shall find that it no longer contains anything constructive. There will perhaps still be the vote, but there is a complete lack of any basis for furthering the common agricultural policy. It would have been more honest of you, Mr Gundelach, to have analysed the consequences of this price policy for the countries with currencies. These countries are trying to keep down inflation. They are doing their utmost, and in the end it is they who are punished because others have reacted differently. Once again, Mr Gundelach, this means that you must give the figures for countries with strong currencies. In these countries the decline of the dollar has had a serious effect on price policy. It would thus be quite possible, Mr Gundelach, for you to put forward 3.5% for countries with strong currencies, but that must then be taken as a basis. If we are to take your argument seriously, you must indicate to us today what the consequences are for the three or four countries which have strong currencies. These are the test case for your policy and not all the others. For there are some countries where no one is concerned about the reasons you put forward, such as inflation and so on, and yet you want to use this as an argument.

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Mr President, I want to try and explain once again how we Liberals would like to tackle the question of agricultural policy. This policy is threatened, partly because of the requests made by the Socialists for a variety of schemes for deficiency payments and allowances to be made available. This is a feature that we must handle with extreme caution. I am willing to agree with regard to hill farmers, but in introducing features of this sort we are depriving our agriculture of its last foundations as a viable economic activity. We are then left with a never ending social policy. Mr Gundelach has already commented that that is more expensive than the price policy; well, he's the one who said it, but I am not willing to live in a Community which exists only to provided social assistance in the form of allowances and so on.

I have the impression, Mr Gundelach, that we have missed a large number of opportunities, particularly in discussions with the United States, of reaching certain bilateral agreements. Over the last ten years we have seen an enormous increase in soya imports, but in this same period we have failed to find a way of having the quotas lifted on exports of dairy products to the United States. The opportunity was there, however, and it still exists, but we have, I think, once again put forward the wrong arguments. We wanted a soya levy, despite the fact that we had formerly removed restrictions on soya imports. With regard to the sugar question too, Mr Gundelach, I do not believe in a world agreement but rather in the usefulness of a bilateral agreement with the United States. It is not a question of imposing our agricultural policy on the United States but of making use of certain factors which could lead to close cooperation between us. Soya is one of the pillars of the United States' agricultural exports, and we can make use of these soya exports in negotiations not only on sugar and dairy products but also, I think, with regard to olive oil, wine and tobacco. We have not succeeded in exploiting the market potential of such an outstanding product as olive oil. We just sit around looking at one another and do not get any further. That is all! If you, the Commission, gave serious attention to these problems you would, in my view, do much more to promote the market value of olive oil and wine. You should do much more in these sectors, and that means that you should, in my view, put forward some proposals in the near future.

Mr President, my arguments have matched those of Mr Gundelach and Mr Burke, which were harsh. My tone has also been harsh, for if we continue our discussions on this basis it will be impossible to achieve anything constructive together. And if there is one thing which must still unite us it is the old objective of Article 39 on agricultural policy, under which we are to attempt, working together in political and financial solidarity, to maintain this open market. That is why, Mr Gundelach, I do not regard this period of seven years for adjusting the green currencies as such

a good idea. If you had managed to put it across more forcefully, to the countries with strong currencies in particular, that your price proposals were realistic you would, I think, also have been able to achieve results more quickly with regard to the green currencies. But either you lack the political will or the Council is no longer in a position to serve Community interests. With regard to prices I think, in fact, that more detailed discussions in the Committee on Agriculture, in consultation with the Commissioner, would have been better than raising the problem now in this debate. For when we take a vote a large number of members will perhaps have the feeling that we are no longer in a position to hold a meaningful dialogue with one another and that we have failed to form a common front to defend what unites us to a large extent, namely this common agricultural policy.

Mr President, for many years I was president of the farmer's organization and I have never allowed myself to be pinned down to a percentage. Nor am I going to pass judgment on the percentage today. Indeed, I do not regard it as particularly wise of the Committee on Agriculture to insist on the full figure when it is to be expected that — in all probability — an attempt could be made by Mr Gundelach to reach a compromise. I have the feeling that today's debate, together with our resolution, is simply going to be swept under the carpet and that no one will ever give it a second thought. It is as if we had performed a compulsory exercise, after which everyone goes home. Mr Gundelach is free to do as he pleases, since he can say what he wants to the Council because ultimately there is no great enthusiasm for this 5% in the Council either. I would therefore like to ask Mr Gundelach to tell us where we not stand with regard to a vote on price guidelines. Is there still scope for a compromise on something of a different order of magnitude than 5%? A synthesis between what the Commission has been defending — albeit weakly, but an attempt has been made — and what has been put forward by Parliament.

(Applause)

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

Mr Herbert. — Mr President, on behalf of my group I can give guarded welcome to this report. It contains essential elements which are acceptable to us, but it also contains paragraphs which are completely and totally unacceptable. Consequently, we have submitted amendments which, if accepted by this Parliament, will bring about the changes we desire.

It is true to say that the annual agricultural price-review is the most important decision this Community takes. It is all-embracing, it affects both the consumer and the producer. The prices policy decides, together with the structural policy, the future of basic

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food production in the Community. I therefore submit that its importance be over-emphasized. The central feature of the price-review is the average price increase for the forthcoming marketing year. I say clearly that the Commission's proposal of 20 % is unacceptable; it is unrealistic and unreasonable, and was rightly rejected by the Committee on Agriculture of this Parliament.

The 5 % increase sought by the committee is realistic and prudent. It is the minimum price increase acceptable to the producers. It merely compensates — just about — for increased inputs and inflation.

On listening to the various contributions so far to this debate, one would think that farmers had not been the victims of inflation or recession. Their production costs have increased substantially over recent years, and prices — their income — have lagged very far behind. Average farm incomes are much lower than average incomes in the industrial sector. It is correct that industrial workers should look for and receive increases of between 10 and 15 %, and yet farmers are being asked to accept a miserable 2 %. This will further widen the gap between the two sectors and I say very clearly that this is totally unjust.

The annual price review is also to be considered against the background of massive unemployment in the Community, and I said clearly again that a 2 % increase will worsen the situation vis-à-vis unemployment in the Community. It is true to say that agriculture has experienced a degree of stability in recent years: and but for its stability the economic situation in the Community would have been far, far worse. It is important, therefore, to maintain stability in this vital sector and use it as a strong basis to promote economic recovery in other sectors. I say that any decision taken to undermine the continuing stability of agriculture, such as a 2 % price-increase, will have the effect of slowing down or, worse still, halting economic recovery. It is our duty to avoid such a situation, and the only way we can do this is to adopt a reasonable price-increase.

An average increase of 5 % would also give the necessary flexibility to implement reform in the area of MCAs. It would, moreover, avoid the move towards national aids for the Benelux countries, who have particular difficulties, we all appreciate, regarding their MCAs. We must realize that MCAs are bedevilling the entire agricultural sector; but surely fault does not lie with the producers. The Council must once and for all take a decision on the final elimination of MCAs. In this group, we have been consistent in our support of the Commission's proposals to phase them out. It is indeed very difficult to understand the Commission's abandoning of their so-called objective method. We all realize the weakness of this method; but we cannot, and will not, tolerate a departure from this method until an appropriate alternative is offered by the Commission.

We have listened this morning *ad nauseam* to speaker after speaker emphasizing surplus production and the consequent need to limit Community production. Mention has been made of dairy produce, of milk products, sugar and beef. I say that such surpluses must be viewed in relation to imports and the availability of substitutes produced outside the system of the market organization. The butter situation in the Community suffers seriously from continuing imports of New Zealand butter into Britain. If we want to control a butter surplus, we must control butter imports. The sugar situation is much the same; it is a little complicated insofar as it is in the form of aid to the developing world; but to argue that to provide a solution for the sugar surplus we should reduce production is trying to pull the wool over our eyes. It is time indeed that the Community evolved a definite, positive, common policy on proteins. We welcome the emphasis in this motion for a resolution on grass-based production, and, of course, this will have the effect of reducing our dependence on imported proteins. We are also very disappointed with the continuing lack of common policies on sheepmeat, potatoes, and alcohol. We fail to comprehend why the delays on proposing these common policies should continue. Producers are in an advanced stage of frustration, over this inexcusable delay. We are disappointed also with the continuation of the co-responsibility milk levy: we have consistently opposed this levy as being discriminatory and completely and totally unnecessary, and we shall continue to oppose this useless levy.

The Commission has also indicated that it is preparing proposals to change the intervention system in skimmed-milk powder and beef. These proposals are, I understand, to be introduced as part of the prices package. Introducing proposals of this nature at this very late stage is not, to say the least, very intelligent: it is, I am convinced, a very subtle and sly method of trying to get through some unpopular measures, and these measures we oppose. We accept that improvements can be made in the intervention system, but we will not tolerate any changes that will undermine the prices to the producer.

In conclusion, Mr President, we who are concerned with agriculture detect a very subtle move to dilute the CAP. The consumer lobby is growing more vocal and more powerful. This morning, we heard an additional voice from the Commission, promoting the chorus from the consumer lobby. One wonders who speaks for agriculture here: is Mr Gundelach still spokesman for the agricultural sector, is the Commission capable of speaking with a single voice? I suggest with all due respect that this second Commission voice was unnecessary and inappropriate — inappropriate as the Committee on Agriculture had

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received verbal submissions from the European consumer organizations. We will not tolerate any interference with, or any dilution of, the common agricultural policy or any interference with its basic instruments — guaranteed prices, intervention or Community preference. Any tinkering with any of these basic instruments will undermine the CAP and erode Community solidarity. In relation to my own country, any interference with or dilution of the CAP will put a very severe strain on Ireland's continued membership of the Community.

President. — I call Mr Scott-Hopkins, to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — Mr President there is at least one thing on which I can agree with the honourable gentlemen who has just sat down, and that is that the monetary compensatory amounts certainly make a nonsense of the common agricultural policy. I am not going to go through, or follow him in all the things that he has just said. I only hope that some of them were the hyperbole of his oratory, and were not meant in the full sense in which they perhaps came over in this Chamber.

But at least, as I said, I can agree with him on one thing: we have not got a real common agricultural policy, Mr President. I wish we had. The trouble is that there are so many barriers at the moment to free trade in agriculture; there are so many problems. The MCAs are only one of them. There is no harmonization concerning all the various tax measures which affect farmers and those who own land. Perhaps that is something which can be dealt with in the future, but nevertheless the truth of the matter is that there are enormous barriers to the free movement of goods in the agricultural field still, even after all these years, and the worst of them at this moment, and which is bedevilling everything, is the monetary compensatory amounts.

But what this debate is really about is whether the Commission is right or wrong to propose a 2% rise across the board with, as our rapporteur has said, one or two exceptions. Are they right or are they wrong? and we have heard various views. It has been fascinating, Mr President, to hear the rapporteurs for various committees disagreeing with their committee and putting their own views forward. One felt like trying to ask why they did not change committee and may be they would have been quite happy if they had. If Mr Hughes had been with the Committee on Budgets and Mr Caillavet had been with the Committee on Agriculture, they would have been as happy as sandboys both of them.

In my view, I think the Commission is being brave. For the second year running, it is asking the farmers to accept less, as regards their proposed increases in prices and their increase in cost. They are adopting a realistic view of levels and the relationship between

prices within the Community, having regards to the consumer interest, the farmers' interests and, indeed current price levels outside the Community. It is absolutely true to say, as Mr Gundelach said — and I think this was one of the things Mr Hughes mentioned too — that one of the paradoxes of the common agricultural policy is that, apart from the United Kingdom and perhaps Italy there has been a price stability within the Community. High though it may have been, there has been a stability of price which has been maintained for the consumer throughout the Community, with the exception, as I said, of the United Kingdom and Italy. This is something which has been and still is to the great advantage of the consumer and must go to the credit, not only of the producers, but the Commission as well. And now I think we are getting to the stage where the Commission has realized, and certainly the Commissioner realizes, that perhaps we have got to re-adjust a little and this is the second year that we are trying to do this.

One of the things which has bedevilled this debate throughout and has bedevilled the debates in committee, is this objective method of calculation. COPA, the farmers' organization in Brussels, and our own NFU in the United Kingdom, have latched everything on to the fact that the objective method of calculation gives a 4.2% increase in costs, and therefore this must be what the Commissioner should put forward. As he has said himself, this is only one element in coming to conclusions as to what should be the rise in prices. But over the years it has become the main issue. In good years, this House has said that the objective method had got to be re-examined and re-calculated. In bad years such as this — I will not say bad years from the farmers' point of view — it has said we have got to hold on to this, this is the all-important thing. I do beg of the Commissioner either to bury the damned thing or find some new way of going about it. Rather the same way, perhaps, as that whereby the NFU and the various interests in the United Kingdom get together with the Ministry before a price review and have an agreed basis of calculation. But for heaven's sake let us get rid of this wretched thing called the objective method, because it is bedevilling most of our arguments.

But, Mr President, it is very difficult to have a coherent argument here as to whether or not the Commission are correct in their proposal for a 2% increase or whether it should be 5% as some people in the Committee on Agriculture, for instance, believe, or 4.2%, as various other organizations want. It varies so much from country to country. I have been looking through on the cost of living in our various countries. If you take that and the various devaluations of the green currencies, the figures are widely disparate, and if you take the actual differences in the combined effects of the green rate changes and the price rises, you get a figure as high as 10.3% for the

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United Kingdom and as low as 1 %, for the Federal Republic of Germany. This is the actual effect — 10 % on the one side and 1 % on the other an average increase of 2 % by the Commission. The main reason for the difference, as I said, is the MCA's. So one has to be a little bit careful in deciding whether or not to accept the 2 %. For myself, let me say straight out that I believe the Commission has come to the right conclusion. I think it is not for the United Kingdom and certainly not for me its to say that there should be a higher rise. After all, for my own country and farmers there will be an increase of 10.3 % at the minimum, probably higher than that.

So for my part, I believe that what the Commission is recommending in their proposals is correct. But I can quite understand the problems of other countries. Indeed my Danish colleagues in the European Conservative Group — and I must put their point clearly and concisely to the House and to Mr Gundelach — do not agree that 2 % is a fair proposal. They go along with what the Committee on Agriculture has proposed to this House: that 5 % should be necessary. They believe that the Danish farmers will require this if they are going to maintain their profitability in the years ahead, but they also feel that the relationship between the prices of the animal and vegetable products should be further improved, and this view also coincides with what Commissioner Gundelach has been saying. I must say quite clearly that it is the view of my colleagues from Denmark in our group that this 2 % is not sufficient.

The problem breaks down into three parts. If we are going to have a rise of more than 2 % how are we going to spread this? The main problem is the farmers' profitability. One has to maintain profitability for farming, because if one does not there will be no produce to argue about. Farmers will not go on producing at a loss, Mr President, The Commissioner knows this, and so, at the end of the day, we have got to come to an arrangement in these proposals whereby the agricultural industry will continue to make a profit, and those who serve the agricultural industry — the food processors — will continue to be able to make a profit. Secondly we must ensure that the housewife at the end of the chain will not be stung to glory to buy something which is wildly overpriced. The third aspect is surplus production, and what one is going to do about it.

If, as I believe, 2 % is round about the right level, then different countries, as I have said, are going to be differently affected. Of course, the problem is worst in the Benelux countries, and I would go so far as to say that in order to help them, as indeed our rapporteur said in his speech in this House and also in the committee, special measures should be proposed for such countries. I would go so far as to say that they need special help. After all, the United Kingdom helped itself, not all that long ago, with beef premiums. There can be methods whereby, if a

country is particularly in difficulty, the Commissioner and the national government concerned can come to an agreement for special aid for special sectors in that country. I think that in this case, if the 2 % is what the Commissioner is going to stick and the Council of Ministers agree to, then there is a case for this particular action. But I must admit I have a little less sympathy for those, for instance, in France, who are going to get a 6.7 % increase in price for their farmers, or indeed for the Federal Republic of Germany.

I was reading this morning before I came in here the speech made by Mr Tugendhat in Germany on 9 March to the Institute in Munich. I recommend it to all honourable Members of this House as bedtime reading. They won't actually go to sleep when they read it, because it is absolutely riveting. What he was saying was quite true — and I am sure that everybody is aware of this — that although it pays the greatest share of the bill — I will not go into all the figures because they are quite clear — the Federal Republic of Germany holds 73 % of the Community's butter stocks, 61 % of the skimmed milk powder while 22 % of total intervention purchases of beef have taken place there since 1973. It now holds 37 % of total remaining stocks. I am sure that the honourable gentleman who spoke for the Christian-Democratic Group, Mr Fruh is fully aware of these facts: that it is the Federal Republic who are in point of fact the main — I would not say villains of the piece — but they are the main beneficiaries from the existing structure of the CAP. They keep the prices high, their minister, good negotiator that he is, raises prices — and refuses to revalue the green mark. Or when he does revalue it, so the prices go up too. The vast bulk of the intervention stocks come from the Federal Republic of Germany. It is there that the small producers are producing straight into intervention, with no regard for what the market can and cannot take. Obviously, we are going to have to deal with that situation, and Mr Klinker knows that full well. This is why I have sometimes been a little cross when I have heard the 'holier-than-thou attitude' of some of our delightful colleagues from the Federal Republic on these particular matters.

But I do believe that we have got to do something about surpluses. I cannot understand why it is that the Commission are proposing in the one filed of great surplus — milk products — and I go along with the rest of their proposals — to cut the subsidy, not only to the United Kingdom, but elsewhere throughout the Community, to those special groups. There is very little elasticity in butter demand; if you raise butter prices, you inevitably cut down the actual consumption of butter. This has been proved year, after year, after year. I have a whole sheaf of figures which I will not weary the House with. But as butter prices have gone up over recent years, so the 'disappearance', as it is called in the trade of butter off the UK market has

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decreased — less butter is being consumed. When you think, if this is so, that that butter will then start moving into intervention, the cost to the Community will be greater by a very long way, the amount of butter consumed will go down and the whole process will be self-defeating. So I really do ask the Commissioner to re-examine his proposals on this and to think again, because it really will not work.

We are again faced with the question of where we are going to put the extra amount of money if we are going to raise it from 2 % to 4.2 %. Of course it could go into things such as wheat and cereals, but it is obviously essential, whatever happens — and the Commissioner really must hold firm, not only here but in the Council of Ministers — that it must not go into those products which are in surplus. That would be lunacy, as he himself said in his strong statement earlier on. That must not happen.

And so the field is a little bit narrow. I ask in one of my amendments that we should increase the minimum price of cauliflowers by 8 %. It is minimal, is marginal, they have had a bad time, but that will not help at all, on a large scale. One has got to deal with the bigger fields, like cereals. Perhaps one has got to do something about the overall level within the guidance section. I hope that the pamphlet my honourable friend Mr Corrie and myself wrote putting forward a rural Community policy will recommend itself to the Commissioner and to the House as a method whereby the emphasis can be changed and more money can be put in to achieving what is wanted in the structural side of the agricultural policy and encouraging more efficient farming throughout the Community.

May I ask the Commissioner one question concerning the wine lake? I understand from one of his colleagues that there is a method whereby wine can now be distilled into agricultural ethyl alcohol, and that up to 15 % of this can be added to supergrade petrol with no damage to car engines and with no adaptation being needed. If this is true, then Mr President, here is a renewable resource which can be added to those carboniferous ones which are going to run out in due course and which will deal with that particular area of surplus very quickly.

We are up against the problem of whether or not we are going to accept the 2 %. I myself hope that the House will do so. I believe what our rapporteur has said — that, if we go higher than that, neither the big farmer nor the small farmer is going to gain. I believe we have got to have a long-term food-production strategy, as recommended by Ecosoc and ourselves. I believe that, within that long-term food strategy, this is the year when we have yet again to ask our farmers to understand, notwithstanding the wide disparity of the result of the 2 %, that this is in their best interest as an agricultural industry and as individual farmers in the various countries, notwithstanding what Mr

Herbert has just said about Ireland. I still believe it is in the interest of the vast majority of our farmers, be they Irish, British, German or Italian that we should accept in total the proposals which have been put forward by the Commissioner — accept in other words a 2 % rise over the filed.

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

Mr Vitale. — (I) Mr President, ladies and gentlemen, we acknowledge that the Commission, and particularly Mr Gundelach, has this year followed a line of action, albeit still timidly and incompletely, which we Italian Communists regard as generally more correct than that of previous years — the years of senseless price increases which made agriculture one of the causes of inflation, the years in which the accumulation of surpluses was seen not as an evil to be combated but — to be frank — as an aim to be pursued.

A limited increase in agricultural prices, a few partial measures to reabsorb present surpluses and prevent the accumulation of new surpluses, some attempt to differentiate the policies to be pursued for different regions and production sectors by back-up measures, the abandonment of the so-called objective method — which is not at all objective since the data and the scientific parameters on which to base price calculations are lacking — and finally, the proposal to dismantle gradually the compensatory amounts, albeit over too long a period — the process should be speeded up by shortening the period considerably — all these aspects show that a line is being followed which is generally different from that of the past, and we approve of this. However, it is quite another thing to talk of new horizons or a historic leap forward, as Mr Jenkins did last year.

It is said that the crisis and its cause and effect, inflation, should be combated simultaneously, but in spite of the efforts of the new Commission a coherent, clear and explicit programme for the long term is still lacking almost as if we were confronted with a short term economic crisis to be overcome with provisional measures of temporary departures from the old policies. The real problem is a different one — the crisis we are passing through is characterized by permanent structural changes and by new realities inside and outside Europe which must be tackled with long-term production and market programmes and with a wide-ranging strategy.

When we discuss prices, we must bear in mind that European agriculture is subject to various pressures: on the one hand, in Europe, the intensification of the crisis is leading to a levelling off or decrease in consumption of many food products — cereals, milk, wine, olive oil — making the contrast between internal Community prices and world prices even more marked. It would be disastrous if we went beyond the 2 % proposed. Let us remember that the

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disparity between Community and world prices is now on average 50 %. On the other hand, the method of reducing production costs by the exodus of producers from the land can no longer be pursued as it could in the Sixties; on the contrary, even agriculture must today take account of employment problems, especially those of young people. These are the problems which must be borne in mind when we discuss price policy, and more generally, the common agricultural policy.

Moreover, outside the Community, we must already start to withstand the offensive of the stronger American economy, which aims to remove a deficit of 27 000 million dollars in the American balance of payments. Already in 1971 it was precisely in the food products sector that the United States tried out its expansionist policies, with such success that in the last five years United States agricultural exports have gone up from 21 to 26 % of total exports. Also in this sector, we shall next have to face new demands from developing countries; in this context let us not forget that the renewal of the Lomé Convention is in hand. Mr Cheysson has already given us some advance indication of what this entails.

The limitation of the Commission's proposals is that they seem rather to ignore all this. We must review the very basis of the common agricultural policy — as we Communists have urged for years — and draw up long-term programmes if we wish to put into practice the principles contained in Article 39 of the Treaty! In this context I should like to quote the example of Italy, for once in a positive way, since it is now drawing up a long-term food production plan with the united support of all the political parties, in order to solve not only the problem of agricultural incomes but also the very serious problem of the balance of payments, which this year showed a deficit of 3 800 MUA — I am referring to the food products deficit. I think that this Italian long-term programme should not be considered as an anomaly but as an example to be followed even at the European level, with a view to a more wide-ranging policy.

What criteria should we use to reexamine the foundations of this common agricultural policy? First and foremost, we must start from the assumption that the lack of equilibrium in the balance of payments for food and agricultural products in the various Member States is not an aid but an obstacle to European integration, in that it poisons relations between the Community partners and creates centrifugal forces. Hence the need for a policy, where there are serious imbalances between supply and demand at the regional level, either to finance long-term productive programmes — where supply lags far behind demand, as for example in the livestock sector in Italy — or to reduce surpluses by making the Member States which produce them responsible for them beyond a certain limit. These ideas would assist, and not destroy, Euro-

pean integration. What we need, then, is a policy based on a series of differentiated incentives or disincentives designed to achieve a balance between supply and demand, not only, I repeat, at the general level but also at the various regional levels, and to proceed from there to achieve a higher level of Community integration. In the second place, we must achieve a new balance between price support policy and structural policies, avoiding the separation of these two aspects — a separation which is noticeable also in this debate, since price policy is once more being discussed separately from the package of structural measures for Mediterranean agriculture.

I should like to state clearly to avoid any misunderstanding, that we are not opposed to a price policy; it is certainly necessary, but we feel that it should be designed also to overcome structural deficiencies, which should be dealt with not by subsidies but by arranging the price level, the scale of prices, and the complementary measures in such a way as to increase the productive capacity of less advanced holdings. In other words we consider it to be a function of price policy to bring about a new balance. The problem is therefore not merely one of setting aside sums of money to assist holding which are in difficulty through a patched-up structural policy, but one of redirecting the entire common agricultural policy towards the renewal of agricultural structures. That was why, during the October part-session, we put forward the request, which Parliament approved, that the regulations be reviewed and a ceiling for price support set. Thirdly, in a period in which full use must be made of all resources, it is necessary to involve in the process of renewal not only a few groups of large producers but all the small producers who cover such a large part of the agricultural area of the Community. And this means a fundamental recasting of the structural directives of 1972, which were based on the concept of emigration from the land, in order to keep the labour force as far as possible on the land. This means also regarding income subsidies not as a public assistance measure but as a provision designed exclusively to help those who are committed to modernization and prepared to contribute to overcoming the crisis, who are committed in other words to the productive process.

Unfortunately, the Commission's proposals are only a timid step in this direction. I have acknowledged Mr Gundelach's efforts, but we are in fact only at the beginning of a certain type of logical reasoning. I should like to quote only two examples — those of maize and olive oil. A substantial increase in price is suggested for maize, with no account being taken of the fact that this is precisely one of the items in which some countries have the largest trade deficit. However, if this increase is thought necessary, the most dependent, and therefore most indebted, countries should be given the opportunity to import at least a certain quota on the world market at world

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prices, so that the world prices themselves can regulate the market. Another example is olive oil. The Commission intend to reduce its price to the consumer — which is a legitimate aim — giving a part of the subsidy to the retailers. And the point of this is that the producers will not be deprived of a single penny, while these payments should bring about a policy of structural transformation of olive growing and of productive development which will make it possible to reduce production costs, reclassify the product, and thus sell the oil at a lower price. Similarly, in the wine sector the aim should be a policy of changing the varieties of vine, and not that of a minimum price below which Community markets would be closed to the product!

We are opposed to the accumulation of new surpluses, and this goes also for olive oil and wine. In our view the problem is not one of increasing guaranteed prices for Mediterranean products to bring them up to the level of the highest ones — for milk and other products. It is rather the reverse, a question of gradually reducing the highest guaranteed prices.

However, these new lines of policy do not appear explicitly in the Commission's proposals, and therefore, while appreciating Mr Hughes' efforts to reinterpret those proposals in a positive sense and to improve on them, while appreciating the criticisms made by him and his excellent analysis of the situation, our Group will not vote in favour of the motion for a resolution — particularly as the Committee on Agriculture has brought in an amendment which seriously detracts from the motion by asking for an average increase of 5 % in prices. As Mr Baas has said, this would be madness.

If, during voting on the amendments, the request for a 5 % increase were to be withdrawn, we Italian Communists would abstain, since, as I have said, something, albeit not enough, is being done on the right lines, even if not to an extent which would enable us to approve the proposals. If, on the other hand, the request for a 5 % increase were to be retained, we would vote against, since we are convinced that agricultural incomes should be safeguarded by means very different from price increases. We have indicated the basic guidelines, not only responding to the burning issues raised by the crisis, but also for reopening what we regard as the right road to more rapid European integration.

(Applause)

President. — I call Mr Albertini.

Mr Albertini. — *(I)* Mr President, ladies and gentlemen, in speaking in this debate I cannot but express my surprise and my sympathy with the rapporteur at the fact that his proposals were either ignored or entirely modified in the Committee on Agriculture, in such a way as radically to alter the suggestions

contained in his report and even to deprive of all meaning the Commission's attempt to give a new direction to the common agricultural policy. This has led my Group to abstain or even vote against the report, and it will take the same position in plenary session if the basic principles initially proposed by Mr Hughes are not restored by suitable amendments, especially as regards the percentage price increase.

As Socialists we have always questioned the wisdom of past decisions of the EEC on price increases for agricultural products. The Italian Socialists have never considered this a suitable means of achieving the aim of improving living conditions on the land.

Experience has shown that this policy favours only the large agricultural producers and the speculators, with no appreciable benefit either for farmers or for consumers, who are for the most part working-class.

This is the reason for our disagreement and for our reservations and criticism of what took place at the last meeting of the Committee on Agriculture, when, on a proposal from some of our Christian-Democratic colleagues, an amendment designed to increase the price of food products by 5 % was approved, thus vitiating the Commission's sensible plan to limit the excessive rise in prices and lay the foundations for a radical reorientation of the common agricultural policy followed up to now.

Now as before, this increase will benefit only speculators and large undertakings, and will have no effect on the basic problem at issue today, which concerns the relationship of man to the soil.

Mr President, whenever the problem of agricultural prices is examined either by the Commission or by this House, it is an occasion not only for a comparison but also for a clash of interests among the various groups representing sectoral or regional views, and this has most unfortunate consequences for the integration process at which the Community should be aiming.

This seems a good moment to reassert that as Italian Socialists we give our unequivocal support to the process of integrating Italian agriculture into the common market, which we hope will further the development of European unity.

However, this does not mean that we approve of everything which has so far been achieved in Brussels, and which has mainly tended towards consolidation of the position of the strongest capitalist groups, accompanied by the inevitable internal contradictions resulting from unequal development.

The united Europe for which we intend to work is one which will promote the development and social progress of mankind, encourage cooperation with all States and thereby become a factor for stability and peace in the world.

Mr President, it is precisely for this reason that I should like to voice once more, on behalf of the

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Italian Socialists, our reservations on and criticism of the basic principles of EEC agricultural policy, and to express disagreement, as I have done elsewhere, particularly with regard to the market price policy and followed by the Community.

The cost of such a policy is in fact borne by the consumers in inverse proportion to their family and personal income. Moreover, the indiscriminate price increases, while they unjustly favour the rich, provide only transitory relief for the poor.

That is why we Socialists maintain that there is an urgent need to move from the policy of support for products to one of support for producers, so as to defend at the same time both peasant farmers and working-class consumers.

Our support for the request for a 2% increase in prices cannot be described as contradictory. In the absence of an income subsidies policy, we have consistently worked to safeguard farmers' incomes, which have been severely hit by the general increase in prices of all the technical equipment necessary for agriculture.

It is now acknowledged by all that the old common agricultural policy developed in an irrational and unharmonious way, and that instead of removing the imbalances among sectors and among regions it has worsened them, because in practice the complex mechanism invented to achieve price and market standardization has not only turned out to be incapable of achieving the aims which had been set for it, but also introduced disruptive factors which have thrown the rules of competition into confusion.

It is undeniable that external factors have played a fateful and decisive role in these disruptions — first and foremost the monetary storms which brought about the introduction of the system of monetary compensatory amounts. This system, which originally had a temporary, contingent and exceptional character, has become a permanent fixture, and instead of preventing or at least mitigating the disorder resulting from exchange rate fluctuations, as was its aim, it has in fact worsened it by giving the coup de grâce to the unity of agricultural markets and prices, which constitutes or rather ought to constitute one of the pillars of the common agricultural policy.

If we wish to prevent the debate on agricultural prices from becoming a weary and ritualistic repetition, we must tackle some of the crucial points of the common agricultural policy, seizing this opportunity and making of it a moment of truth.

In fact the price proposals for the 1978/79 season are this year accompanied by the so-called Mediterranean package and the draft regulation on fixing representative conversion rates in the agricultural sector.

Taking the various problems together so as to offer a unified and coherent argument, I think it necessary to state a few definitive points.

First and foremost, agreement to the accession of the three Mediterranean countries which have applied for

membership must be confirmed. Of course this operation is not without cost, but the cost must be paid by the whole Community, and by the strongest partners on its behalf.

But beyond any detailed considerations, what we wish to emphasize is the need for a basic change in the common agricultural policy in order to overcome the crisis.

In the first place it is necessary to achieve the dismantling of the system of compensatory amounts as quickly as possible, rather than in the seven years envisaged. To this end I give my total support to the wording of the motion for a resolution accompanying the Hoffmann report, which stresses very concisely that these amounts:

- a) break the unity of the agricultural common market;
- b) disturb trade between Member States by distorting competition;
- c) prevent the convergence of the economies of Member States, thus constituting an obstacle to progress towards Economic and Monetary Union.

In my view these ideas should be reaffirmed, especially if we wish to use price policy and the annual fixing of prices for the marketing year as a means of renewal.

This year the Commission is taking some steps forward and is wisely being cautious in fixing prices, intending to increase them by an overall average of less than 3%.

The Commission is showing a greater awareness of the varying needs of farmers in its attempt to establish the so-called 'objective method', but that method is still too abstract in character and too mechanical, while the problem remains one of taking more account of production costs and especially of adopting a different policy with regard to prices of agricultural equipment. As I have already indicated, it is only by tackling this problem at its roots that one can attempt to improve the agricultural price policy while at the same bearing in mind the needs of agricultural producers and consumers.

Control of the prices of feedingstuffs, insecticides, services to agricultural and energy, an agricultural credit policy which could really serve the needs of farmers and of agriculture, and changing living conditions on the land — these should be the key elements of a new price policy and indeed of a new agricultural policy. In other words, it must be clear that an increase in agricultural prices is not the right way to safeguard farmers' incomes, and that it threatens to harm the interests of the consumer (even if the Commission is right that the average effect on prices to the consumer is, all things considered, low, their psychological effect and the speculation based upon them must be taken into account), while the safeguard for farmers is much more effective if the prices of products and services used in agriculture are controlled and if public authorities also intervene in this respect.

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Turning to individual products, on which I do not intend to dwell at length because others have already done so or will do so later, I should simply like to point out that if we really want to reverse the trend and use price policy to achieve a new balance between the various sectors, it is necessary to modify not only the market organizations for Mediterranean products but also and above all those for the so-called continental products, and to adopt a differentiated approach. Let us take the example of milk, and more generally of the complex dairy/livestock sector. While it is right to limit production in general terms, it is not clear why the measures should be applied in an undifferentiated way with no account being taken of the very serious situations in some regions or whole countries such as Italy, where an increase in production should indeed be aimed at; for until there is real European planning in the agricultural food sector and a real Community endowed with effective central political power, no one will have the right to reduce the self-sufficiency of each country below a certain level. In any case it will not always be possible to apply the system of double standards whereby freedom of movement is claimed for some products, even by applying the blessed compensatory amounts (e.g. for milk, which is flooding the Italian market), whereas the same objective of freedom of movement, which is one of the foundations of the Community, is not achieved in the wine sector, where various, particularly fiscal, obstacles are placed in its way in some countries.

Similarly, while a modification of the regulation for the olive oil sector and therefore of the price policy and system of integration in that sector is acceptable, it would be absurd to assume that this could occur without a review of the entire fats sector, because only an overall assessment of the connections between the various products could justify modifications to a sector such as that of olive oil, which almost exclusively concerns the Mediterranean regions — i.e. the less favoured regions, for whose benefit the Community says it wants to take action.

Let it not be thought that I am defending narrow national interests, for I maintain that to defend the interests of regions which are significantly less favoured is to defend a basic aim of the entire Community.

And in this context I should like to reaffirm once more that the eternal paralyzing dilemma of the Community arises from the direct conflict between market and price policy on the one hand and structural policy on the other, in which the latter has always come off worse.

There is therefore a need for a radical and profound rethinking of the common agricultural policy, and the proposals for a Mediterranean package, although modest and for the moment too restricted in quality and quantity, are at least a beginning for which the Commission must be given credit.

And to avoid any misunderstanding, let me say that a review does not necessarily mean dismantling the price policy. That policy must, however, become more flexible and must include action to reestablish a balance where distortions have occurred in the productive system and on the market as a result of external factors. In other words, these prices must once more be given their original significance as general guidelines leaving considerable scope for differentiation. Well-organized regional and sectoral differentiation could correct at least a large proportion of the present imbalances. Planning must therefore become an essential part of the new phase of Community policy which must flow from general and detailed choices and from a permanent and public interchange between Community and national authorities, between the latter and parliamentarians, the regions and employers and employed. In this way we shall achieve a form of planning from which the authoritarian and corporatist character of the present common agricultural policy will be eliminated.

It is in this context that one should place the complaints about the failings hitherto displayed by Community policy as regards market structures and the general relationship between supply and demand. But a better relationship must also be created, through effective action by public authorities, between agricultural producers and the processing industry, as well as with those involved in marketing agricultural products and with the various sectors producing goods for agricultural use (feedingstuffs, fertilizers, various machines and equipment), in order to achieve in a relatively short time that significant increase in agricultural incomes which is the essential prerequisite for reducing the present disparities between the various economic sectors.

(Applause)

President. — I call Mr Pisoni.

Mr Pisoni. — *(I)* Mr President, ladies and gentlemen, we cannot restrict a debate on agricultural prices simply to a study of prices. We have to take a broad look at the application of the common agricultural policy until now, and in doing so we have to consider its effects and pick out the good and the bad points.

Unfortunately, we are forced to realize right away that producers and consumers have lost, and are continuing to lose, faith in our agricultural policy. We have heard Article 39 quoted several times, but this article has been only partially implemented, whether you look at consumer prices or the problem of ensuring a fair standard of living for the agricultural community. A previous speaker correctly stated that world market prices are about 50 % lower than ours, and for one or two products — butter, for example — the price on the world market is as low as a quarter of the price in the Community.

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The proliferation of regulations and directives which are supposed to bring some order to the untidy muddle of provisions, and fill up the gaps, only goes to show that we have been on the wrong course until now. This is proved by the fact that more and more privileges and protective measures are being introduced at sectoral and national levels, without our managing to provide a more integrated market structure or achieve common prices and market freedom within the Community.

Protectionist measures are increasing all the time, and this is an alarming trend. The measures vary in extent and effect. A form of protectionism is represented by reference prices which are extended, more or less openly, to cover a wide range of products. This is an alarming form of protectionism because it hinders Community agriculture in its efforts to compete with non-member countries and other parts of the world.

Protectionist policies may be applied in the short term, with the aim of supporting certain sectors or saving certain areas of production, but these really must be short-term measures to avoid impoverishing our technological resources.

Smaller undertakings have suffered greatly as a result of the policy pursued until now. This policy was based on a price policy accompanied by structural policy with the aim of placing everyone on the same level. But this has not been achieved. All producers are not on the same level, and we have not created the conditions whereby they can all compete, because our policy has benefited some of them to the detriment of others.

The rapporteur — to whom our thanks are due — and the Member of the Commission strongly urged a moderate price increase, since they want to use the price instrument in an attempt to reduce surpluses and guide production. We go along with this thinking, because we really feel that it is aimed at something worthwhile. What is disturbing, however, is that the price instrument has unfortunately failed to bring about this kind of adjustment. The differences have grown, but the small undertakings cannot be left to their fate because there is a high rate of unemployment, and in the final analysis raising or lowering prices has no real effect one way or the other on small undertakings.

I am not going to talk about 5 % or 2 %, but I do want to draw your attention to some figures concerning Italy — supplied by the Ministry — which reveal that production costs increased in Italy during 1977 by 20-22 % on average, reaching 32 % for seeds, 22 % for fodder, 20.5 % for services and 22 % for labour. These are the costs of production in Italy, where a 6 % adjustment to the green lira and a 5 % price increase give a total of 11 %, or barely half the real increase.

This goes to show that the price instrument has failed so far to improve farming techniques or save the small undertakings. If we are going to insist on following this policy, we shall need social measures to protect the small farmer.

I want to mention briefly the monetary compensatory amounts. We agree that they are necessary for a short time, but we are also convinced that they must be phased out within a period less than the seven years proposed by the Commission. These MCAs were supposed to have some kind of stabilizing effect after the currency upheavals, but in fact they are producing genuine distortions, with the result that some areas of the Community are in a privileged position while others are disadvantaged.

There are one or two basic points of which account ought to be taken in the agricultural policy. One of these — and this is important for us Italians and for others in the Mediterranean — is that Community preferences must be respected at all times. This means that we must not only review the procedures for fixing reference prices but also — and this is really important — arrive at a precise assessment of internal productive capacity and internal requirements. Imports can then be limited to the difference between what the Community produces and what it needs. We feel that this shows a proper regard for Community production. Somebody will no doubt object that this is a form of protectionism, the very thing I was condemning just now. That may be true, but it has to be dealt with at Community level. You cannot just eliminate it in one area and let it flourish elsewhere. We have all observed the tremendous differences in some sectors between national and international prices.

Secondly, we want to see the introduction of differentiated assistance — differentiated in the sense that the problems of each area, region and sector are really taken into account. We are not asking for price differentials, but differentiated structural measures and aids. What this means is that different situations will be dealt with in different ways, instead of tackling them in the same way and failing to eradicate the differences. The measures contained in the Mediterranean package are, in fact, a first step in this direction. We congratulate the Commission on this, but at the same time we hope that they are only the first step. When the time comes, we shall review both their positive features and their shortcomings.

A third point, which several speakers mentioned, is planning. We need genuine planning to make the most of what each region can achieve. This is the best way to eliminate nationalist attitudes and shut-downs. We do not want quotas. Instead, we want each state to be able to produce what it can, and we want to see increased trade between states. Naturally, all this would be encouraged by monetary union since, if we could get rid of national balances of payments, we

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could get rid of a lot of today's problems. Planning of this kind, however, can only come from the Commission, and it is up to the Commission to convince the Member States and get them to accept this kind of planning.

We have tabled four amendments, which I should like to explain very quickly. The first amendment concerns the price of common wheat. We are asking for the reference price to apply solely to the minimum quality. We realize that it is difficult to distinguish between minimum, average and best quality, and we are consequently asking for the price to be fixed on the basis of the minimum quality.

In the case of durum wheat, we must point out that in line with the report we have asked for wheat of the best quality, and not wheat of inferior quality. We have had surpluses in the past because they have been produced in regions which are not suited to the growing of durum wheat. I am referring to parts of France and northern Italy. Durum wheat has to be grown in areas where the conditions are right to ensure the best quality.

We have tabled another amendment for the deletion of part of paragraph 27, which calls for a report on the market organization for olive oil. Discussion of this topic should be postponed until after the debate on the new regulation for olive oil.

Our fourth amendment concerns intervention by the EAGGF with regard to storage of 'Provolone' cheese. We have tabled this particular amendment, not because we are especially attracted to this kind of cheese, but because it is the only way in which the EAGGF intervenes in the dairy sector in Italy. Intervention affects cheeses solely of the 'Grana padano' and 'Parmigiano-Reggiano' types. We want 'Provolone' to be included, because we feel that aid of this kind could encourage the production of this type of cheese. Storage could ease the market by allowing consumption to be spread over a longer period.

(Applause)

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, in Italy we say that three is the perfect number — and here I am, following two other Italian speakers. On the other hand, there is an English saying, 'last but not least'. I shall leave it up to the House to decide which I am: last or least. I say this only to dispel some of the boredom — which I feel at any rate — which has crept into this vitally important debate.

Here I am, speaking as the second member of my Group. But I have already asserted my right to express my own opinion on the basic issue — the fixing of average prices — at a meeting of the relevant parliamentary committee, when I opposed what the Member of the Commission has called 'utter folly'. I

do not know whether it is folly or a fundamental difference of opinion on the assessment of these problems, but I do have some knowledge of economic matters and I feel it is a very serious business to raise the average price increase from 2% to 5%. It is a serious business, not only because of the obvious effects it will have on inflation, but also because of the devilish vicious circle which will arise. What I mean is that inflationary increases affect the 'contingency scales', as they are called in Italy. These increases will push up the cost of labour, with consequent increases in the cost of agricultural equipment. In Italy, as in the rest of free Europe, we no longer turn the soil with medieval ploughs — and thank heaven for that! — but use machinery which is a significant factor in the overall cost of production.

I was against this 5% increase — and I still am — and as a result I abstained when we came to vote on the proposals but forward by Mr Hughes, whom I must thank for the effort he put into preparing this report. I have also claimed my right within my Group to express this personal opinion.

We have to keep looking back at the history of our Community. Every so often we rediscover the common agricultural policy, and when this happens we forget what it was supposed to achieve and how it all started. Once we had set up the customs union, removed customs barriers and got rid of quotas, the time was particularly ripe — and not only because the Treaty said so — to lay the groundwork for the free movement of foodstuffs and to compensate for differences in the costs of producing these foodstuffs in various parts of the Community by means of some stable monetary reference. Future historians, we hoped, would see this at the rebirth of the fabled golden age.

Once we get this historical background in perspective, many arguments lose their force. It was not our intention to protect Community agriculture in this way, by setting up some kind of customs barrier. Obviously, if we wanted to ensure the movement of foodstuffs with different production costs, we had to resort to marginal alignment and to higher production costs. And since monetary stability was essential for all this, it was quite obvious that a currency crisis would lead to compensatory amounts.

For nine years now I have been discussing this point with the rest of the Committee on Economic and Monetary Affairs, and I must say that we have always based our discussions on the supposition that these measures to rectify currency fluctuations would last only for a certain time. This has not been the case, as we all know. This leads me to the second point I should like to draw to the attention of the Commission, namely, that we approve the plan to emphasize the exceptional and temporary nature of the compensatory amounts, and shall also back every effort by the

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Commission to abolish the system or, at least, to apply it for less than the seven years scheduled.

In Italy, when something amazing or incredible happens, we usually say that the good Lord is working overtime. Now, I do not want to get carried away with rhetoric, but even though the immediate elimination of compensatory amounts would be a miracle in which we do not believe, this is nevertheless the right course to follow. Otherwise, the likelihood is that we shall carry on wasting Community resources in a way which is both unfair and counter-productive, and which was never imagined when these compensatory amounts were introduced.

I must add, ladies and gentlemen, that in speaking of the common agricultural policy we must not refer solely to Article 39 of the EEC Treaty — with all that it says about producers and consumers and stabilizing markets — but we must also take a look at the situation as it really is in the Community. I am sympathetic to the needs of the family holding, but if I have to state a political, economic and moral preference, I must say that I favour cooperatives and producer groups. The one great bane of the Community is the stubborn individualism of the farmers, which means that they will not get together to run their holdings. Look at how the herds are managed, despite the widespread shortage of labour, and the disastrous consequences for the application of farm management techniques. And this means, too, that there is no chance of tackling what we feel to be the paramount problem, namely, how to bridge the gap between what the farmer gets and what the consumer pays. This huge difference — which we can put down to speculation, bad management, high distribution costs and a chaotic system of distribution and marketing — is the real challenge we have to face.

Anyway, the main problem is how to bring together these agricultural holdings in producer groups. It does not matter whether they are large or small, although the smaller holdings have a greater need for producer groups. In this connection, we do not want to adopt the traditional attitude to the guidance section of the EAGGF. This was usually translated as 'let's have water where the sun shines' — in other words, irrigation schemes — or 'let's get rid of holdings that are too small' or 'let's encourage the use of leases so that we don't hinder the creation of larger farms with estate charges.' But what the guidance section should really provide is a single package of measures for the restructuring, along modern lines, of the whole agricultural sector, country by country and state by state — but above all, area by area. Frontiers are a ridiculous concept for many reasons, but they are especially ridiculous when it comes to agriculture, if it is true — and indeed it is — that what unite or distinguish various areas are climates and catchment basins and other criteria quite different from those which determine regional frontiers.

While we are on this subject, I was among those who voted in favour of Mr Spinelli's famous amendment. It was not passed during the budget debate but got a lot of support. This was the amendment designed to create a 'ceiling' for the guarantee section of the EAGGF so that the other part could be used for the guidance section. I am still convinced that Parliament ought to establish this ceiling — its job, after all, is to make political judgments — and that this ceiling ought to be the firm objective in the struggle to modernize the agricultural sector and protect sensibly the common agricultural policy. There ought to be an upper limit to this Community stockpiling, this system of intervention, of protecting the market by reducing supplies to it, for this is what causes all the surpluses. In other words, in a given year the Community must decide, on the basis of its planning — this was mentioned by the Pisoni and a few other speakers — and of its assessments of what is happening, its producing capacity and the effects of international trade in agriculture, the degree to which it is going to commit its resources. This is what is needed now. We have to worry about the boatmen on our rivers, as we have too many boats on the rivers of Europe. We have to worry about steel, too. We are always safeguarding the freedom of the market, planning and deciding on quotas and points of reference.

Of course, all this has to be done in a democratic fashion, at all stages, and we must not let the state take over completely because, when that happens, control or criticism is possible.

Having said that, I want to dwell for a moment on a couple of aspects which directly affect agriculture in Italy. I agree the line of thought which argues that, as far as the typically Mediterranean products are concerned, we ought to wait for the Mediterranean policy. Furthermore, at a meeting of the Committee on Agriculture Mr Gundelach stressed the need for a complete rethink on a number of products in the context of the Mediterranean policy.

Nevertheless, I want to mention a few points here. Firstly, olive oil. I was the one who proposed the amendment which led to the rewording of paragraph 27 in the motion for a resolution tabled by the rapporteur.

I have the greatest reservations about the effectiveness of the new system. I do not mind admitting that having read and reread it I am still none the wiser.

Let me tell you what my first reservation is. In the light of what has occurred before, I am ready to say to the Commission 'OK, you are right' as regards some points, but I am not so sure about others. I go along with the Commission when it says that we need more information about production costs in olive groves, because if you are going to consider olive oil, you have to know what current production costs are.

Cifarelli

The Commission argues that standardization will make things easier and that for this reason the measures must apply to the old groves and not to the creation of new olive groves. I agree with that, too, albeit with one or two doubts, since I do not understand why, in a particular agricultural sector, we have to let production run down instead of increasing and modernizing it. I have always maintained that it was madness to destroy traditional olive groves, which are an essential part of the ecological pattern and a vital part of our heritage, with enormous social ramifications. This is why I am all for saving the traditional olive groves, which are a fundamental part of agriculture in Italy, and not only in Italy. As I see it, these measures should not be applied to new olive groves, at least provisionally.

As for the new procedure whereby on the one hand the producer gets aid and on the other the processor gets a refund based on the market price, this seems to be complicating things even more. There is a lot to be said about the producers of olive oil, about controls and about refiners.

In Italy, at any rate, things have gone badly because the refiners bought up all the olives and the producers got nothing, and a lot of shady deals were done. The Commission says that it will be easier to control 12 000 refineries than millions of producers. On the face of it, this is a strong argument, but when you have a two-track policy the results are going to be negative. Some people are probably going to tell me that the Court of Justice has ruled in favour of oil producers and not olive growers. My answer to them is that if we change the regulation — and the Court cannot substitute its judgments for the regulation — the whole situation can be resolved.

Of course, this matter has to be considered in the general light of our policy on vegetable fats. Mind you, we must be careful here, too, as we are dealing with large-scale processing and massive monopoly concerns. The interests involved here have very little to do with the interests of the agricultural sector proper.

As far as durum wheat is concerned, Mr President, I have nothing to add to what was said by Mr Pisoni. However, since I was the one who put forward the amendment which became paragraph 24 of the motion for a resolution, I do want to say that I am delighted that the need to establish strict quality criteria for durum wheat taken into intervention has been recognized.

While the spread of durum wheat to areas which are not suited to its cultivation is to be resisted, in my view this does not apply in one or two areas of Italy — the Marches, Umbria and Tuscany, for example — and other parts of the Community.

We are told that, just as we have surpluses of olive oil, we have too much durum wheat. But if you ask me —

and I am basing my opinion on the statistics provided in the Hughes report — there is no surplus. Consumption is going up, and Italy has often had to buy durum wheat on unfavourable terms from the major producing countries, Argentina and Canada. Another cause of increased consumption is that other European countries are getting a taste for pasta made from durum wheat and copying Italy in this respect.

Going back to the problem of olive oil, higher prices obviously affect consumption. However, the effect is limited — and I hope the Commission's experts realize this, especially Mr Gundelach, who deserves all the understanding we can muster for his difficult task — in the sense that the marketing of a product depends on organization. The large firms producing seed oil have been able to corner the market in a way that the olive oil producers could not. Olive oil producer groups — this is why they have to get together — must wake up to the fact that olive oil is the champagne among oils. What I mean is that the difference between olive oil and other vegetable fats is the same as the difference between your quality wines — the 'appellation contrôlée' wines, the great clarets and Burgundies — and ordinary table wine.

In the view of those who stand up for a fair and balanced application of the Mediterranean policy, there can be no doubt about the necessity — which the Commission duly pointed out — of drawing up statistics on the wine-producing areas. We have to protect areas with a long tradition of wine-making and areas where the conditions are right to ensure the production of high-quality wine. In my opinion, all nations must join together to stop the spread of vineyards to unsuitable areas and to stem the flow of poor wine which is flooding the market.

My last point, Mr President, concerns fruit and vegetables. What we have to do here is to respect the Community preferences. When I hear our colleagues from newly democratic Spain say, 'You Italians do not want us in the Common Market because you are worried about your oranges', my answer is: 'Just go and have a look in the shops in Brussels or Strasbourg, and you will see that the oranges there are from Spain, not Italy'. And the reason for this is not apparently because Italian oranges are redder and might offend those who are touchy about such left-wing symbols, but because the market organization for Spanish oranges is in fact very efficient, and having worked well in the past will go on working well in the future.

But there is certainly reason to complain when the situation is critical — for example, when producers in, let us say, Cesena or Imola, see themselves pushed out of the market by imports flooding in, not because they are better or because the consumer prefers them,

Cifarelli

but because their prices are much lower, before Community procedures can be set in motion.

Here, too, the solution must be Community preference in the organization of the market. So far, Mr President, organization of the market has largely meant cutting supplies of apples, pears and plums in order to sustain prices. But organization ought to mean controlled production of these fruits of human toil which the good Lord has given us. As an Italian, I believe that people are frequently disappointed when they ask for fresh fruit in Europe. It is almost impossible to find, in fact. Now, if we all put our minds to it — the Italians, those in the south of France, the Greeks and Spaniards, when they join — and attempted to overcome these problems with a bit of organization, I am sure we could achieve something.

That is what I wanted to say to the House, Mr President. I trust that I have been clear and that I have kept to the point and to the time allowed to me.

(Applause)

IN THE CHAIR : MR HOLST

Vice-President

President. — I call Mr Hunault.

Mr Hunault. — *(F)* Mr President, ladies and gentlemen, the main purpose of the fixing of farm-prices should be to give agriculture the means of contributing to solving the urgent problems currently facing the Community, namely achieving more sustained economic growth and greater stability and reducing the exceptionally high and growing level of unemployment.

Your proposals, Mr Gundelach, will not help this objective to be achieved. They are unacceptable to farmers, in that they take no account of the situation facing the farmers with regard to trends in both their costs and their incomes.

Your proposals will have a negative effect on the whole of agriculture. In conjunction with the weakening of guarantees announced for certain products, they will seriously affect agricultural incomes as well as farmers' confidence and their investment capacity. They are therefore liable to aggravate the employment situation in rural areas and in ancillary industries.

One can but deplore the fact that monetary disturbances are making it more and more difficult to fix common agricultural prices. Until significant progress is made towards achieving economic and monetary union, currency fluctuations will continue to pose a threat to the existence of the common agricultural policy.

In this context, while noting with satisfaction the efforts made by the Commission to find a solution to the problems of green exchange rates and monetary compensatory amounts, we regard the Commission's proposals as insufficient. The economic situation in general and that of agriculture in particular mean that a 5 % increase in the general level of farm prices for the year 1978/79 is both necessary and justified, for the following reasons.

First of all, the inadequacy of the general level of increase in common farm prices. The increase in the general price level proposed by the Commission, which amounts to only 2 %, is half the necessary increase which results from the Commission's own application of the objective method. We cannot accept the argument put forward to the effect that the general economic situation, the pattern of agricultural incomes and prices and the difficult situation in certain agricultural markets mean that the average price increase must be considerably below the increase calculated using the objective method. On the contrary, we are of the opinion that the result of the objective method constitutes an absolute minimum, in view of the fact that the objective method takes account only of the needs of modern farms, which make up less than a quarter of all farms in the Community, and indicates the increase in agricultural prices needed to allow the return for work done on these farms to improve in the following year at a rate comparable with that of incomes in the other socio-professional categories. If, on the other hand, farm prices are fixed at a level appreciably lower than that resulting from the objective method, that will not only pose a threat to the financial situation of modern farms but compromise the implementation of the Community's own modernization policy in agriculture, particularly with regard to young farmers.

Secondly, the proposals are inadequate in view of the current economic situation. It is a mistake, from an economic point of view, to claim that because certain sectors of the economy are having to face employment problems and financial difficulties must suffer the same problems and difficulties. Obviously, if your price proposals were finally to be accepted, farmers would be obliged to seek ways of reducing their wage costs and inputs. This would not only make agriculture less efficient and discourage young farmers from setting up, but would also threaten the jobs of the 20 million workers in agriculture and the upstream and downstream industries, which make up some 20 % of the working population of the Community.

Thirdly, the deteriorating position of agriculture relative to other sectors of the economy. It is impossible to accept the Commission's contention that there has been an upward trend in farm prices and incomes and that this constitutes an additional argument for a small price increase this year. The Commission has thus, for example, estimated that between 1967/68 and 1977/78 common prices decreased in real terms

Hunault

by 11 %. As regards farm incomes, the Commission states that between 1972 and 1976 the value added per person employed in agriculture increased in real terms less than in the other sectors of the economy. This can in no way be regarded as an upward trend. The situation is all the more serious because the Commission's data refer to value added in agriculture and not to disposable income. This value added takes no account of the considerable costs for which farmers are liable such as rents, wages, insurance premiums, interest on borrowed capital etc. According to the agricultural accounts, farmers' real income — i.e. the return for their work and their capital investment — increased on average by 2 % per year between 1970 and 1976, while during the same period the average increase in income in real terms in the other sectors was 4 %. The result is that the considerable disparity which existed in 1970 between farm incomes and incomes outside agriculture has increased.

Fourthly, market equilibrium. It is desirable, and in farmers' own interests, for the agricultural markets to be in equilibrium, insofar as the existence of surpluses leads to lower prices. In view of the special nature of agricultural production, any policy aimed at achieving better market equilibrium should not, however, be guided by short-term preoccupations. It requires a long-term view of supply and demand. In this context, the independence of supplies, the need to protect consumers, balance-of-payments equilibrium and the relief of hunger in the world all constitute imperative requirements which can only be satisfied by the expansion of Community agriculture. A policy which discourages agricultural production can thus only be a very short-term policy, ignoring on the one hand the important role that agriculture, which is Europe's only natural resource, can play in the world and on the other hand the fact that expansion in agriculture would make a considerable contribution to the general economic recovery in the Community. It is true that with regard to certain products there are at present problems of market equilibrium. Measures have been adopted to solve these problems. Thus, in the dairy sector measures have been taken both in the field of production and with regard to the finding of new outlets through proper use of the co-responsibility funds, but there can be no question of accepting the Commission's additional proposal, following the imposition of a co-responsibility levy on farmers — a measure to which we are still opposed — to achieve better market equilibrium by reducing the rise in prices.

Fifthly, the effect of the increase in farm prices on inflation and consumers. Farmers are just as interested as the other sectors of society in reducing the rate of inflation, both as users of goods and services and as consumers themselves. If, therefore, they are prepared

to make their contribution to the fight against inflation, they cannot be expected to bear a disproportionate burden in this fight, as was the case last year, when the increase in the average level of farm prices was 3.9 % while the average rate of inflation was 9.6 %. Remember that, on the basis of the Commission's own calculations, a price increase of 5 % would lead to an increase of 0.2 % in the cost of living.

Sixthly, agri-monetary measures. While we accept that the system of green exchange rates and monetary compensatory amounts allows stability to be maintained during a period of monetary fluctuations, we maintain that allowing the gap to widen between market rates and green rates, as has been the case in a number of Member States in recent years, is a very short-sighted policy. While it can be said that there is a realistic principle underlying the Commission's new proposal on the fixing of representative exchange rates in the agricultural sector, which provides for the phasing-out of monetary compensatory amounts at varying rates depending on whether the monetary compensatory amounts are already in existence when the proposal is adopted or are newly created as a result of currency changes after that date, we consider that it is necessary to reduce the duration of this measure in respect of monetary compensatory amounts from seven to two years, since there is no doubt that European union — and thus monetary union — will provide the only effective solution. These, Mr Gundelach, are the few observations that your proposals prompt us to make. We have already, in the Committee on Agriculture, tabled a large number of amendments, some of which have been adopted, particularly the proposal for an overall price increase of 5 %. We have tabled others today, in plenary session, concerning in particular the defence of the common agricultural policy, reforming the system of monetary compensatory amounts, abolishing the co-responsibility levy in the milk sector and promoting a policy for fats, the rejection of any decrease in the B quotas for sugar, the establishment of a minimum price for Community trade in wine, and so on. Once again, while reaffirming the importance we attach to maintaining family holdings, we would emphasize the inadequacy of your proposals in view of the current economic situation for which farmers cannot be expected to suffer.

(Applause)

President. — I call Mr Eberhard. I understand that this is your maiden speech in this House, and I should thus like to congratulate you.

Mr Eberhard. — *(F)* Mr President, I am indeed pleased to have this opportunity of speaking for the first time in this House, particularly as we are dealing with such an important question as farm prices.

Eberhard

These prices are in fact decisive both with regard to the farmer's standard of living and for the question of whether or not the national production capacity in agriculture in each country of the Community is to be maintained.

Faced with this situation, what is the Commission proposing? A price increase of 2% and the maintenance of monetary compensatory amounts until 1983. These are two proposals which French farmers regard as unacceptable, particularly as at the last part-session Mr Jenkins suggested that in his view this was a long-term policy. It is thus a question of freezing, or increasing by a marginal amount, the prices at which farmers sell their products while, at the same time, their production costs are subject to continuing increases which amounted, for example, to 10% in 1977. This is therefore a policy which, by eroding farmers' purchasing power, poses a threat to each country's agriculture and, moreover, to the Community's capacity to meet the needs of its population.

This is why, while we accept as justified the demand for a larger price increase expressed by the farming organizations and adopted by the Committee on Agriculture, we believe that this is not enough: we must in the near future put an end to the system of compensatory amounts and undertake to eliminate the distortions between countries with strong currencies and countries with weak currencies. This is essential if Community agriculture is to develop harmoniously in response to the needs of the population. The fact is, however, that this is not the course that has been followed up to now, particularly as regards prices, and looking back we find that this agricultural policy has taken a heavy toll: it is in conflict with the objectives laid down in the Treaty of Rome with regard to agriculture. I am thinking in particular of the raising of farm incomes, the optimum utilization of factors of production and the fixing of reasonable consumer prices.

These objectives have obviously not been achieved. In fact, the opposite has happened, i.e. there has been a decrease in farmers' incomes. There is also the fixing of excessive consumer prices, which are partly responsible for the insufficient amounts of agricultural products purchased by consumers. At the same time, the principles on which the common agricultural policy was founded have now been almost completely abandoned. This applies most particularly to the Community preference rule, which certain Community countries have continually made it their business to whittle away. The constant deterioration in the Community's degree of self-sufficiency is evidence of this, while there are increasing distortions between the countries with strong currencies, such as Germany, and the others. As proof of this, I would point to what the Commission said in a recent study which indi-

cated that between 1973 and 1976 intra-Community deliveries increased twice as much in Germany as in France. Of twelve products studied, Germany's position improved in seven; France's position, on the other hand, deteriorated in nine. Furthermore, in 1977 France had for the first time a deficit on the agricultural food balance. This result alone clearly shows the current ills of the common agricultural policy. And yet France has the natural conditions, and a large and qualified agricultural population, which should allow it to continue to be a net exporter of agricultural products.

The system of compensatory amounts, we were told, was to restore equilibrium between the countries despite increased monetary discrepancies. Instead, the opposite has happened. Moreover, in addition to distortions between them, the Member States of the Community have become increasingly dependent on third countries, especially the United States. This is particularly clear with regard to soya; the same will go for wheat, given the terms on which the Commission is currently negotiating. The common agricultural policy now also means the growing indebtedness of Community farmers. A group of experts consulted by the Commission has provided figures which are very revealing. For example, in France the debt burden increased from 2 000 million u.a. in 1960 to 13 000 million u.a. in 1973, and in Germany over the same period from 2 850 million u.a. to 7 900 million u.a. Beyond these bald figures, what this means for farmers — and particularly for young farmers setting up — is sorrow and anxiety, particularly in view of the deterioration in credit terms following the move by agricultural credit organizations to align their interest rates with the general market rates.

Is it surprising, in these conditions, that there are more and more farmers who now see in the common agricultural policy above all a reduction of their income? In France, this is the fifth successive year that this has been the case, and farmers in my country cannot be deceived by juggling with figures. For them the difficulties of making a living are a daily reality. This is particularly true for the small farmers who are constantly struggling to keep their holding in operation. In these circumstances, the co-responsibility levy on milk, which the various rapporteurs are proposing to maintain, is all the more unacceptable because the reasons adduced to justify it no longer apply: there are no longer any stocks of milk powder in France.

To this negative assessment must be added a new threat to the future of agriculture. As things now stand, the entry of Portugal, Greece and particularly Spain into the Common Market would have serious consequences with regard to farmers' incomes and would result in an accelerated decline in our agricultural potential.

Eberhard

I should also like to remind you that agriculture is suffering from a continual exodus. While it can be said that this has been reduced recently, that is because unfortunately in a large number of the poorest regions there are not many farms and farmers left. Thus, the situation continues to get worse. The active farming population is not being renewed. The average age of farmers, which is already very high, continues to rise. The regions of Central France are on the verge of turning into deserts, with serious economic, social and even ecological consequences. We maintain, therefore, that what is needed is to pursue a completely different course, one where the guidelines for the common agricultural policy would be part of an overall policy for economic and social progress. Indeed, policies involving increased austerity have a negative influence on sales of agricultural products. This was openly admitted by the Commission in a report issued last December which said that the economic recession was exerting a great influence on the pattern of food consumption because of the slow-down in the growth of disposable income in real terms, which resulted, for example, in a reduced rate of increase in the consumption of beef and veal. I would add that this reduction also applies to milk, fruit and vegetables.

Finally, ladies and gentlemen, since some of you are concerned about the future and about what is going to happen in France, let me assure you in conclusion that a government of the left in France, which would naturally include Communist ministers, would seek the broadest possible cooperation between the nine countries, while respecting the interests of French farmers. In a spirit of responsibility and initiative, it would seek to put an end to the great agricultural sell-out, in order to ensure conditions in which agriculture can develop for the benefit both of the rural community and of the population as a whole.

(Applause)

President. — I call Mr Mitchell.

Mr Mitchell. — Mr President, I am sorry that Mr Gundelach has had to leave the Chamber for a few moments after a long day, not because I want to attack him, but because I want to praise him and I do not think, from what I have heard of this debate, that he has received very much praise today in this Chamber so far. I have been a Member of this Parliament for three years, and I had almost given up hope of hearing any common sense in this Chamber spoken about the common agricultural policy. I must say that the first ray of hope came when I heard Mr Gundelach before the Committee on Agriculture a few weeks ago. He repeated much of that speech here today. But then, of course the agriculture committee proceeded to ignore everything he had said and go their own sweet way. That perhaps is to be expected,

knowing the composition of the Committee on Agriculture. But at last we are having a little common sense talked about the whole problem of agriculture. At last there seems to be an recognition that you cannot solve the agricultural problems of Europe by means of massive price-increases year after year. This has not solved the problem: it has not produced additional incomes for the poorer farmer. There is also recognition of the fact that it is absolutely essential for this Community to get rid of excessive surpluses. This is a political necessity because these excessive surpluses are bringing the whole of common agricultural policy into political disrepute. And when we take what I accept to be probably the cheapest way out, that of selling off these surpluses to the Soviet Union at low prices, that makes the whole policy a laughing-stock.

What saddens me about that is that the fact that the common agricultural policy is becoming a laughing-stock constitutes a political danger for the Community as a whole because more and more ordinary people in the countries of the Community, because of some of the activities of the CAP, are turning against the Community. I happen to believe very strongly in the future of the Community, and I do not want to see people unnecessarily antagonized. And it is not only people in my country, or Denmark, for example; I can assure some of my colleagues in this room, it is also the people in Germany and in France. It is no accident that last year the spokesman for the consumers invited before the Committee on Agriculture was a Frenchman. I personally have had very many complaints about the whole operation of the CAP from people living in Paris and in other towns in France, so it is not only these terrible Brits, or the equally terrible Danes: disillusionment is growing up in many of the other countries of Europe, very largely because of the operation of the CAP.

It is also true that, as has been shown, price-increases lead to a fall in consumption. There are attempts to pull the wool over our eyes on this issue to mislead us into the belief that this does not lead to a fall in consumption. But when butter-prices increase, people do turn to margarine, and then what do we get? We had a question from the butter lobby today trying to link margarine with cancer. I wish Mr Herbert were here. I would rather say it in his presence. My main criticism of the Commission's proposal is in fact, that they do not go quite far enough. I support the conclusions of the Committee on Budgets, which in fact said that they accept the overall 2% but there should be no increase at all on those commodities where there is a structural surplus. The amendment that I and one or two of my colleagues have tabled, Amendment No 22, says just that. Perhaps if this amendment were carried, we should have enough over and would be able to help Mr Scott-Hopkins out with his cauliflowers.

Mitchell

Quite seriously — I say this in conclusion — at last I believe there is a hope that the common agricultural policy is getting on to the right lines. I think there is still a very long way to go, but at least I now have just a little hope for the future.

(Applause)

President. — I call Mr Tolman.

Mr Tolman. — *(NL)* Mr President, there is no point in repeating a large number of things that have already been said in this debate. In fact, there are just three points that I should like to take up. Firstly, the question of the dairy stocks, secondly the related measures for promoting equilibrium and thirdly the principles of price policy. I have said in committee that I do not like to use the word 'surpluses' and that the word 'stocks' seems to me to be more appropriate. I should like to say the same this afternoon. I am of the opinion that in this debate, as well as in the evaluation of price policy, too much emphasis is laid on stocks. These stocks also have too great an influence on the price level.

I noted with approval Mr Gundelach's remark this morning that in his view stocks had to be maintained. I agree with him here. This is of great importance, firstly for consumers in Europe and to a much lesser degree for producers. For it is clear that in a Community with 260 to 270 million inhabitants we cannot leave the food situation to the vagaries of the world market. That is therefore my starting point in examining this question. But I would like to hear from Mr Gundelach at precisely what level he thinks the limit lies for stocks and at what point, when this is exceeded, you can then talk of surpluses. Where does this limit actually lie? After all, as soon as you exceed the limit of necessary stocks a great deal of Community responsibility is involved. If the agricultural policy is to mean making a serious attempt to achieve a balance between production and consumption, then this has my wholehearted support, but I have grave objections — and these objections have been reflected in a large number of speeches — to putting the burden one-sidedly on the shoulders of the producers. Mr President, I am not only a politician but also a practising farmer. In my view, we can go on discussing this questions for years, but I do not think we shall ever achieve a balance in this field. On a very temporary basis it may be possible. In general, however, we shall have either too much or too little. Agriculture is not an industry. You cannot draw up a production plan as you can in industry when you decide to produce 100 000 cars or a million television sets. In agriculture we shall always be faced with the uncertainty of the climate, which also means uncertainty as to the level of production.

It is clear that there can also be varying opinions on the optimum size of stocks. Looking at developments over the past year, I think that we are on the right course. The fact is that there has been no increase in stocks. I am thinking of the amounts of butter. If every consumer in Europe consumed one extra 250

gramme packet of butter each quarter — that is four more packets of butter a year — the whole butter stock would be used up. There are those who would describe these quantities of butter as surpluses. In my view, however, this is a safety margin which definitely needs to be maintained.

Actually, I think we could well show rather more satisfaction at the fact that there is enough food, plenty of it, which is a great boon to the consumer. This satisfaction should, I feel, be rather more in evidence than the concern at the somewhat over-generous stocks. If the situation were to change, if there were to be corresponding shortages, then we might see the other side of the coin: massive price increases, widespread unrest, with all kinds of unpleasant consequences. I have the impression that we too easily lose sight of this.

My second comment concerns the series of measures to promote market equilibrium. I must say that on this question I fully agree with the assessment that has been made. Although we have had to wait rather a long time, we have introduced a number of measures in the field of agricultural policy, the slaughtering and conversion premiums, for example. I do not think there is any question about whether these should be continued or suspended. No, once you have embarked on a policy, you cannot change horses in midstream. This policy must, therefore, continue for a number of years.

The same also goes for the much-disputed question of the milk levy. My view is that this is a measure which fits into the framework of measures for promoting market equilibrium. But, of course, the producers must not be punished twice. We are given to understand quite clearly that there is a surplus and that therefore a cautious price policy is necessary. What, however, is a cautious price policy? Looking at the rising costs in the various countries, I regard an increase of 4 or 5 % as a cautious price policy. But if, in addition to this cautious — this over-cautious — price policy giving a rise of 2 %, the levy still has to be paid, I think the producers are being doubly punished. And that, I think, is clearly unfair. We shall have to make a very serious effort with regard to these measures, of which the milk levy can form part. It is not just a question of schemes for school milk, there are other possibilities as well. I come from a country where we know about milk production. It is sometimes said that the Netherlands is the country with the biggest dairy exports. May I, however, point out that the Netherlands is also the biggest importer of skimmed-milk powder. Production in the Netherlands last year was 136 000 tonnes of skimmed-milk powder, but 250 000 tonnes were imported for animal feedingstuffs. So, this is also a reasonable way of reducing the stocks that we have from time to time. This example, I think, speaks volumes.

With regard to the level of prices, I should like to end by saying this. The objective method gives 4.2 %. If the Commission departs from this, I think it must make clear why it does so. I have heard it said that if

Tolman

there is a surplus the price must be held down. But it seems to be that we then come into conflict with one of our fundamental principles. We must incorporate into the price policy for agriculture which we are now discussing a clear European policy for agricultural incomes. In my view, this is not getting a fair crack of the whip at the moment. In a previous sitting we had a discussion on equal pay for men and women. I have no difficulty with that, but if we listen carefully to what is being said in these debates we find that the will is lacking to strive for equal pay for men. I note that the income of farm workers in Europe — and their number is not inconsiderable — falls a long way behind that of men employed in industry and other sectors. If the aim is to perpetuate this situation, then a very tight-fisted price policy is ideal. If, however, particularly on the basis of a social concern for this category of workers, it is felt that there must be a change here, we shall have to move towards a more generous, more liberal price policy with regard to the producers, Europe's farmers.

I wholeheartedly support what the spokesmen for our Group, Mr Früh, said about the price policy and the higher percentage we advocate. I should just like to comment on what was said by the rapporteur of the Committee on the Environment and Consumer Production. I generally prefer not to speak in negative terms about someone who is not present, but in this case I cannot refrain. His speech was, I think, the least well-informed and the most demagogic of all the statements we have heard today. I have no use for a black-and-white view of the situation, and if we want to achieve a proper dialogue between consumers and producers, our arguments must rest on a sounder basis, otherwise they are better left unsaid.

(Applause)

President. — I call Mr Nyborg.

Mr Nyborg. — *(DK)* Mr President, in my view the Commission's aim of combating overproduction, the notorious 'lakes' and 'mountains', by means of a price-regulating mechanism is impracticable. Although the Commission can certainly point to satisfactory results in the past year I do not believe that this proves very much, since we must not forget that agriculture is a sector which reacts only very slowly.

The production of certain crops can admittedly be reduced very rapidly. But the effect of increased effort in other areas is only perceptible after some time, particularly when starting or boosting the production of meat and/or milk. It is obvious that all the Commission's proposals will achieve is to transfer overproduction from one sector to another, since the individual farmer must naturally find some way of compensating for the loss of real income, exactly as is done in other branches of industry. The farmer is no keener than other categories of the population to see his standard of living drop.

In my view the best way to achieve a more reasonable distribution of production would be for the EEC as

such to pursue a more aggressive export policy, and for the Commission to be more sparing of import preference arrangements. I am thinking here, for instance, of the agreements with New Zealand, and the Lomé agreements. There has been a lot of discussion in the lobbies, and I understand also in the Commission, about the size of the price increases. Last year the farmers and the agricultural sector as a whole had to hold back a little — their wishes and their demands based on the increases in their costs were not entirely met. The Commission has now tabled a proposal which barely guarantees 2 %.

COPA and the Danish agricultural sector claim that this is not enough, that it will not cover the real cost increases, and that justice demands that there should be agreement on a 5 % rise. This seems a fairly reasonable demand. But it is extremely difficult to make sense of the figures put forward, as statistics have a strong tendency to show what those who produced them want them to show. It is consequently very difficult, and this must be said in the Commission's defence, to discover what exactly needs to be done. Nonetheless, there is a strong smell of horse-trading about all of this. I hope and trust that something realistic of around 4 % will be found acceptable.

The common agricultural policy must of course be based on general principles, and there must be no recourse to national measures which interfere with the common market. The reintroduction of national measures has in practice always simply meant that the problems were transferred from one sector to another, or to put it perhaps more accurately, from one country to another.

To build up and expand the common agricultural policy, therefore, it is necessary in my view to abolish gradually the monetary compensation amounts. Admittedly this can hardly be done in a matter of days, but I can't help feeling that the seven years proposed by the Commission is rather a long time. Surely a period of three years would be feasible.

The distortions arising from the use of the MCAs are of such an order that something will have to be done about them urgently. I should also like to point out that we also consider it necessary to introduce the use of the European Unit of Account in the agricultural sector. I could make a number of observations on this, but will refrain from doing so, since it has already been touched upon by earlier speakers.

We also wish to give our support to the principle of boosting pasture-based production, i.e. the production of animal products. With this, in my view, very short speech I should like to urge the Commission and the Council to pursue a more progressive policy in the agricultural sector, and thereby strengthen and expand the common agricultural policy, which is the cornerstone of our Community.

(Applause)

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, to listen to some of the speeches made by honourable Members in the course of this long debate, one would wonder whether they had even heard, much less understood, the speech that was made earlier on by Mr Gundelach. I am not known in this House as a fervent supporter of the farming Commissioner, and in many years past, I have ventured to pass somewhat severe strictures on the common agricultural policy as I saw it; on listening to some of the contributions today, I am bound to say that, at any rate in my view, the farm lobby has overreached itself. The farm lobby should bear in mind that some 90 % of the working population of Europe are not engaged in agriculture. They therefore are a force, to put it no higher than that, to be taken into account. There are people of the non-agricultural community that live in the big cities, that do not enjoy all the advantages — though, of course, there are some disadvantages too — of those who are euphemistically called agricultural producers, whatever that term may mean. And they are entitled to be taken into account.

I welcome the speech of the Commissioner today as a sign. The Commission in this field are beginning to take a more overall view. They are beginning to regard themselves not so much as a mere instrument of the farming community but as Community servants serving the Community as a whole, whether the population be agricultural, industrial or engaged in the service sector. One of the most significant things today almost passed unnoticed, and that was the presence on the front bench today, participating in the debate, of the Commissioner in charge of consumer affairs. This does represent a change. It has got a long way to go yet: the staff available to the Commissioner in charge of consumer protection is so small as to make it unable to exercise any considerable influence on the Commission as a collegiate body; but we did welcome Mr Burke here today and welcome his assurance that when matters in the agricultural sphere are being considered by the Agricultural Commissioner and by his Directorate-General, then consumer affairs are brought into the picture and are given proper consideration.

An even more encouraging symptom lies in the report that comes from the Committee on Agriculture itself, which contains two annexes — the opinion of the Committee on Budgets, of which I have the honour to be a member, and the opinion of the Committee on the Environment, Public Health and Consumer Protection. The odd thing about it is that all these committees — the Committee on Agriculture, the Committee on Budgets and the Committee of the Environment, Public Health and Consumer Protection — are made up of approximately the same mix, both nationwide and politically, and both the Committee on Budgets and the Committee on the Environment, Public Health and Consumer Protection come out in support

of the Commission. This is a most encouraging sign and means, of course, that at long last agriculture is being seen within its proper Community setting instead of being unreservedly regarded as what I called it sometime ago — a sacred cow. All these things are welcome.

Now, I have said that Mr Gundelach is entitled to be supported by this Parliament in the task to which he has addressed himself and in the policy he is now so resolutely pursuing. He will not expect me to say that I endorse it in every respect. There is no justification for paying increased prices in respect of any items that are in structural surplus. I appreciate the difficulties, but the Committee on Budgets considered this, and they considered it to be completely illogical that for those items that are in structural surplus to a very considerable extent there should be any increase in price whatsoever.

I now refer to Mr Tolman from whom we had the honour of hearing a speech a few moments ago, who appears to be unaware of the difference between stock-in-hand and structural surplus. Well really, if his own Group of European Progressive Democrats cannot instruct him on the difference between stocks and structural surpluses, it does not say very much for the research services available to the European Progressive Democrats, because anybody knows when an item is in structural surplus. If he is in any doubt he can read the speeches that have been made on the subject, not only by Mr Gundelach but also by his predecessor, who is no longer with us, Mr Lardinois. It requires no further definition than that. We should therefore like to have more progress in this sphere.

I would want to make some appeal, if I may, to the farm lobby. I believe that farmers, like anybody else, possess all the virtues, are just as genial and just as prone to human weakness as anybody else, and I therefore address them as human individuals. Do they really derive any intellectual or moral satisfaction from receiving money for produce that they know is not going to be eaten by anybody, that is going to be stored, that in many cases is going to be destroyed? Is that not really encompassed within the degree of social conscience which any normal individual would have? Is it any satisfaction to them to know that, in monetary terms, the cost of storing these structural surpluses with which Europe is gorged at the present time is, together with interest costs, more than that of all the remainder of the Community policies taken together? Doesn't that really strike them as slightly incongruous? Doesn't that really strike them as something which goes right to the roots of the entire common agricultural policy and brings the whole idea of the European Community into disrepute? Because really, if they have no conscience on that, if they are quite content to pursue farming self-interest cloaked within a progressive, respectable concern for the so-called security of the consumer, well then ultimately the Community will hold them in contempt.

Lord Bruce of Donington

I am hopeful that the Council will also address itself to agricultural matters. So often it seems the Council lacks the political courage that has been in evidence in the Commission recently. We would hope, therefore, that in the wheeling and dealing that will now take place on the Commission's proposals for the price-review, there will be no significant change upwards as part of a political deal arrived at at Council level. If the Council wants to do the Community a service, it can begin to address itself, in conjunction with the Commission, to a radical overhaul of the CAP on lines at which the Commissioner himself has already hinted from time to time. It is quite indefensible to make the intervention price mechanism the principal instrument for achieving that reasonable standard of living to which farmers — I willingly admit and indeed support — are entitled. It is quite futile to use this mechanism on its own without taking into account other factors. We are hopeful that at sometime, preferably soon, the Commission will devise arrangements whereby the price mechanism will be based, not on the necessity of achieving a certain standard of living for the disadvantaged farmers, but on efficient farm-prices, on efficient farm-costs and that, in order to operate more adequately than under the existing price method, the money saved by doing that will then be devoted more intelligently, on a planned basis, to the direct aid of the disadvantaged farmers on the hill-side, on poor lands or on small-holdings and, if necessary, in conjunction with the Regional Fund of the Community. These are the things we are hopeful of, but in the meantime, not wishing to appear too churlish, and uniquely on this occasion, I for myself wish to offer the farm Commissioner my congratulations on the proposals he has put forward, the whole attitude he has taken, and above all, the very great personal diligence and sincerity which he brings to his task, is warmly appreciated throughout the Community.

(Applause)

President. — I call Mr Nyborg on a point of order.

Mr Nyborg. — *(DK)* Mr President, allow me to point out to Lord Bruce for the record that Mr Tolman is not a member of the Group of European Progressive Democrats.

President. — I call Mr Dewulf.

Mr Dewulf. — *(NL)* Mr President, perhaps I can try to cool this debate down a bit, but having listened to Lord Bruce, I should like first of all to ask just how powerful the anti-agricultural lobby is in our post-industrial countries and in the developing countries? And is it not a matter of the utmost importance for us to improve standards in agriculture world-wide as we have done for other sectors of the economy?

And the attitude of a certain group in society that farmers only exist to produce cheap food is also quite out of date. In particular the instrument which we are supposed to use to persuade the farmers to cut back production, namely depressing price, this, Lord Bruce, is certainly not a structural measure. If you are really so convinced of the need for structural measures, then give the Community the wherewithal to carry out a structural policy!

But look here, I promised to cool this debate down a bit because it all sounds so unreal. While we have been discussing the price proposals, the Commission has put forward fresh proposals which have only just appeared on our desks and which we shall not have a chance to discuss until later, although these proposals are aimed at the working of certain agricultural markets from the point of view of guarantee prices. And tinkering with the market regulations can be an even more hazardous undertaking, Mr Gundelach, than inadequate price proposals.

Mr Gundelach — whom I listened to with great interest in the Dutch simultaneous translation — refers to the attitude adopted by the European Parliament's Committee on Agriculture as 'utter folly'. Perhaps he was himself a bit shocked by this un-parliamentary expression because, as he said, he was sorry to use such strong words. He probably said the same thing to COPA and to the Economic and Social Committee, both of which had proposed an average price rise of 5% or 4.2%. Let us just take a look at this utter folly that Mr Gundelach has been going on about from the Belgian point of view, which is the only one I can claim to know anything about.

The point of the objective is to give quantitative data for agricultural prices to compensate for rising production costs. And I would point out that in these cost calculations, only modern farms are taken into account. Mr Gundelach is shaking his head, but after all... The official Belgian calculations for the last three years — 1975, 1976 and 1977 — based on this method clearly show that production costs have risen by something like 30%. Even after deflating this percentage by the productivity factor, we are still left with a rise of 24% in production costs. If we compare this rate of increase over the last three years with the two most recent price rises granted, we finish up with a shortfall from the Belgian point of view of 12%. But let us stick to the expected increase in costs for 1978, which will certainly be 5.5%. Under these circumstances, our proposal for a 5% average price increase is hardly enough to cancel out the anticipated increase in costs for 1978. Let us then for heaven's sake be a little realistic and base our respective arguments on concrete figures rather than slogans!

Dewulf

Mr President, much energy is being expended on decrying the ultimately untenable system of monetary compensatory amounts. What we should be asking is who is to blame. Whose interests have been served by this chaos on the European monetary scene? Certainly not the farmers'. And did you hear the patronizing cynicism of Mr Scott-Hopkins this afternoon when he attacked this monetary chaos but at the same time admitted that the British were alright thank you, because they had already got more than their fair share from increased agricultural prices via the currency adjustments. The Commission regards the monetary compensatory amounts first and foremost as a means of bringing about a genuine common market and we can go along with the Commission in this view. But why is this monetary chaos not tackled at source, namely in terms of the difficult cost situation in hard-currency countries? Both these arguments apply equally and this is the basic consideration behind our proposal for a 5% price increase. But I suspect that Mr Gundelach has not read the explanatory statement to this proposal.

Mr President, I should like to give the lie to a certain line of thought which tends to see the Benelux countries as the sick men of the Community, in need of support. This is not true! We have a proud and thrusting agricultural sector, which is one of the reasons why we felt unable to support the rapporteur's motion for a resolution, a resolution which draws attention to the dangers of national measures being taken to oblige the Belgian and Dutch farmers. These, it was claimed, would be socially justifiable measures. But that simply isn't true. Our farming sector is a paying concern. Admittedly, it has problems to contend with, Mr Gundelach, problems in controlling production and stockpiling etc. but they must be tackled by a more imaginative approach than simply squeezing prices!

(Applause)

President. — I call Mr Howell.

Mr Howell. — Mr President, I would like to begin by congratulating Mr Dewulf on his speech, while disagreeing with Lord Bruce. I think perhaps Lord Bruce would do well to send a copy of his speech to the National Union of Agricultural and Allied Workers. I think they ought to know of his views, especially bearing in mind how low-paid they are in relation to the rest of the working population in Britain, as they will continue to be for as long as he pursues that type of view.

This is a great non-event, it is the same old mix as before — nothing original, and it will do no good. I suggest that we will have the same debate next year, if we are here, and the year after, if the policy continues which the Commission, and its President, Mr Jenkins, and Commissioner Gundelach seem to be insisting upon at the present time.

As far as the Hughes report is concerned, I do not think it makes very much difference whether we have 2% or 5%. That is not going to solve this problem; it will not be done by price, and we have got to find some other way. It is the most stupid blunt instrument that is being used, and it will not be effective whether the figure is 2% or 5%. That is why I intend to abstain in this debate. We have got to look for a different method.

The Commissioner was good enough to mention me in his speech. It is rather ironic that he received such fulsome praise from the Socialist benches, and then he tells me that I ought to be over there with them, because of the views that I hold. I just do not understand it. But there we are.

We ought to think about the Treaty of Rome, and what it is meant to do. I am not suggesting that the Treaty of Rome, as it was drawn up, was right in every respect, and I am glad to see the good sense that was shown in slightly adjusting the Treaty of Rome as far as the Milk Marketing Board was concerned. That I think is good progress and is the sort of thing we must do, because, however appropriate the Treaty of Rome was 20 years ago, it must, in the light of the experience of 20 years, now be inadequate in some respects. I therefore congratulate the Commissioner for his broadminded attitude as far as the continuance of the Milk Marketing Board is concerned.

But I am very sorry to see that he is using this blunt instrument which is going to be completely opposed to the intentions of the Treaty of Rome. What you are going to do, if you continue with price moderation to the point where you drive production down in the dairy sector, is to drive tens and hundreds of thousands of people off the land, into the big cities. This is in complete contradiction to the Treaty of Rome. You are also going to widen the gap between agricultural incomes and incomes elsewhere. On that account this is completely wrong.

There are two central problems. One, as Mr Dewulf said, is the green currency system — and many other speakers have talked about the green currency system. I want to take issue with the Commissioner here. He talks as if we were all nationalist farmers, although he is the Commissioner for all European farmers, including British farmers. When he says that we have had a price adjustment of 7.5%, and the other would be added on top of it, this is not the right way of looking at it. We have been cheated of a great deal of income because the British Government has not readjusted the green pound. In a recent extraordinary episode the Council of Ministers refused to allow a very slow-thinking British government to readjust to 7.5% when it was asked to do so. May I remind him as a dairy farmer that we have not received our 7.5% yet? We have been cheated of income which we

Howell

should have had, had we had a government which had as much sense as the Irish government. I would like to congratulate all members of the Irish Parliament who are here on that. Surely United Kingdom farmers are entitled to reasonable prices alongside those of every other country. That we have not had.

We should get rid of the green currency distortions between Member States as soon as we possibly can. How can we work towards the EMU that President Jenkins talks about so often while we have got green currencies floating about? How can we think of enlarging the Community when we would have ten currencies and at least ten satellite currencies running around those? It would be an unthinkable thing to do, and we must get rid of the green currencies as soon as possible.

But the main point I want to make is about getting rid of the dairy surplus. I do ask the Commissioner to listen to what I have to say, because until you get rid of 2 million cows this year, and perhaps 3 million cows next year — because every cow is producing more and more milk year in, year out — you are never going to solve this problem. Mr Hughes says in his report that cow numbers are going down. I challenge him. Where do these figures come from? The figures I see printed show that between 1975 and 1976 cow numbers went up by 206 000. They are still going up, and as far as I know, there are no figures published which show them going down. Cow numbers have got to be brought down. This measures we are putting through will not bring them down. The cow numbers will go marching on and on. And until you get some measure of production control, I think you are going to be in this difficulty.

A word about co-responsibility. What good has co-responsibility done? I do not believe it has done any good whatsoever. It is nothing more than a mini price cut, and I would like to ask too what has happened to the money, how much advertising has taken place to help sell the surpluses — and I suggest none — and I doubt if anybody really knows what is going on with this money. I for one am paying it, and I would like to know what is going on. We have got to have a much more positive policy. I suggest that the Commissioner should have an open mind on this subject. He has told us that we have quotas for sugar production. As far as I can see we are going to carry on having quotas for sugar production. That is part of his system. We also have quotas for hop production, which is being cut back. We are bringing hop production into line with quotas. There are planning quotas for wine production and a marketing board for wine production, I understand. Now, if all that is the case, why on earth can't we have a little bit of order. Why on earth is it wrong in any way to limit the number of cows in the Community? It seems to me that the cow is more sacred in Europe than it is in India. I do ask

the Commissioner to think of methods of controlling excess production. Can I just put this suggestion to him? Supposing there were marketing organizations in the nine countries, and supposing the Commission said: we want to reduce dairy production by 2% this year, and the Commission had all the records of every producer. He would have my records, let us say 100 000 gallons a year. He would say to me: you produced 100 000 gallons last year, we are cutting everybody back by 2%. So we are going to give you a reasonable, decent living price for 98 000 gallons of milk. You can produce as much as you like, but it will be at a very prohibitive price after that. So it would be up to me — and you would find I would produce just about 93 000 gallons of milk, because if the price was otherwise prohibitive, it would not pay me. That way we would get some sense into this thing. But as things stand here is no originality of thought at all, and this blanket 2% means nothing whatsoever.

I understand that something similar to this occurs in Canada, in a very similar situation to that in the European Community, and something on these lines is operating in the United States of America. I beg the Commissioner not to close his mind to these suggestions. I am convinced that unless we have something less blunt than the present price-cutting system, we will not get out of this embarrassing situation; and it is overproduction of milk which is the major problem in the Community. I think it is time that we looked at the European farm as a whole, as if we had a Minister of Agriculture trying to get production into those areas where we really need it most, in a more positive way. What we are doing now is forever trying to solve the mistakes of the past. We are forever trying to reduce the surpluses which have already been created, and we are not spending enough time looking forward to how we could run our agricultural affairs in a more realistic way.

(Applause)

President. — Before I call the next speaker, I should like to congratulate her since this is once again a maiden speech.

I call Mrs Krouwel-Vlam.

Mrs Krouwel-Vlam. *(NL)* Mr President, may I thank you most sincerely for your kind words on the occasion of my first appearance in this Assembly. On behalf of the Socialist Group, I should like to say how pleased I am that the committee responsible for protecting the interests of the consumer has this year for the first time had the chance to express its own views on the agricultural price proposals. The Committee on the Environment, Public Health and Consumer Protection was quite right to take this step in view of the fact that — as I would remind this House on behalf of my Group — the package of measures we are debating today will have

Krouwel-Vlam

consequences not only for the European farmers but also — and perhaps to an ever greater extent — for all the people of Europe. These measures are therefore of importance to both farmers and consumers. In view of the forthcoming direct elections, all the Member of this House should be conscious of their responsibilities in this respect. My Group trusts that the Commission and the Council will continue along this path in the future. Whenever important political decisions affecting the consumer are taken, the appropriate committee must be consulted.

The committee's advice may then be the first step towards giving the consumer a greater say in the decision-making process within the Community on matters directly affecting the interests of the consumer.

I should like to restrict my remarks today to certain points specifically affecting the agricultural price policy. These points will be taken up later, for example in the forthcoming own-initiative report from the Committee on the Environment, Public Health and Consumer Protection on the relationship between producer prices, distributive trade profit margins and consumer prices. On the one hand, the Community's price policy must take account of the consumers' needs and of the demand for the various products in each of the Member States, and must — on the other hand — aim at a good level of farm management. At the same time, however, we must avoid creating the conditions for structural surpluses such as we have at present. This is why my Group supports the call of the Committee for Consumer Protection for coordination in the preparation of analyses and forecasts of long-term trends in the markets for the various agricultural products.

My Group also agrees with the Committee on the Environment, Public Health and Consumer Protection that there has been insufficient research into the effect of these price measures on food prices and on the cost of living. This is one of the reasons why my Group is urging the Commission to publish the market forecasts and the consequences of the particular price proposals in future by product and by country.

Previous speakers have already pointed out that the Community's agricultural price policy must be complemented by a structural policy comprising a number of elements. In addition to a social policy, an incomes policy and a policy relating to farm improvement, this structural policy must also pay heed to the environment and the protection of areas of natural beauty. A structural policy of this kind would remove some of the need for price measures such as we have talking about today and which have unpleasant consequences for the consumer.

Finally, and in line with the Committee on Consumer Protection's forthcoming own-initiative report, I

should like to call on the Commission to take steps to reduce gradually the agricultural surpluses which are piling up in the Community. These surpluses should be put to special use for the benefit of the poorest developing countries and the socially and economically weakest population groups in the Community. In my opinion, it is downright scandalous that the Community's cold stores should be overflowing with butter, skimmed milk powder, cereals and meat while two-thirds of the world's population has to go hungry. I just need to mention names like Bangladesh and the Sahel countries and everyone will know what I mean. Finally, I should like once again to emphasize that the attention which has been paid in the course of this debate to the consumers' interests must not be allowed to lapse. It is only by keeping the interests of the consumer constantly in mind that this House can fulfil its role of representing all the Community's citizens.

(Applause)

President. — I call Mr L'Estrange.

Mr L'Estrange. — Mr President, the Irish delegation — Mr Ryan, Mr McDonald and myself — support the call of the Committee on Agriculture, of COPA, the Irish Farmers' Organization and the Irish Creamery Milk Suppliers' Association for a 5 % average increase. We believe that the 5 % increase, together with the 3 % green pound adjustment which we seek, would bring the total increase to 8 % this year. We also want to see the common agricultural policy for sheepmeat and potatoes included in this year's price package, as already promised by Commissioner Gundelach. The objectives method shows a price requirement of over 4 % on a Community-wide basis. We all accept that this is only one factor in deciding each year's prices. But I believe it is a major factor, and if it appears to be regarded as relevant, the price decided on must bear some relationship to that determined by this method. A proposal for less than half of that suggested by the objective method, taking into consideration farmers' increased costs of production, inflation etc., is undermining that method and is asking for a disproportionate effort by farmers in the anti-inflation campaign. I would like to ask Lord Bruce: why are farmers, their wives and families, who very often work 7 days of the week for 365 days in the year, called on to accept less than a 2 % increase, while other sections of the Community are getting increases of between 8 % and 12 % for a 40-hour, 5-day week? Is the Commission suggesting that farmers work for one quarter of the increases that other sections are receiving? This is particularly hard to take, when it follows a year in which production costs rose by 10 % while produced prices rose by only 5 % or so.

L'Estrange

If one takes a look at how agricultural prices and incomes have developed over the medium term, the case for such harsh treatment of farmers is even less strong. Between 1968 and 1976, incomes in agriculture rose slightly more than in other sectors, but the rise was from a very low base. Between 1972 and 1976, agricultural incomes rose less than those in other sectors, and in Ireland we all remember to our regret the disastrous year, 1974, when farmers got as low as sixpence per pound from some of our factories for beef cows.

Now Lord Bruce spoke tonight here about the strength of the farmers' lobby. I do not think it is as strong, or as well organized, as the workers' and the trade union lobby. Remember that as well as cheap food there is such a thing throughout Europe and throughout the world as cheap labour, and we have six million unemployed in the EEC. Had we not the strong trade union regulations and restrictive practices, many of those unemployed men and women could get work, perhaps in factories in England or in some other countries, and they might produce more than the well-sheltered workers are producing at the present time, and I think there is no harm in reminding the other lobby of that. But I want to say that I do not advocate that procedure for one moment. But I would like to see the agricultural labourer as well paid in Ireland, and indeed in every other country in Europe, as the industrial worker. I want to say that I agree that it is the duty of the Commissioner, and indeed the Commission, to hold the scales as evenly as possible between the producer and the consumer, because one is depending on the other. And indeed, if at all possible, we should stop the foolish argument of consumer versus producer here each year, and concentrate on how to satisfy both effectively.

To Mr Gundelach I would say: do you not believe that a 1.9 % increase will be swallowed up by inflation and increased costs of production, and that farmers' increases will step further behind other sectors, with dire consequences of further unemployment, while in the meantime we may have forced down production below the level which will be required in normal times and which would be quite difficult to attain? We all hope the economic recession will end, and end soon, and that consumption patterns will change for the better. We want to be ready for that day, and not to be caught on the wrong foot. I would like to point out to this Parliament that there is a considerable risk that by acting unduly harshly on agricultural prices, it will squeeze viable producers out of farming and aggravate the problem. We do not want to see that happen in Ireland, as our paramount aim at present is to preserve agricultural employment. The income of Irish farmers is still low, and 65 % or 70 % of their total income comes from the production of beef and milk, and any tampering

with the amount of beef or milk powder going into intervention could have disastrous effects for our farmers.

In conclusion, we accept the need for a prudent price policy. First, such a policy must not act against the general economic interest of the Community, and second, the price level agreed on must be sufficient to safeguard agricultural employment and protect farmers from the worst effects of inflation. Therefore we believe a 5 % increase is necessary, and we will support and vote for a 5 % increase.

IN THE CHAIR : SIR GEOFFREY DE FREITAS

Vice President

President. — I call Mr Erik Andersen.

Mr Erik Andersen. — (DK) Mr President, I do not particularly intend to present the Danish views on these proposals. We have tried to assess the case from a purely European point of view, and we agree with many of the statements in Mr Hughes' report.

We must have an agricultural policy which does not produce excessive surpluses. This means that the average price increase must not be higher than that proposed by the Commission. It is also essential for the monetary compensatory amounts to be wound up. The current discrepancies between the green rates and the actual market rates are much too great. This puts a great burden on budgets and distorts trade between the Member States. This distortion is caused not by the method of assessment or by other details of the system, but simply by the fact that the green rates are not adjusted quickly enough.

In principle, we agree that the European Unit of Account should be introduced in the agricultural sector as well, but this will inevitably cause major problems unless the monetary compensatory amounts are largely abolished. This must be done first of all. As regards the price proposals for the individual products, we agree that the price increases must be smallest for those products which are in surplus, e.g. dairy products, sugar and wine. The cereals prices should in fact also be lower. An increase in cereals prices benefits the large holdings, and since this increase is turned into capital, it is rather a pity for the young farmer wanting to set up business. Since he has to pay more for the land, he is not at all pleased by an increase in cereals prices.

We also agree that the prices can be increased more in the case of products which are not in surplus. This applies first and foremost to oilseeds and vegetable protein, but it also applies to field seeds and to pigmeat. The market organization for pigmeat has in fact worked perfectly, and there have never been surpluses or major budget expenditure in this sector.

Erik Andersen

We fully agree that there should be a special effort to improve conditions for Mediterranean products and that Community resources should be used to promote the structural development of the Mediterranean region. This is essential for the farmers there. Moreover, we must have an effective policy in this sector, so that we can assimilate the three new Member States and so that we can strengthen and promote democracy in these countries. As regards the Commission's supplementary proposals on dairy products and beef, we feel that these adjustments are sensible and necessary. These changes will play a major part in stabilizing production in the light of demand, as against buying into intervention. This will be of advantage to consumers, and it will save budget expenditure. This will avoid a lot of wasted resources, and farmers will benefit by receiving marketing support rather than having their produce bought into intervention. The safety net will always be there where it really is needed. Finally, I should like to call for a more active export policy. Although it is true, as Mr Gundelach has pointed out, there is no market for many agricultural bulk products such as cereals, sugar and butter, there is always a large market for many agricultural specialties such as cheese, processed meat products and pastry goods. We must not forget that the Community imports a lot more agricultural produce than it exports. In the USA it is the other way round, and it is precisely there that our specialties have encountered the worst obstacles. It must surely be possible for the Community — the world's greatest trading power — to ensure that Community products are admitted just as freely to the American market as American products to the Community market.

Our main conclusion is thus that the Commission proposals should be implemented without any major changes. This will make the agricultural sector function more efficiently. It will ensure a continuing reasonable income for farmers, and it is quite right that the proposals should fall short, by about 1 %, of covering costs fully. The fact is that the workers in our countries have also had to make great sacrifices in order to combat inflation and create the basis for overcoming the economic crisis. Many wage-earners have had to put up with a fall in real earnings, and the Commission's proposals are thus fair and justified.

(Applause)

President. — I call Mr Ligios.

Mr Ligios. — (I)Mr President, first of all I must add my thanks to the rapporteur for the work he has put in.

Those who have been Members of this Parliament for several years, as I have, are aware that the problem of fixing agricultural prices is becoming more and more difficult as each year passes. Some of the reasons for this are quite outside the will and control, not only of the Committee on Agriculture, but also of the

Commission itself. Of course, it is not feasible to rely solely on agricultural prices to create a balance between agricultural supply and demand, and between the requirements of the Community's internal market and the international market, to the extent that the Community supplies the latter. The proposed increases are insufficient to compensate farmers for the rise in production costs over the past year. An Irish Member spoke of a rise of 10 %, and Mr Pisoni mentioned some Italian statistics which indicated increases of 22 %. I feel I must therefore explain why I am in favour of 5 %.

The price policy is no longer capable on its own of establishing a proper balance between the incomes of agricultural workers and those of workers in other sectors. The problems are increasing every year as a result of the economic crisis — although it is not only economic — which has hit the Community. Nor must we forget how the common agricultural policy has been affected by the whole endless range of trade agreements which the Community has been steadily concluding with an increasing number of countries from the Mediterranean to the Caribbean, as a result of the Community's noble efforts in the wide-ranging context of the Lomé Convention. In my opinion, as long as other sectors of the economy were running smoothly, the Community could easily cope with agricultural preferences and commitments. But when things started to go badly for the other sectors, especially industry, the common agricultural policy felt it too. Take, for example, the Community's commitment to import 1 200 000 tons of sugar from the ACP countries when we already had a surplus of the stuff. We do not want to appear critical of this report — it is a very useful and praiseworthy document — but we have to admit that one or two side-effects have appeared which perhaps were not quite so serious when the economy was going well.

There is no doubt that the price instrument is now even less capable than it was of eliminating or reducing the disparities between the rich and the poor regions of the Community, and between the incomes of farm workers and those in other sectors. What we need is significant, meaningful and coordinated action on the regional policy front. The aim of such action should be more than structural reform in the agricultural sector — although this itself would be a tremendous step in the right direction — and should also cover intervention in other sectors of the economy, so that a fair and more balanced development can be achieved in the depressed regions of the Community.

I want to mention again how the economic and social situation has developed in southern Italy, with its massive problems of underdevelopment which have not always been treated with the attention they deserve by the various Community institutions. The products of this vast depressed area — typical products such as wine, durum wheat, fruit and vegetables — have not had anything like the protection

Ligos

which has been given to products from richer regions of the Community. Producer groups, cooperatives, and all the various forms of agricultural association in these depressed regions are having a hard time finding the right rhythm and working properly, because they are held back by underdevelopment. Production and marketing infrastructure have long been established in the rich areas of the Community, but in the poorer regions they are failing to develop and grow for the simple reason that these regions are worse off to start with. There is a dreadful surplus of agricultural workers; in some areas of the south these workers still account for about 25-26 % of the population. These are areas of extreme poverty, where the situation is aggravated by adverse climatic conditions of wind and little rainfall.

The measures for the Mediterranean have been mentioned by several speakers today. These measures are certainly very important and will have a tremendous impact. However, until a few years ago — until the regional policy was introduced — the Community used the sole expedient of agricultural prices in its efforts to solve these massive problems and eliminate disparities. But we now have to pay tribute to the Commission and Mr Gundelach for coming up with a series of proposals known as the 'Mediterranean package'. In this way they have shown — with deeds, and not simply with promises for the future, as was the case in the past — a greater awareness of the problems of these regions.

With a total of about 1 000 m u.a. spread over five years — of which southern Italy will get about 150-160 m u.a. — these proposals, provided they are implemented promptly and approved together with the price review, can turn out to be the first real proof, with action and not words, of the desire to close the gap between the rich and the poor regions. We have been calling for this for some time. And yet it is not all that much, if you consider that the Community's expenditure on agriculture in the current year — through the guarantee section of the EAGGF and agri-monetary expenditure as a result of the notorious compensatory amounts which mainly go to the northern and central regions of the Community — comes to about 7 000 m u.a.

There is one point which I should like to draw to Mr Gundelach's attention. There is a risk that the proposed changes to market organizations outlined in the Mediterranean package may be implemented, with the aim of preventing surpluses of various products, without proper attention being given to the problem of farmers' incomes. Naturally, we are against any move of this kind — whether it affects olive oil or the fixing of a minimum price for the wine trade within the Community — because we do not want to add to the problems of a situation which we feel is particularly alarming.

To sum up, the Mediterranean measures will be suitable and effective, only if they are approved along

with agricultural prices. We support these measures. As I said, we feel that they are the first sign of a change of policy by the Community institutions.

(Applause)

President. — I call Mr McDonald.

Mr McDonald. — Mr President, the Community's price proposals have, as we read from Mr Hughes's excellent report, to meet a number of main criteria. The first one is partially to compensate the farming community for increase in the costs of production and so maintain income trends in the agricultural sector relative to those in the non-agricultural sector. The second is to bring about a better balance in production and so restrain the tendency of a number of sectors to exceed the requirements of the domestic market. These aims are in line with those laid down for the common agricultural policy in Article 39 (1) of the EEC Treaty which are, I would like to remind the House: first, to increase agricultural productivity; secondly, to ensure fair standards of living for those in the agricultural sector; thirdly, to stabilize markets, fourthly, to assure the availability of supplies and fifthly, to ensure that supplies reach consumers at reasonable prices. Of course the Commission and the Council of Ministers truly believe in Article 39 (1) of the EEC Treaty.

I would like, at the very outset, to compliment the Common agricultural policy on being the only policy in the world that has achieved its original purpose of feeding the Community, of giving the consumers, not only sufficient food, but a choice of first-class food at reasonable prices. But who do the Commission, and those who spoke supporting the Commission's views here today, think they are kidding when they propose an overall price increase for this year of 2 % with variations from as low as 1.1 % for sugar to 3 % for pigmeat? Or when they propose 1.26 % for beef and 2 % for milk, and then they tell us, on the other hand that their policy is to encourage people to change from milk to beef?

These increases are supposedly adequate to meet the requirements of the said Article 39. Our rapporteur, during his excellent opening speech, tried to persuade the House that farmers would benefit more from an overall increase of 2 % than from one of 5 %. The Commissioners and many eminent speakers joined him in these mathematical girations. I accept that in the United Kingdom they are presently changing to the metric system, and during a changeover even brilliant people can get confused. But, Dr. Hughes, even under the metric system, basic principles of addition remain the same.

This evening we heard an excellent, indeed a most enjoyable speech from my colleague, Lord Bruce, who spoke of a strong farming lobby. As a matter of fact, he broke the farmers down into big farmers, and small

McDonald

farmers, and even disadvantaged farmers — but still taking the line that there are some people, even in the Commission, who think that all the farmers are mentally retarded as well. Are the proposers of those totally inadequate increases really serious in suggesting that they will ensure a fair standard of living for farmers? My colleagues who have spoken have pointed out the increases in the costs of production over the past year. Now what contribution will these excuses for price increases make towards redressing the imbalance between the development of the agricultural industry in Ireland, shall we say, on the one hand, compared with Belgium and the Netherlands on the other? And we are now full members of the Economic Community. I submit absolutely none. How far will these minimum increases go towards maintaining income trends in agriculture relative to those in a non-agricultural sector? In Ireland the latter are already offered 8% in the current year, which they have not accepted yet, and my colleague, Mr Herbert, here earlier this afternoon said that Irish workers were entitled to a 15% increase. Since he is a member of our Government's party, obviously that is the figure that our Government is prepared to go to in order to get an agreement.

Mr President, we are all indebted to the rapporteur, Mr Hughes, for the very voluminous report and the explanatory memorandum and the tremendous amount of work that he has obviously put into this task, which has certainly facilitated this debate. However, I am rather disappointed that he did not include Irish statistics in the table on regional variations in income within the Member States. They would have indeed made an interesting bit of reading and should have been included, to my mind.

In connection with paragraph 6 of the motion for a resolution, I should like to ask Commissioner Gundelach what steps are being taken to make our Community independent of imports of high-protein grains from third countries. While I agree that the cultivation of soya is technically possible in France and Italy, I believe there are no real prospects of producing soya in Europe sufficient to meet our needs under the present policies and conditions. What contribution does the Commission feel will microbial protein, on which so much has been spent in the last few years, make to correct the Community's deficiency in this field? Again, what effect will this microbial protein have on agricultural production? Bearing in mind that farmers are consumers, even agricultural consumers, what effect will microbial protein have on the cost of pig production, and, on the other hand, will it adversely affect either barley or grain producers? Could I ask in conjunction with that: what is the state of research in the field of synthetic vitamins, and what part will they play in future years? This, I think, is something that we have been reading about, and I do know that experiments are under way in a number of countries.

On the question of sugar beef, Mr President, the statistics do not make pleasant reading. However, the necessity for Irish tillage farmers to have a root crop as part of a proper rotational programme is obvious, and I should like to stress the importance to our tillage farmers and sugar factory workers of maintaining the present acreage of beet. Again, can the Commissioner tell me if the reduction in the quota, as far as Ireland is concerned, can be expressed in actual acres?

Noone can deny that there is a problem in the milk sector, but it must, however, be seen in perspective, and precipitate action should of course be avoided. Again, on the question of beef, we have a number of amendments down. Perhaps the Commissioner might have an opportunity of speaking briefly on them, as well as on the main problems of the MCA's and the green rates. I think quite a number of our colleagues certainly have strong views on them, but I do hope that the Commissioner — and I compliment him on his patience in listening to all the arguments this afternoon — will be able perhaps to include many of them in his revised policy as regards prices, which I am sure he will be working on before the next Council meeting. Go raibh maith agat.

(Applause)

President. — Since Parliament decided to hold the last hour of the general debate on this subject tomorrow morning, the debate is now adjourned.

12. Agenda for next sitting

President. — The next sitting will be held tomorrow, Thursday, 16 March 1978, with the following agenda:

10 a.m. and in the afternoon:

- vote on the request for urgent debate on the motion for a resolution on the latest Palestinian terrorist attack;
- Hughes report on the fixing of prices for certain agricultural products (continuation and conclusion of debate);
- Scott-Hopkins report on sugar and isoglucose;
- Flämig report on radioactive waste and the reprocessing of nuclear fuels.

No later than 12 noon:

- vote on the motion for a resolution contained in the Hughes report on agricultural prices;
- vote on the motion for a resolution contained in the Yeats report on the amendment of the Rules of Procedure of Parliament;

3 p.m.: Question-time (questions to the Commission):

The sitting is closed.

(The sitting was closed at 9.20 p.m.)

ANNEX

Questions which could not be answered during Question Time, with written answers

Question by Mr Hamilton to the Council

Subject: Recommendations on financial aid for the Glasgow area

Over a year ago representatives of the Regional Committee of the European Parliament visited Scotland; subsequently they made a report, including recommendations for action. The most important recommendations were that financial aid be given to help overcome the social and economic difficulties in the Glasgow area, where these problems are among the most acute in Europe.

Will the Council say what action, if any, is proposed to implement the recommendations of the committee?

Answer

As provided for in the Regulation of 16 March 1975 establishing the European Regional Development Fund, assistance from the Fund is decided exclusively by the Commission, on the basis of requests submitted by the Member States and fulfilling the formal requirements laid down by the Regulation.

Question by Mrs Ewing to the Foreign Ministers ()*

Subject: Nuclear-free zone

Will the Ministers take action to coordinate their policies on nuclear weapons with a view to establishing a zone free of these weapons in the Community?

Answer

The particular question raised by the honourable Member has not been discussed and is not likely to be brought up within the framework of European political cooperation.

(*) See Debates of 15 February 1978.

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IN THE CHAIR : MR BERKHOUWER

Vice-President

(The sitting was opened at 10.00 a.m.)

President. — The sitting is open.

1. *Statement by the President*

President. — Ladies and gentlemen, I would ask for your attention regarding the terrible news which has reached us this morning of the kidnapping of Mr Aldo Moro in Rome and the murder of his five bodyguards.

I would ask you to stand and observe a minute's silence in memory of these five people who lost their lives in the performance of their duties.

(The Assembly stood and observed a minute's silence)

2. *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.

3. *Documents received*

President. — I have received the following documents :

- a) report drawn up by Mr Bangemann on behalf of the Committee on Budgets on the European Parliament's guidelines for the budgetary and financial policy of the European Communities in 1979 (Part I: General budgetary and financial policy problems, institutional matters and budget law questions connected with the revenue section) — (Doc. 3/78);
- b) motion for a resolution tabled by Mr Bangemann on behalf of the Liberal and Democratic Group, pursuant to Rule 25 of the Rules of Procedure, on the violation of human rights in Ethiopia (Doc. 5/78).

These documents have been referred to the Political Affairs Committee as the committee responsible and to the Committee on Development and Cooperation for its opinion.

4. *Amending and supplementary budget No 2 for 1978*

President. — With yesterday's vote on the motion for a resolution tabled by Mr Shaw on behalf of the Committee on Budgets, Parliament gave its approval, in accordance with the Treaties, to amending and supplementary budget No 2 for the financial year 1978, which had been forwarded to it by the Council.

Consequently amending and supplementary budget No 2 is finally adopted. The Community Institutions have been informed of this, and the amending and supplementary budget will be published in the Official Journal of the European Communities.

5. *Statement by the President*

President. — By letter of 14 March 1978 the Committee on Economic and Monetary Affairs informed me that it did not feel competent to draw up a report on the motion for a resolution (Doc. 310/75) on the abuses and fraudulent practices of the major pharmaceutical laboratories in Europe, which had been referred to it, pursuant to Rule 25 of the Rules of Procedure, on 13 October 1975.

6. *Decision on urgency*

President. — I now consult Parliament on the adoption of urgent procedure for the motion for a resolution, tabled by Mr van Aerssen, Mr Bertrand, Mr Blumenfeld, Mr Brugger, Mrs Dunwoody, Mrs Ewing, Mr Johnston, Mr Klepsch, Mr Müller-Harmann, Mr Normanton, Mrs Walz and Mr Ryan, on the latest attack by Palestinian terrorists on Israeli citizens (Doc. 4/78/rev.).

Pursuant to Rule 14 (2) of the Rules of Procedure, we may hear one speaker for the adoption of urgent procedure and one speaker against.

I call Mr Fellermaier.

Mr Fellermaier. — *(D)* Mr President, ladies and gentlemen, my Group will not vote for the adoption of urgent procedure. We think that this motion for a resolution may be justified. It requires careful examination, and so we move that it be referred, in accordance with Rule 25 of the Rules of Procedure, to the Political Affairs Committee.

President. — I call Mr Bertrand.

Mr Bertrand. — *(NL)* Mr President, at the time when the authors of this motion for a resolution decided to table it, the subsequent events were not known. Since there has been a new development, I propose that the motion for a resolution be referred to the Political Affairs Committee to enable it to re-examine the whole question before putting forward a new proposal.

President. — I note that Mr Bertrand in fact agrees with Mr Fellermaier's proposal that the matter be referred to the Political Affairs Committee.

Are there any objections?

That is agreed.

7. *Fixing of prices for certain agricultural products (continued)*

President. — The next item is the continuation of the debate on the Hughes report (Doc. 579/77).

I call Mr Bersani.

Mr Bersani. — (I) Mr President, I am still shocked by the terrible news you announced to the House. It shocks all of us, not only us Italians, but all those who hold dear the principles of democracy and who share in the struggle to maintain and strengthen freedom, justice and democracy in Europe. My sincere wishes go with yours, Mr President, that this already tragic affair will not result in further tragedy.

Let me now turn to the subject of this debate. I just want to say, in the few minutes allotted to me, that the debate has been marked by a great sense of responsibility. As always happens when we discuss the problem of prices at this time of year, it covers the entire agricultural policy. Basically, this is what we have been concentrating on during this debate. Although the problem of prices is important, I do not think we ought to blow it up out of all proportion.

We all realize — even those whose opinions differ from those of our Group have made this clear — that this problem affects large and medium-sized holdings quite differently from all the small farms — and the vast majority of farms in the Community are small. Another point is that, as we are dealing with average prices, a fair amount of deviation is possible. We have to watch that we do not emphasize too strongly one aspect of the problem. Of course, it is important on account of the possible links with inflation and the tricky problem of the difference between Community and world prices in the context of the severe fluctuations in exchange rates. But if we emphasize one aspect too much, we shall be pushing aside other more complex problems which have rightly been spotlighted during this debate.

We agree that we have to speed up the reform of the system. In this respect the current measures indicate a trend which suggests a real desire to carry out further basic changes to revitalize what is a mainstay of the Community structure.

I should like to hope that a clearer idea of planning will come out of this trend to get things moving and concentrate on one or two basic issues and essential points of this reform. We can all see how the strong areas — in various ways and for various reasons, including the compensatory amounts — end up by being privileged, while the weak areas merely get weaker and weaker. Similarly, at sectoral level there is a whole range of viewpoints which the common agricultural policy fails to coordinate and harmonize. It is clear that only more detailed planning can get to grips with these negative trends and redirect them in a more integrated manner, as was the aim at the outset.

We are all against surpluses, of course, but this problem is connected not only with the problem of prices but — and this is obvious — with complex structural problems. These in turn require us to take a closer look at the link between the protection of markets and structural development, between quality improvement and a firmer control of certain aspects of the market.

As for the compensatory amounts, the Commission proposal is a step in the right direction because it does lay down a timetable, even though it is far too drawn out. We are all aware how the compensatory amounts not only affect the general economic and monetary situation in an adverse manner, but how they also create distortion among the economies of the Community, with very serious consequences which in the end only benefit the stronger areas.

I want to say a couple of words about milk. In our opinion, it was unfair to apply the system of co-responsibility indiscriminately because this has meant depressing a sector which, in the general interest, we ought to be stimulating. However, it is vital that revenue from the co-responsibility levy be genuinely channelled towards getting production levels above what they are at present.

A brief comment about soya. I find it intriguing that soya production should be encouraged in an attempt to improve protein yields in Europe. Apart from France, there is Sicily and there are other regions in southern Italy where heavy expenditure on irrigation, as part of the Mediterranean package, is at least a possibility. Nonetheless, I feel these proposals are still inadequate and in my opinion, Mr Gundelach, we ought to strengthen them so that in this sector — as for sheepmeat, which could also be developed in these areas — they fit in better with the rest of the Mediterranean measures.

President. — I call Mr Corrie.

Mr Corrie. — Mr President, it is rather surprising looking round this Chamber this morning, to see how few people are here, when we consider that this is probably one of the most important subjects in the whole of the European Community. However, I would start by declaring an interest, because, as a farmer, anything I say does have a direct bearing on myself. I would congratulate and thank the rapporteur for the tremendous amount of work he has put into this document, and the Commissioner for his speech yesterday morning.

I think one has to look at the background in agriculture when talking about prices. It is difficult for anyone not in that industry really to appreciate and understand its problems. It is a totally different world to the industrial world. You cannot throw a switch on a Friday night and stop and then throw the switch on Monday morning and start again. You would have

Corrie

some mighty uncomfortable cows if you did. It is a 365-day a year job, especially for the small farmer, who has a very long day indeed. It is long-term industry with a 3 to 5 year breeding cycle. This means that one simply cannot change from one product to another very quickly. We have for the last 3 or 4 years been at the mercy of vicious inflation at the rate of between 400 % and 700 % in many cases. Farmers have no control over their incomes and very little control over the product that they sell. Politicians decide that. Irrespective of price rises in the agricultural industry in the last year, at the end of the day politicians will decide their standard of living for the coming year.

Mr Hughes mentioned considerations that had to be taken into account: unemployment, inflation, stability in the economy, consumer resistance. But all these are not the fault of the farmer. They are the fault of governments. Because we are unable to rule our economy. I do not want to go into depth on the green pound and MCA's but it is interesting to remember the fuss there was in Britain when we had a 5 % increase which eventually became a 7½ % increase. That put one quarter of one percent on the cost of living index, and there was a tremendous hue and cry in the press. Last week there was an increase of 2 pence on a pint of beer which put one third of one percent on the cost of living index. And not a word was said.

Increases in farm incomes in the last few years have been caused by increased efficiency and increased productivity. And this has been forced on farmers because of rising costs and price being held down. In fact, for the last ten years the agricultural industry has increased its out-put by some 20 %. Now we are penalizing efficiency, we are penalizing capital investment, because the two areas most developed, the dairy and the beef sector, where most capital investment has taken place, are the areas where price increases have now to be held down. We are propping up inefficiency by penalizing efficiency. How can we do this and encourage reinvestment at the same time?

Mr Hughes said that the increase in milk-yield in cows was causing the major problems within the dairy industry, and he is right. But increased yields mean increased efficiency. So the more efficiency we have the more cows will have to be slaughtered.

Perhaps, instead of trying to change the structure of small farms and the way of life of small farmers, with all the social problems that would create, we should be trying to provide incentives to change the produce of the larger farms. But climate is a problem. You cannot grow maize and oil seed rape in the northern regions. We should be looking at a regional food-growing policy of some kind. In each region we should grow the products which grow best there: beef and sheep on our hills, milk in the lowlands, and Mediterranean products in those areas best suited for them. But what has been the effect on the peripheral

regions of inflation and price controls in agriculture? Regional balance is important. In northern regions, such as my country, the picture is indeed gloomy. I might just quote one or two figures. Last year beef-cow numbers fell by 2 %, beef heifers in calf for the first time fell by 13 %, the lowest level in 10 years. Cattle under one year old were down 3 %, pigs for breeding were down by 29 %. How does one balance that against Mr Hughes, suggestion that what we are trying to do with the CAP is to increase agricultural productivity and to ensure fair standards of living for the agricultural community?

There are far too many people taking a profit out of food between the farm-gate and when it gets to the housewife. Surely the Commission will agree that there must be better marketing and better presentation. Because we are in a 'heads you win, tails I lose' situation. If we increase prices, we get increased output and increased surpluses. But irrespective of what Mr Gundelach says, I still believe that if you keep prices down, farmers will simply increase output to increase their income and will therefore still increase surpluses.

Mr Gundelach, with the greatest respect, the Commission is in an impossible situation with the CAP. We cannot buy ourselves out of this problem. I know you are doing your best, and the Commission is doing its best, but I think that we have got to try and find a new line of approach. It is a structural problem, a regional problem and a social problem. Mr Gundelach said agriculture is not an economic island. He is right but agriculture has become an economic football and gets kicked from every quarter. Mr Gundelach said the market does not exist, presumably because of consumer resistance to prices. So the price of food is the key, and perhaps we are going to have to start working back from that as well as forward from costs. Because intervention, at the end of the day, is not in fact giving the housewife cheap food. Intervention is costing some 40 % of the CAP fund. I wonder, if those millions of pounds were used to cut the price of foods in surplus, what the effect would be. Have the Commission looked at this? I would also like Mr Gundelach to define his attitude to flexibility, which he mentioned in his speech, having had some experience of flexibility with the Commission on fishing policy. Does this mean that we are going to see some major changes, Mr Gundelach, in the package already presented, in the next week or two?

I support much of what Mr Hughes has said. I think we have in particular to watch the balance between the North and the South as far as the produce is concerned. I support any move to encourage all crops that can replace imports such as soya and maize. I look forward to the urgent introduction of the sheep-meat regime for this season's lamb. I have grave doubt on the eventual impact of the co-responsibility levy. Are all countries operating it, and if not, can the Commission tell us which ones are not and why not?

Corrie

Might I say a few words on Amendment No 53 in Lord St. Oswald's name and my own. We are suggesting that lupins be included amongst the crops for assistance in the vegetable protein and oil sectors. This is a crop that a tremendous amount of work has been done on in Australia. It can take the place of oil-seed rape. It is a crop that will grow in most areas throughout the whole Community and I think it is well worth looking at for this reason.

Finally, might I leave this thought with every-body. We are supposed to have a common agricultural policy. Nothing seems to make us more nationalistic than when we talk about agriculture. I am sure there are many occasions when Mr Gundelach feels at times that 'CAP' stands for 'complicated agricultural problems' rather than Common Agricultural Policy. But we have to get to have a strong community agricultural industry. There is no alternative. It is up to the Commission, the Council and this Parliament to see that the climate is created where both the farmer and the consumer get a fair deal.

President. — I call Mr Klinker.

Mr Klinker. — (D) Mr President, I should just like to say that the material contained in the Hughes report should actually have led Mr Hughes to fall in with the majority opinion of the committee, since it is really only open to one interpretation.

I should like to add, if I may, that if Mr Gundelach listened carefully to the committee's deliberations, he should cross the political bridge which it has built. My colleague Mr Früh gave an excellent explanation of how the 5 % demand should be interpreted. What Mr Scott-Hopkins said is simply unacceptable: 'We in the United Kingdom have 7½ and, as far as we are concerned, the matter is settled'. But since we have to deal with countries whose currencies have been revalued and others whose currencies have been devalued and the correct balance must be preserved, the committee voted by a large majority for this motion, which still of course undoubtedly contains many weaknesses.

I was, however, surprised yesterday that Mr Gundelach did not act like a bridge-builder, especially since I know what was repeatedly explained to him in the Council's preliminary discussions on price policy in the form in which he has in fact framed it. I admit, of course, that he has certainly based his approach on a majority decision by the Commission. If you look at the political make-up of the Commission and consider the Socialist camp's political backing for this proposal in yesterday's debate, it is perfectly clear that in this Commission, with this political composition, Mr Gundelach could certainly not offer more than 2 %.

But on the basis of the material which has become available in the meantime he should have felt obliged

to fight in the Commission itself for a just solution which would take account of the present situation of agriculture. For the fact is, ladies and gentlemen, that European agriculture is also a branch of industry and is just as dependent on costs as any other. When the price-cost gap widens, something must also be done via the prices, and both Mr Hughes and the Commission have in fact shown in their calculations how small the effect on consumer prices would be, even if approval were to be given to a 5 % upward or downward adjustment, if I may adopt the terms used by Mr Früh. It therefore strikes me that the Commission would be well advised to take account of the committee's vote in its further deliberations.

Ladies and gentlemen, we must never forget either — and this is the last problem which I should like to touch on — that the European Community is the largest food importer in the world, and sufficient weight must be given to this fact at the GATT negotiations. And at this point I should like to congratulate Mr Gundelach, since what has so far come to my attention regarding the talks in Washington is fully in line with our European approach, i.e. that our American partners must be left in no doubt as to where the preferences lie, particularly in respect of European agricultural policy.

To this extent Mr Gundelach has so far handled the matter with considerable skill. That he was not so fortunate in the Commission is due to the latter's political composition, and for this reason I can forgive him. I should nevertheless like to urge him to devise, with the backing of the majority vote in committee, a policy which will lead to the decisions demanded in our resolution.

President. — I call Lord St. Oswald.

Lord St. Oswald. — Mr President, I am happy to tell you that I need to use up no time at all, because, by arrangement between us, my honourable friend Mr Corrie arranged to say what I wanted to say, about the usefulness of the new protein source of lupins, suitable for European soil and the European climate.

President. I call Mrs Ewing.

Mrs Ewing. — Mr President, fellow colleagues, I rise to support the recommendation of the majority of the Committee. We are all aware that the EEC transition period ended on 1 January 1978, but British farmers are now further below their EEC competitors than they were when we first joined the Common Market. This is not of course anything original, but it still has to be repeated, so I would like to agree with the general considerations in the Hughes report, regretting the increased disparity in incomes between states and regions, and the fact that the CAP has not been able to ensure an adequate income to the family farm.

Ewing

In my area, the family farmer is perhaps the most important unit in this industry, which is one of the two most important industries in Scotland. I would like also to agree with the price proposals on page 7 of the Hughes report, which are designed to secure a reasonable income for farmers, and to enable agriculture to continue to contribute to the revival of the Community's economic activity. Now it is obvious that we are all consumers, and there is here this element of consumers against farmers. I would like in this instance to refer to a parliamentary answer that was given in the House of Commons on behalf of the Government on 5 December, when it was stated that a 10% devaluation of the green pound would involve the retail price index to the extent of half of one percent. Admittedly when you consider that in relation to food, it would be of the order of 2. But I think we should know exactly what the situation is here, and I think we should separate the long-term plan we have for the agricultural industry, when we look at the consumer's interest, and the short-term considerations. Because unless this industry has confidence for long-term growth, then short-term considerations, based on the very understandable demands of consumers, could mean that in the end the consumer will face much worse price increases if our home production, which is already exceedingly efficient in the UK compared to other Member States, is not safeguarded.

We are asked in the conclusions of the Hughes report to look for forecasts of production. Mr Corrie touched on pig breeding. I would just like to give one or two statistics which seem to me to be exceedingly important in considering the vital nature of this industry to the whole of the UK, and to Scotland in particular. The investment in agriculture in the UK is £ 10 000 per man, or if you like, twice that of the motor industry. In the years between 1965 and 1975, a whole decade, farm output rose by 20%, whereas industrial production in the UK rose by 13½%. Farm output of £ 6 400 million is three times — if I may give one example — that of the coal industry, and one could go on with these kind of statistics. But a very significant consideration is this: in the battle with the consumer, as it were, every thousand pounds of agricultural output requires imports from other sections of industry to the extent of £ 800. So the wealth is being spread around and benefiting other sectors of society. It is obvious too that it is a key industry so far as jobs are concerned particularly in Scotland where it is either the biggest employer — it varies from year to year — or the second biggest employer. The agricultural industry of the UK produces more food than Canada, and more food than Australia and New Zealand combined. It is also obvious that it is a settling type of industry: it helps to maintain a peaceable society, prosperity and a settled way of life.

The Scottish Council on Development and Industry, which is a kind of embryo ministry of planning in

Scotland — a self-help organization with some help now, of course, from the Government, but which started off on its own — has produced statistics indicating that, at this moment, agriculture is one of the two most important sources of jobs. It also says that because of the lack of confidence in the long-term strategy for this industry, there is under-employment, and that if we could instil confidence into the farming sector, we would immediately create a lot more jobs. This would help to reduce the really shocking statistics of unemployment at home.

So far as Scottish production trends are concerned, there is a very alarming downward graph, showing a total retrenchment and lack of confidence. As late as December 1977, we have figures showing that the total number of cattle in Scotland in 12 months had fallen by 1%, beef cow numbers 2%, beef heifers and calves — which is the future after all — 15%, and that is the lowest level for almost 10 years. Beef heifers for breeding — and Scotland is rather famous for its breeding cattle — are down 6%; the dairy cowherd is down marginally, and dairy heifers are down 8%. Again, the future is involved. Cattle under 1 year old are down 3%, and Mr Corrie has mentioned the pig slump already in his speech. Even sheep, where we were expecting a 20% increase — that was foreseen in the 1975 farm expansion programme — are only holding their own. Now why is this important, Mr President? It is important because 70% of this vital industry in Scottish terms is from the livestock sector. To take Mr Corrie's point about using the land for what is suitable, our land is suitable, traditionally famous, for producing high-quality livestock, recognized to be so all over the world. So these statistics show the acute anxiety that faces every sector of this industry.

With regard to the net incomes in farming, there is really no justice in trying to equate a farmer's net income with a national incomes policy or with net salaries.

This is because a farmer's income has got to be enough to cover the cost of existing assets, which are nowadays enormous, as one knows, even in small-time farming, when one considers the cost of tractors and of improvements of that kind. They have also got to cover new investment.

The Scottish National Farmers' Union has asked me to say when the opportunity offered itself, that they regard the monetary compensatory amounts as the single most urgent issue facing the industry, and that as long as the green pound gap, which is so unfair to the UK persists, then British agriculture is severely handicapped. You see, other EEC farmers are compensated when they sell in our market, and this really amounts to a kind of subsidy in certain areas which

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are not as efficient as ours. It is almost like a system of legalized dumping, and it is questionable whether any other industry would survive it. In a certain way, this is a kind of tax on British farm produce.

So we have a system which is encouraging imports, subsidizing foreign suppliers, and preventing our industry from exploiting markets. Here the British Government has to take part of the blame, because of course they could alter the green pound rate. I keep hoping for signs that the Commission and the Council will use whatever pressure they have on the British Government to take this matter as seriously as it deserves. Because for many months now, the gap between the green pound rate and the true value of sterling has been 30 %. The situation really is that as late as November 1977, after five years of supposed transition, a price fixed in Brussels of 100 units of account per ton, was equivalent to about £ 59 in the UK, £ 74 in the Irish Republic, £ 77 in Denmark, £ 78 in the Benelux countries and £ 83 in Germany.

I think these figures speak for themselves, and I would simply like to end by urging the House to support the recommendations of the Hughes report, and I would like to add that I shall be considering each amendment on its merits, as it comes before us.

President. — I call Mr Nolan.

Mr Nolan. — Mr President, I would like to pay a tribute to our spokesman for the Group of European Progressive Democrats, Mr Herbert, who outlined our policy on agricultural prices and, in a general way, our attitude to agriculture within the Community. I would like also to thank Mr Gundelach for his very open and interesting speech here yesterday. There are one or two points I would like him to dwell on when he speaks again.

He mentioned, for example a sheepmeat policy which we will have within the next few weeks. His predecessor, Mr Lardinois, told us two or three years ago that we would have a sheepmeat policy within months, within weeks, but we have still not had it today. I understand, as far as I am concerned as an Irishman, that we have got free access to the French market for our Irish lamb, but only since January 1978; yet, considering the importance of sheepmeat in say Scotland, other parts of the United Kingdom, in Ireland, and France, it surprises me that when we have a common agricultural policy for beef, for wheat, for beet, we have not, as yet, in the twenty first year of this Community, a common agricultural policy for sheep. I would like Mr Gundelach, when replying, to give us more information about his proposals.

I would also like to refer to isoglucose. About two years ago, in a reply to a question in this Parliament, I was informed that the Commission would control the manufacture of isoglucose, which is manufactured from raw materials imported into the Community, in

particular from maize. I would like to ask you, Commissioner: is maize subsidized indirectly as it comes into the Community? I think we should also inform the consumers that isoglucose cannot be used for domestic consumption, it cannot be used in your coffee or in your tea, it can be used for industrial purposes only. But at the same time, we have commitments to the ACP countries for 1.5 million tons of sugar, we have our commitment to our own sugar beet producers within the Community, and a very serious situation will arise if we allow the manufacture of isoglucose to go unchecked within the Community. Certainly, you, as agricultural Commissioner, should be very cautious — and I would say very worried — about the manufacture of isoglucose.

In conclusion, Mr President, I want fully to support my colleague, Mr Herbert, and the European Progressive Democrats in our request for a 5 % increase in farm incomes in the current year.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission.

— Mr President, I would like first and foremost to thank all the many speakers in this debate for their contributions. I have noted very carefully what has been stated. All comments of a specific or detailed nature will be constructively and positively considered by the Commission in the work that still has to be done before the price package can be finalized. I will not therefore address myself to these points in my winding-up remarks, but I wanted to make this comment in order to make it clear, that, for instance, questions concerning the Italian speciality cheese to which reference was made, and all other subjects of this kind, have been duly noted and will be considered in a constructive spirit.

Under this heading I would also like to repeat what I said yesterday to the last honourable speaker. The Commission will live up to its responsibility and submit before the final price package, and in time for this Parliament to consider it, a market regulation for sheepmeat. I do not think this is the moment to go into the question of the content of this proposal, which you will have within a little more than a week, but it certainly will secure the free movement of sheepmeat inside the Community and will give assistance to sheepmeat production in ill-favoured regions. These are two points I wish to underline.

I dealt with isoglucose yesterday in my longer speech. Let me only say, as I have said before, that this is a product which benefits from our sugar policy in general, is part of that product-group and is therefore being treated by us, I hope, in reasonable terms as part of the sugar policy. In this sense I can give a positive answer to the last speaker.

Otherwise, Mr President, I would like in winding up to concentrate on the major issues raised in this

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debate. There were three: the need for price rises beyond 2%; the question of surpluses; and the need for a quick phase-out of MCAs. Let me first look at the need for price rises. Mr Scott-Hopkins said yesterday that I should bury the objective method. After hearing it misused by speaker after speaker, I must say I am very tempted to do so. The objective method does not tell us the price farmers must have if they are to cover their cost increases. It does not reflect the actual development of agricultural incomes. It is quite a different thing. It is an indicator of parity with other economic groups. It has its defects. It does not take account, for example, of market imbalance or the effects of price rises on consumers. It operates with a fixed rate for increases in productivity year in and year out, despite the fact that, as we know, productivity, in agriculture has continued to rise. It is nothing more than a mathematical formula — a tool to be used, but like all tools, used properly. You cannot build a policy on the use of a mathematical formula, but only by using political judgment. Much play is made of the call for a 5% increase, but you must, irrespective of what some have been saying, add together the price effect of green-rate changes and the proposed increase in units of account. I am not criticising anybody; it is just a matter of fact. Then you will see that farmers in the United Kingdom, in France, and in Italy will all get more than 5%. In Ireland they will get less, but they have recently had considerable price increases due to green devaluations, and there may be more of these.

The question of adding to inflation is indeed relevant. I would have liked to say to Mr Baas, if he had honoured me with his presence today, that it is very much on the governments' minds in dealing with rates disputes, and on the Community's mind when dealing with the industries in deep trouble, like steel and textiles. That leaves us with the snake countries. The strength of their currencies means that import prices have fallen. Think of American soya for Dutch and German dairy farmers, or energy — so important to agriculture in various forms, not just as tractor oil. This means their costs have risen less than in other countries. It is logical that their prices should rise less. Denmark has devalued three times within the last twelve months, with farming price increases as a result. We have also studied the case of Belgium. Looking at the evolution of costs, prices and income, we have discovered that Belgian farmers are doing better than their Dutch and German counterparts. If we set aside potatoes because of the price fall from an abnormally high point, we find that real Belgian farm incomes show a small rise in 1977 over a bigger rise in 1976, against the minimal fall in Holland and a slightly bigger, but still minimal, fall in Germany. These figures are naturally at the moment only provisional but they are of that order of magnitude. Prices received by Belgian farmers since 1970 rose 10% more than in Germany and about 8% more than in Holland. Costs rose more quickly it is true, but by only 6% more than in Germany and 5% more than

in Holland. It is not surprising therefore that real Belgian farm incomes have risen by 4.1% since 1968 against 1.9% in Holland and 1.7% in Germany. I refer to the income figures for the last year, which has been slightly poorer for the snake countries, but over recent months inflation has decreased, and thereby the situation in the snake countries has improved again.

Farmers are not doing badly. Mr Herbert wants us to believe that the growth of farm incomes lags far behind that of industrial incomes. That is not true. Over the last three years in the Community as a whole, they have grown at almost the same rate. The impression that agriculture is doing badly is not founded in fact. Naturally, farmers are feeling the consequences of the economic crisis — some even badly — but on the whole, no more, as I explained yesterday, than others, and less than a lot — the unemployed, small businesses, the pensioners, etc. Farm incomes cannot therefore be used as an excuse for ignoring the problem of persisting and growing surpluses for which there is no potential market, neither today nor tomorrow. That is something you cannot get away from. On these surpluses Mr Baas, who still is not honouring me with his presence, seems to have found an answer: an energetic export policy. Let me tell you that we exported, at enormous cost to the taxpayer, more in 1977 than ever before in the history of the Community: milkpowder, butter, sugar, grains — you name it. We have gone to the limit of what the market can take. Perhaps we should concentrate more on processed products and keep added value in the Community. But we already export our cereals as flour, our milk as skimmed milkpowder, our sugarbeet as sugar, and we are increasingly exporting cheese.

Mr Baas wants bilateral agreements with the United States. For obvious political and commercial reasons this is not on. They are not available for that kind of deal. But multinational trade negotiations are very much on, including bilateral contacts with the United States. I had the latest in a series of talks at the highest level with the United States in Washington last week. We are seeking better access to the United States market, in particular for our dairy products and for our speciality products. It is true that we have this balance in the trade relationship with the United States. But you must recall that there are other trading partners who have a huge deficit in their trade relations with the Community, a great deficit in agriculture and who are at our doorsteps wanting to increase access to our markets — Canada, Australia, New Zealand, Argentina, Uruguay, Yugoslavia, Switzerland, Austria — all countries where our surplus maintains our overall balance of trade. They cannot be ignored either.

So, have no illusions, we cannot export away these surpluses, even if it is part of our policy to have an energetic export policy — and we have it. We have to deal with these surpluses ourselves, and we have to

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bear the costs ourselves ; and taxpayers are reaching their limit. They will only pay for a policy they believe in. That is what I mean when I say the credibility of the Common Agricultural Policy is at stake.

Mr Vitale wants to plan his way out of difficulty. Leaving aside climatic difficulties, can we have a coherent policy based not on quotas for individual farmers, but quotas for countries? It would in my view be the end of free enterprise. It would be the end of free movement of goods. It would be the end, not only of the agricultural policy, but of the Community. It would be over my dead body. But if, by planning, you mean better strategy, a better overall view of production and consumption possibilities, that is a different matter. That is what we are trying to build up. As I said yesterday, a comprehensive strategy — yes ; rigid planning — no !

As I also explained yesterday, and I repeat it once again, we are not building alone on price policies, but also on structural policies in the widest sense of the word. We are, in particular, putting forward proposals, some of which you will have to deal with later, which seek to bring about a better regional balance including agriculture, between various parts of the Community. Unless we do that, we shall not have any foundation on which we can build the movement towards economic and monetary union without which we will not prevailed as a Community.

We are also trying to bring about a better balance between various sectors of production, by the use of incentives. There are possibilities of shifting from milk production, because, Mr Howell, you are right, the number of dairy cows must be brought down. But given a sensible price policy for meat, we can increase the consumption of meat and thereby make an alternative use possible. We can also develop other production lines which will diminish our imports and make for better balance, regionally and otherwise inside the Community. That is what we are trying to do and we should go further on that line.

Lastly, the question of monetary compensatory amounts. They do distort the functioning of the policy, and must be brought under Community control. We cannot, as I said yesterday, continue on the basis of ad hoc changes, which make a folly of general decision-making by Community bodies on the price policy. Reduction of existing MCA's must therefore be seen in the wider context of the price policy. Mr Nyborg and several others want a 3-year phasing-out of MCA's. I agree — and I repeat it again and again, — that the MCA's must be phased out and the sooner the better, because of their cost, their impact on the unity of the market of the Community. But does Mr Nyborg realize what he is asking? A 5 % rise and a 3-year phase-out will mean an average price rise this year of more than 12.5 %. Impossible !

Mr Früh, Mr Klinker, Mr Corrie, and others, have referred to compromises, to a bridge. I have the

deepest respect and confidence for the good will and wisdom of these gentlemen. As I hope they have in the end faith in my sense of responsibility and my ability to negotiate. I must say, however, that the proposals presented in the report by the Committee on Agriculture do not, to me, constitute the beginning of a bridge. I understand what Mr Früh was saying yesterday. And it puts things in a certain light, which makes it easier. But if I accepted this text, I would end up having a 5 % increase in units of account added to increases in green rates. I accept the sentiments which have been expressed by these gentlemen fully without any reservations. But I do not consider the text to be the beginning of that bridge. I will take my responsibility when the time is ripe, and it will only be ripe a little later. Because you know that the Council's decisions will be taken on the price package towards the end of April. You also know that you have to debate questions which relate to that overall package, such as Mediterranean policy, at your next part-sessions, along with new proposals which we have made in regard to certain modifications of the intervention systems for beef and milkpowder, plus continuation of a number of measures already decided last year. Those are the measures Mr Herbert referred to as being put on your table slyly, in a hidden way. Gentlemen, I told you about these proposals as long as a year ago. I told you quite candidly they were going to come and what they meant. In December, they were on your table. You still have time to consider them before your next part-session in April, because the Council will not decide before the end of April. There is nothing sly or underhanded in this operation, but a serious effort to solve problems confronting our Common Agricultural Policy. We will still have time to meet again in April, before the final political decision has been taken by Commission and Council in regard to the whole overall package on agricultural prices and related aspects of agricultural policy.

But on what I am presented with at this stage, I will not mince words. There is no alternative to a moderate price policy. That is the only way to fit agriculture into the general economy ; to tackle surpluses and to secure the future of the Common Agricultural Policy which, and there we are united is and remains a cornerstone of the Community. What we are trying to do is to avoid putting agriculture on the dole, and instead, to refit it to meet new challenges in a new and changed economic environment.

(Applause)

President. — I call Mr Hughes.

Mr Hughes, rapporteur. — Mr President, as one would expect, the debate has both mirrored and frequently repeated comments and views expressed within the Committee on Agriculture.

Hughes

If I may take as my starting-point Mr Früh, with his delightful analogy of the double-declutch mechanism as regard MCAs I found this, even though not as old a motorist as some, very entertaining. He also said at least in the English translation— that 5 % was an inalienable European decision. (I trust the translation did not in any way distort what he meant.) He then appeared to be saying that for soft currencies there should be one adjustment going one way and for hard currencies an adjustment going another way, and that this should be done in order to prevent national measures being taken to assist incomes. I wish that had been spelt out more clearly in the Committee on Agriculture. I regret that it was not, because it is a significant change from the wording that is before the House today. I only regret that it was not possible to discuss the implications of this far more deeply in the Committee on Agriculture, because what I noted myself when I was listening to Mr Früh was in a sense that the current German positive MCAS are but a nationally-determined income-support for its farming community, in the same way as the current negative MCAs in my own country are a nationally-determined consumer-support arrangement.

Mr Baas is still honouring neither Mr Gundelach nor myself with his presence, but I think there was some difficulty in Mr Baas's speech with regard to the translation. In the English language, the gap between utter nonsense and sheer luancy is fairly narrow, and I suspect that as these things get translated differences in strength of feeling may well be aroused. He argued very strongly about the micro-economic reaction of farmers who, with a price fall, were liable to increase production. The evidence that we discussed at length in the Committee on Agriculture on this is very confusing. It does not, however, appear that a sustained period of cautious price-policy is likely to maintain that micro-economic reaction of ever-increasing production.

Mr Baas then used sugar as an example where, with the levies, co-responsibility had been a major success. I do not find it easy to accept that a situation where the Community is in net surplus to the tune of over 25 % of its production is a notable success. This is one of the difficulties. It is a bad argument to say that because we have not the political will to use the régime in sugar effectively, it might work in general. That is one argument, but to say, as Mr Baas did, that it has been a great success takes some acceptance.

I now turn to Mr Herbert's speech. I trust he will forgive me if I suggest that in some of its tone it was slightly harsh. There were moments of both empty and vicious rhetoric. He said we could not tolerate the abandonment of the objective method, but I note with interest that last year, when the objective method suggested a 0.9 % increase, he and his colleagues

were asking for 7½ %. They abandoned it last year, and tolerated its abandonment in their own favour. Therefore the intolerant element I found difficult to accept. I found it even harder to accept when one saw in the latest issue of the Euro-statistical bulletin — the manuscript of which was completed only in February of this year and which was not available when we were discussing this matter in the Committee on Agriculture — the estimate of the rate of change in the gross value added, at factor cost in agriculture in 1977, based on information provided to the European Statistical Office by national government. This is not hatched up in some Socialist back-alley to bash farmers, this is information provided by the national governments. One sees from this that in real per capita terms the German gross value added was — 8 % : there was a decline. In the case of France, there was an increase of 8.6 %. In my own country, the United Kingdom it was ± 0 : there was stability. Then one sees that in real terms, inflation being taken into account, in Ireland there was a real increase of 21.5 %. This could also be applied to the speech of Mr L'Estrange, which was, however, without the intolerant element. If you are saying you cannot compare this price increase with income increases in the industrial sector, I think you can compare 21.5 %, which is what took place under last year's price proposals, with the income trends in Irish industrial life, which are nothing like as effective as that. Now I accept fully that Irish agricultural earnings were at a very low level to start with, and that the year before had been bad, but that was not part of what Mr Herbert was declining to tolerate, and I shall watch with great interest the order-paper of the Dail to see whether, if the Council of Ministers accept a figure below 5 %, he will show his inability to tolerate it by putting a vote of censure down on our erstwhile colleague Mr Gibbons. I shall watch that with great interest.

As to Mr Scott-Hopkins and his other Conservative friends, I trust they will forgive me if I find the image that was conjured up during this debate by my Conservative colleagues is of cows being driven to the slaughter-house with the engine fired by ethyl alcohol distilled from the surplus wine while, at the same time, cauliflowers and lupins are their major cause of other concern. This is not quite the dynamic change in the Common Agricultural Policy I had come to look for.

I think, if I may say so to Mr Gundelach, he was in his winding-up speech less than fair to the comments of Mr Vitale. I do not believe Mr Vitale was seeking a rigid planning in the sense Mr Gundelach opposed it. I thought it was very much more along the lines of programmed growth and seeing where, sector by sector, effective controls, effective changes, could be induced.

Hughes

But throughout this debate there are three things that have stood out. No one in this House wishes to dismantle the Common Agricultural Policy. Everyone in this House is well aware of the problems that are facing it. The problems are, firstly, that what is economically optimal in the way of transfer from the non-agricultural to the agricultural sector may be politically acceptable. There are some economists who believe there should be no transfer. That is clearly not politically acceptable. All I am suggesting, when we come to the vote in a few moments, is that if an unfocused increase of an unnecessary amount it is provided it will preempt the politically available resources that can be transferred, and that because it is unfocused it will leave the growth in the disparities of income inadequately dealt with. Throughout the discussions in the Committee on Agricultural, it was this disparity in incomes that we concentrated on, because is that which is causing the major problems. It is the politically unacceptable nature of continuing along a path that is providing for more and more surpluses that has led to the differences of opinion that exist within the Committee on Agriculture.

It is unfortunate that the debate has concentrated on just 2 % or 5 %, because there is much more in this report from the Committee on Agriculture that is of value. Therefore in summing up, there is a difficulty in deciding how far you can ask the various Member States, the peoples living within the Community, to forego their income disposable for other activities in order to assist agriculture, and I fear that unless a halt is called to the direction which the Common Agricultural Policy has taken over the last few years, and unless this House supports the cautious price-policy advocated by the Commission, they will get it wrong. Here I close by suggesting to Mr Klinker that it is no good espousing a Socialist plot within the Commission as the reason for the proposals that emanate from it. It may well be that wise thought and righteousness are the cause rather than a Socialist plot.

President. — The debate is closed.

8. Point of order

President. — I call Mr Prescott on a point of order.

Mr Prescott. — Mr President, you announced this morning to the House that the Committee on Economic and Monetary Affairs was informing the House that they could not reach agreement on a report and resolution concerning the pharmaceutical industry which was presented to this House over two years ago by my group, the Socialist Group. I must inform you, having made enquiries, that the Socialist Group, certainly the members, on the Committee on Economic and Monetary Affairs, cannot accept that this committee should inform the House without

debate that it apparently is not competent to adopt a motion for a resolution or a report on this matter. I have made enquiries about the procedures adopted and it would appear that the chairman, whom I have not been able to contact, may well have been informed of the immediate outcome, but this issue is far too important for a committee of this House particularly in view of the fact that the Committee on the Environment, Public Health and Consumer Protection produced its own opinion nearly two years ago to have to inform this House that it cannot produce a report: to my mind, this is a reflection on that committee. So, Mr President, I wish to bring to your attention — it is not a matter for debate, but I wish to state this clearly at this stage — that the Committee on Economic and Monetary Affairs was in dispute on only one clause, admittedly about the profits of the pharmaceutical industry, where the vote was won by 9 to 8 and that the motion for a resolution was lost by 12 to 18. That is not a sufficient basis on which to inform this House that an important committee has been unable to make up its mind. I therefore propose to raise this matter at the first opportunity, at the next meeting of the Committee on Economic and Monetary Affairs and for the moment to give this House notice that the Socialist Group does not accept the statement that we are not able to reach agreement at this stage. It may well be that the rapporteur should face the prospect of abandoning his own report, but it would be premature to point this out to the House at this stage.

President. — All I can do in the circumstances is take note of Mr Prescott's statement.

Mr Prescott and his political friends can raise this matter again at the appropriate point. I can in any case promise Mr Prescott that the Presidency will do everything necessary to see to it that this matter is not ignored.

Since Mr Colombo is still attending a meeting of the Bureau and wants to conduct the voting himself on the motion for a resolution contained in the Hughes report, I propose that the proceedings be suspended for a few moments.

The House will rise.

(The sitting was suspended at 11.25 a.m. and resumed at 11.35 a.m.)

IN THE CHAIR: MR COLOMBO

President

9. Statement by the President

President. — I can only confirm what has already been announced by Vice-President Berkhouwer concerning the kidnapping of Mr Moro.

President

I should like to thank Parliament for expressing, through Mr Berkhouwer, its solidarity with one of Italy's most eminent politicians.

I should like to express once again deep concern at and condemnation of this outrage. I feel sure that in all our countries we can combat acts of violence of this kind, which constitute attacks on the state and on democracy itself.

10. *Fixing of prices for certain agricultural products (vote)*

President. — The next item is the vote on the motion for a resolution contained in the Hughes report (Doc. 579/77).

You will have noticed that a *corrigendum* has been distributed. It is purely linguistic and does not at all affect the substance of the motion for a resolution.

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

The preamble and paragraphs 1 and 2 are adopted.

On paragraph 3 I have the following two amendments proposing the deletion of this paragraph :

— Amendment No 1, tabled by Mr Herbert, Mr Hunault and Mr Liogier on behalf of the Group of European Progressive Democrats ;

— Amendment No 41, tabled by Mr L'Estrange, Mr Ryan and Mr McDonald.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — The amendments were moved in committee and rejected. I therefore ask that the amendments be rejected.

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

Amendment No 41 therefore becomes void.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

After paragraph 3 I have Amendment No 37 rev., tabled by Mr Vitale :

After paragraph 3, insert the following new paragraph :
'3a. Welcomes the statements made by Mr Jenkins, when presenting the Commission's work programme on 14 February of this year, on the wisdom of pursuing a moderate prices policy designed to reabsorb surpluses ;'.

and Amendment No 38/rev., tabled by Mr Vitale :

After paragraph 3, add the following new paragraph :
'3b. Recalls the amendment to the 1978 budget adopted by the European Parliament at the October 1977 part session on the need to set a ceiling on expenditure by the Guarantee Section of the EAGGF and invites the Commission to take account of this principle, which is vital for the reabsorption of surpluses, when submitting its price proposals for the next marketing year ;'.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — In the Committee there was a vote of 13 to 13 on Amendment No 37/rev. : therefore it had to be lost, and I can give no advice to the House which way to vote on it this time. I must abstain.

On Amendment No 38/rev., the vote in the committee was 14 in favour, 11 against, and again I must abstain.

President. — I put Amendment No 37/rev. to the vote.

Amendment No 37/rev. is adopted.

I put Amendment No 38/rev. to the vote.

Amendment No 38/rev. is rejected.

On paragraph 4 I have Amendment No 19, tabled by Mr Mitchell, Mrs Dunwoody, Mr Albertini and Mr Lemp :

Add the following to this paragraph :

'4. ... and believes in consequence that the Commission should seek to develop a more appropriate mix of instruments to maintain incomes of producers, based on the production and consumption characteristics of individual sectors ;'.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — This wording was in the original draft report and was removed in committee. This amendment is seeking to reinsert it. As the rapporteur, I shall therefore abstain, though I was the originator of this wording.

President. — I put Amendment No 19 to the vote. Amendment No 19 is rejected.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

On paragraph 5 I have Amendment No 20, tabled by Mr Mitchell, Mrs Dunwoody, Mr Albrtini and Mr Lemp :

This paragraph to read as follows :

'5. Points out that, in certain sectors, the present intervention mechanisms *have proved of limited effectiveness in maintaining* market prices at reasonable levels, so undermining producers' incomes and *creating pressures on trade relationships with non-Community suppliers* ;'.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — The same applies to this amendment as to the previous one, Mr President : it was in the original draft, it was removed in committee, this amendment is seeking to put it back in. I shall abstain.

President. — I put Amendment No 20 to the vote. Amendment No 20 is rejected.

I put paragraph 5 to the vote.

President

Paragraph 5 is adopted.

I put paragraph 6 to the vote.

Paragraph 6 is adopted.

After paragraph 6 I have Amendment No 2, tabled by Mr Herbert, Mr Hunault and Mr Liogier on behalf of the Group of European Progressive Democrats :

After paragraph 6, add the following new paragraph :

'6a. Calls for a comprehensive Community policy on proteins'.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — This amendment was moved in committee, where it was rejected. I advise the House maintain the present text and reject this amendment.

President. — I put Amendment No 2 to the vote.

Amendment No 2 is rejected.

I put paragraphs 7 to 9 to the vote.

Paragraphs 7 to 9 are adopted.

On paragraph 10 I have Amendment No 3, tabled by Mr Liogier, Mr Hunault and Mr Herbert on behalf of the Group of European Progressive Democrats :

This paragraph to read as follows :

'10. Is seriously concerned at the constant breaches of the unity of the market ;'

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — Mr President, the wording in the text is as it was modified in the committee. I therefore ask the House to reject this amendment and maintain paragraph 10.

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

Amendment No 3 is rejected.

I put paragraph 10 to the vote.

Paragraph 10 is adopted.

On paragraph 11 I have Amendment No 21, tabled by Mr Mitchell, Mrs Dunwoody, Mr Albertini and Mr Lemp :

This paragraph to read as follows :

'11. Urges that the Community bodies draw up a realistic and coherent *trade policy with Third Countries* on the basis of the difference between what the Community produces itself and what it requires ;'

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — In the debate in the committee, there was an attempt to ask the authors of the wording that exists in paragraph 11 to change it to 'trade policy'. This was not acceptable, therefore it is put down as an amendment to the House. I shall myself abstain, although I think the amended version is preferable.

President. — I put Amendment No 21 to the vote.

Amendment No 21 is adopted.

I put paragraph 12 to the vote.

Paragraph 12 is adopted.

After paragraph 12 I have Amendment No 39/rev., tabled by Mr Vitale :

After paragraph 12 insert the following new paragraph :

'12a. Considers that the common agricultural policy must become an effective means of achieving a better socio-economic balance in the Community, based on the financing of structural and production programmes designed to take into account the needs and characteristics of the different regions ; considers that these measures should be used to stimulate supply and demand in agricultural products, taking account of the need to contain inflation by bringing the balance of payments of some Member States into equilibrium and preventing the formation of costly surpluses ;'

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — I am unable to give the House any advice on this, since the committee came to no conclusion on the subject.

President. — I put Amendment No 39/rev. to the vote.

Amendment No 39/rev. is adopted.

I put paragraphs 13 and 14 to the vote.

Paragraphs 13 and 14 are adopted.

On paragraph 15 I have the following two amendments :

— Amendment No 22, tabled by Mr Mitchell, Mrs Dunwoody, Mr Lange, Lord Bruce of Donington and Mr Müller :

This paragraph to read as follows :

'15. Approves the Commission's proposal for an overall price increase of 2 %, but considers that there should be no increase for products in structural surplus ;'

and

— Amendment No 23, tabled by Mr Albertini, Mr Dankert, Mr Patijn and Mr Lemp :

This paragraph to read as follows :

'15. Considers the Commission's proposal of an overall price increase of 2 % to be appropriate, but believes that an upward adjustment should be made for those products in which the Community has a deficit and, in particular, vegetable proteins and certain oil seeds ; while for products in structural surplus an alternative means to a price increase should be implemented to assist the small family farm ;'

What is Mr Hughes position ?

Mr Hughes, rapporteur. — Amendment No 22 is the precise wording of the opinion of the Committee on Budgets, in contradistinction, as we discovered yesterday, to the views of the draftsmen of the Committee on Budgets. As for my own committee, they came to a different conclusion. I will abstain on that amendment.

Amendments Nos 23 and 24, taken together, restore the original draft of the report, and I would vote in favour of those two.

The Committee on Agriculture rejected the form of Amendment No 22.

President. — I put Amendment No 22 to the vote. Amendment No 22 is adopted.

I call Mr Dankert.

Mr Dankert. — (F) Mr President, since Amendment No 22 has been adopted, I should like to withdraw Amendments Nos 23 and 24.

President. — I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, since the two amendments have been withdrawn, I should like to take over Amendment No 24.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, Mr Klepsch is mistaken; he cannot simply take over an amendment because once an amendment is withdrawn, it must be newly tabled, i.e. under a completely new set of names...

(Cries)

...No, it cannot be done that way. In this case the amendment has been withdrawn and is therefore void.

(Mixed reactions)

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, I do not think what Mr Fellermaier has said is very logical, since it is obvious that once an amendment has been tabled no one will table another one with the same wording, even if he agrees with it. Once an amendment has been tabled, the deadline has obviously been met and therefore it can be taken over by any Member of this House.

President. — I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I do not know what you will now say, but I should like to assist by tabling a second amendment. If it is decided, contrary to the practice in this House hitherto, that it is impossible for me to take over Amendment No 24, I shall table a motion proposing that the time limit for submitting amendments be extended.

(Mixed reactions)

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, I move that we do not consider Mr Klepsch's second amendment at all, because it is contrary to the provisions of the Rules of Procedure.

(Laughter)

President. — I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, I should like to try to persuade our colleagues to be logical. Once a Member of this Parliament has tabled an amendment in the House, the amendment no longer belongs to the Member in question but to Parliament. He can then no longer lay personal claim to the amendment. So if he wishes to withdraw it, another Member has the right to take it over without further ado, as long as the withdrawal has not been officially noted. This is the practice in all national parliaments.

(Mixed reactions)

President. — I call Mr Schmidt.

Mr Schmidt. — (D) Mr Bertrand, what you have just said is unprecedented in parliamentary history. According to you, if the Communist Group tables an amendment, it then belongs to you as well. I am not sure whether you are always so keen on the idea.

I should just like to say that purely according to the rules the author of an amendment can withdraw it as long as Parliament has not decided to adopt or reject it. Legally, the withdrawn amendment then ceases to exist and therefore cannot be taken over either by another Group or another Member. So much for the question of taking over an amendment.

With regard to extending the time-limit, I would point out that it is a good practice to lay down certain time-limits for tabling amendments in Parliament. If this practice is not adhered to, the way is open for constant requests to extend time-limits, so that every advantage gained through setting such a limit for the tabling of amendments is totally destroyed.

For this reason I move that either we do not deal with Mr Klepsch's second amendment at all or, if we do vote on it, that we reject it. Otherwise we shall no longer be able to carry on our work properly, since we shall no longer have any assurance that time-limits for tabling amendments will be met.

President. — I call Mr Brugger.

Mr Brugger. — (D) I should like to point out the following to Parliament. If it is not possible to take over an amendment which has been withdrawn, a time limit must be set so that a new amendment can be tabled. If this is rejected, we have the following absurd situation: I can block an amendment by

Brugger

tabling another one and then withdrawing it before the vote. That would not be democratic.

(Applause from the right)

President. — I call Mr Pisoni.

Mr Pisoni. — *(I)* Mr President, in the Italian Parliament a withdrawn amendment may be taken over by another Member.

Why are time-limits laid down for tabling amendments before voting? Precisely to enable everyone to evaluate the contents. An amendment tabled within the proper time-limit can therefore — if its author withdraws it — be taken over by any other Member of Parliament.

President. — I call Mrs Ewing.

Mrs Ewing. — Could I ask the President to refer the House to Rule 29 (1), which seems to give the answer to this? It states: 'Parliament shall not deliberate on any amendment unless it is moved during the debate'. The Rules does not go on to say who has got to move it or who may not move it. If you wish to alter the Rules, that could of course be done to accomodate Mr Fellermaier; but I would agree with the points of order made by the last two speakers: this would mean that last-minute withdrawal could be used to prevent some one from lodging an amendment.

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* I leave the solution to this problem of interpreting the Rules of Procedure to you, Mr President. I should simply like to add that the procedure in the Italian Parliament — and I do not think it is the only one — allows a withdrawn amendment to be taken over by other Members of the Assembly. On this point I agree with what Mr Pisoni has said and above all with the reasons for this parliamentary practice, explained so clearly by Mr Brugger.

Mr Yeats. — Mr President, I would like to agree with the points that have been made about the extreme seriousness of this matter because of the possibility that people might use this method of withdrawal as a means of preventing others from moving an amendment. It is, I think, a matter with very serious connotations for the future, and we should therefore proceed on the basis that has been suggested: that if there is an objection to the withdrawal of an amendment, any one else should be able to take it over. There is no rule that says you can, but equally, there is no rule, so far as I know, that actually says you can withdraw an amendment. I think, Mr President, it is therefore for you to rule on this, in the absence of any formal rule either way.

(Mixed reactions)

President. — I have allowed a good deal of discussion on this problem because it is very important. I

should like to ask Members to disregard the specific case in point — paragraph 29 — and bear in mind the general rule which we are discussing.

There are no precedents in this matter and it is not covered by our Rules of Procedure. Personally, I am accustomed to the practice by which a withdrawn amendment may always be taken over by another Member. However, since I have absolutely no wish to take a decision on what is a matter of convention, I would ask the House to deal with this procedural question, namely whether a withdrawn amendment may be taken over by another Member.

I call Lord Bruce on a point of order.

Lord Bruce of Donington. — Mr President, I beg to draw to your attention that the adoption of Amendment No 22 must automatically cover Nos 23 and 24. The wording of Amendment No 22 is restrictive and provides for no increase. On those grounds Amendments Nos 23 and 24 should both fall in any event, the broad restrictive purpose having already been covered in Amendment No 22. There is therefore no necessity for the House to deliberate on the procedural point at all.

(Mixed reactions)

President. — I ask Parliament whether, since this point is not specifically covered by the Rules of Procedure, it wishes to follow the practice adopted in other Parliaments by which an amendment tabled within the time-limit and in accordance with the procedure laid down in the Rules of Procedure, may be taken over by other Members of Parliament if its author withdraws it.

I note that Parliament is in favour of this procedure.

I call Mr Fellermaier.

Mr Fellermaier. — *(D)* Mr President, I strongly protest against this decision. Without careful examination it is completely out of the question to ...

President. — Mr Fellermaier, you cannot contest a majority decision of Parliament!

(Applause from the right)

Mr Fellermaier. — *(D)* ... Mr President, I regret that you did not let me finish what I had to say. I shall therefore repeat my first sentence. I protest against the fact that a solution has been arrived at through an *ad hoc* decision by Parliament without any examination of how this is to be incorporated into the Rules of Procedure and without giving the Committee on the Rules of Procedure and Petitions a chance to discuss the matter and then to propose, in accordance with normal procedure, to what extent the Rules of Procedure must be adapted.

(Mixed reactions)

President. — It is not a question of introducing a new procedure but of interpreting the Rules of Procedure.

(Appluse from the right)

I call Mr Broeksz.

Mr Broeksz. — *(NL)* Mr President, I fully agree with you. Today we should do as you have suggested. But this is rather different from and goes further than an interpretation. You said yourself that it is not referred to in the Rules of Procedure. You cannot interpret something which does not exist. That is my first point.

(Mixed reactions)

My second point is that if the Rules of Procedure are amended — and what we are dealing with here is an amendment — it must be done with the required majority of votes. You yourself have on several occasions had to block proposals by Mr Yeats because the necessary number of votes was not reached. You cannot now suddenly amend the Rules of Procedure by interpreting a rule which does not exist. I therefore agree with you that it must be settled in this way today, but that does not mean that a precedent has been set, because that would definitely be wrong.

President. — I call Mr Sieglerschmidt.

Mr Sieglerschmidt. — *(D)* Mr President, after what Mr Fellermaier and Mr Broeksz have said, my question is unnecessary. I also think that it is a good idea for the matter to be settled today as proposed; this can even be done by a decision by the President, but the final arrangement must be examined by the Committee on the Rules of Procedure and Petitions before the House can really decide on it.

President. — I call Mr Yeats.

Mr Yeats. — Mr President, I think we should not exaggerate the implications of what we have done today. We have not introduced a totally new principle. I should like to point out that the General Instructions enshrine already a decision of the Bureau of March 1974 laying down that an amendment cannot be put to the vote in the absence of its author, and shall be disregarded unless another representative moves it or takes it over in his own name. So we have already established long since the principle that if the mover or author is not here, any one else can take it over. It seems to me therefore that we are merely following what has already been decided.

(Mixed reactions)

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, on the assumption that the amendment on this occasion may be taken over and therefore formally moved, may I

now ask for your ruling on my submission that by passing Amendment No 22, we have already absorbed the subject matter of Amendments Nos 23 and 24?

President. — I call Mr Klepsch.

Mr Klepsch. — *(D)* Mr President, I should like to make two comments. Firstly, it is a fact that Parliament's decision remains valid until Parliament makes a different decision. Mr Broeksz and Mr Fellermaier, you are of course completely at liberty to request the insertion of another provision into the Rules of Procedure, and no one objects, and certainly the President does not do so either, to the question being dealt with by the Committee on the Rules of Procedure and Petitions. But I should just like to state for the record that we have now taken a decision on a question of interpretation...

Mr Fellermaier. — *(D)* For today.

Mr Klepsch. — *(D)* ... not for today, since that is not what the vote was about. The vote remains valid until we make another decision. Secondly, Mr President, I should like to repeat formally that I am taking over Amendment No 24.

President. — With regard to the question raised by Lord Bruce, I rule that Amendment No 24 is independent of the preceding ones and we shall therefore deal with it separately.

I put to the vote Amendment No 24, which seeks to add the following new paragraph:

15.a Requests, furthermore, that the Benelux countries be allowed to implement special measures, such as fiscal relief or a direct income subsidy, to compensate for exceptional cost increases which would not otherwise be offset, on condition that such measures have a social or structural nature and be strictly limited in a twelve-month period;

Amendment No 24 is adopted.

I put paragraphs 16 and 17 to the vote.

Paragraphs 16 and 17 are adopted.

On paragraph 18 I have the following two amendments:

— Amendment No 25, tabled by Mr Mitchell, Mrs Dunwoody, Mr Albertini and Mr Lemp:

Delete the following:

... within two or three years at the most'

and

— Amendment No 40, tabled by Mr Klepsch on behalf of the Christian-Democratic Group (Group of the European People's Party):

Delete

'and accordingly calls for the elimination of MCAs within two or three years at the most'.

I call Mr Mitchell.

Mr Mitchell. — At the risk of causing another constitutional crisis, I will withdraw my amendment in favour of that by Mr Klepsch.

(*Laughter*)

President. — I call Mr Klepsch.

Mr Klepsch. — (*D*) Mr President, I feel honoured, since I was just about to do the same thing and withdraw my amendment in favour of Mr Mitchell's amendment. (*Laughter*) In fact we were afraid that our amendment might possibly be less clear than Mr Mitchell's, and therefore we would have accepted Mr Mitchell's wording. Anyway, we shall now leave it as it is.

President. — Mr Mitchell, do you prefer to maintain your amendment?

Mr Mitchell. — No, I did withdraw it. I prefer the wording of Mr Klepsch's amendment.

President. — I put Amendment No 40 to the vote. Amendment No 40 is adopted.

I put paragraph 18 thus amended to the vote.

Paragraph 18 is adopted.

After paragraph 18 I have Amendment No 42, tabled by Mr Ryan, Mr McDonald and Mr L'Estrange :

After paragraph 18 add the following new paragraph :

'18a. Urges that an immediate decision be taken to reduce monetary compensatory amounts for Ireland by 3 % ;'.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — I do not believe that this is the correct place to involve ourselves in internal Irish timing as to when they ask for green pound adjustments. I therefore ask for the rejection of this amendment.

President. — I put Amendment No 42 to the vote. Amendment No 42 is rejected.

On paragraph 19 I have the following three amendments :

— Amendment No 43, tabled by Mr L'Estrange and seeking to delete this paragraph ;

— Amendment No 4, tabled by Mr Herbert, Mr Hunault and Mr Liogier on behalf of the Group of European Progressive Democratic :

Add the following to this paragraph :

'19. . . ., such decision to be taken in the context of an overall programme to eliminate MCAs ;

— Amendment No 44, tabled by Mr Ryan and Mr McDonald :

This paragraph to read as follows :

'19. Urges that a rapid decision be taken on the Commission's proposal to amend the price level to be taken into

account for the calculation of monetary compensatory amounts for those sectors where the market price is not determined directly by the intervention price ; such decision should, however, be taken only in the context of an overall programme for the elimination of monetary compensatory amounts ;'

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — I would like to ask the House to reject all these amendments in whatever order you, Mr President, choose to put them to the House, and maintain the existing paragraph unchanged.

President. — I put Amendment No 43 to the vote. Amendment No 43 is rejected.

I put Amendment No 4 to the vote.

Amendment No 4 is adopted.

Amendment No 44 thus becomes void.

I put paragraph 19 thus amended to the vote.

Paragraph 19 is adopted.

On paragraph 20 I have Amendment No 45, tabled by Mr Ryan, Mr McDonald and Mr L'Estrange :

This paragraph to read as follows :

'20. Notes the Commission's statement that the present unit of account is no longer an accurate indicator of the effective level of price support in the Community and that the use of the European Unit of Account in the agricultural sector would enable the annual fixing of prices to be carried out in a more transparent manner ; but notes also the Commission view that the use of the European Unit of Account would not in itself result in any fundamental change in the impact of monetary instability on the Common Agricultural Policy or eliminate the need for monetary compensatory amounts ;

What is Mr Hughes' position ?

Mr Hughes. — I would be happy to accept this wording if it is the wish of the House.

President. — I put Amendment No 45 to the vote. Amendment No 45 is adopted.

I put paragraph 21 to the vote.

Paragraph 21 is adopted.

After paragraph 21 I have Amendment No 51, tabled by Mr Howell :

After paragraph 21 insert the following new paragraph :

'21a. Considers that the abolition of monetary compensatory amounts and the introduction of the European Unit of Account into agricultural policy are only preliminaries to the establishment for the first time of a real common agricultural policy, and accordingly supports as a matter of priority the initiatives of the President of the Commission, Mr Jenkins, towards the early introduction of economic and monetary union.

What is Mr Hughes' position ?

Mr Hughes rapporteur. — So long as it is not taken as a precedent for further referral to the Committee on the rules of Procedure and Petitions, I am in favour.

(Laughter)

President. — I put Amendment No 51 to the vote. Amendment No 51 is adopted.

I put paragraph 22 to the vote.

Paragraph 22 is adopted.

After paragraph 22 I have Amendment No 12, tabled by Mr Pisoni, Mr Ligios, Mr Pucci and Mr Brugger :

After paragraph 22 insert the following new paragraph :

'22a. Requests that, in the absence of a Council decision regarding the definition of average quality for soft wheat of bread-making quality, the proposed reference price should apply to the minimum quality and not the average quality ; further requests a review of the intervention system envisaged for the last two months of the marketing year (Article 3 (3), second sub-paragraph of the basic Regulation No. 2727/75), so as to guarantee producers the highest intervention price ;

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — Opposed, Mr President.

President. — I put Amendment No 12 to the vote. Amendment No 12 is adopted.

On paragraph 23 I have Amendment No 26, tabled by Mr Mitchell, Mrs Dunwoody, Mr Albertini and Mr Lemp and seeking to delete this paragraph.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — Unfavourable, Mr President.

President. — Since Mr Mitchell has withdrawn his amendment, I put paragraph 23 to the vote.

Paragraph 23 is adopted.

On paragraph 24 I have Amendment No 13, tabled by Mr Pisoni, Mr Ligios, Mr Pucci and Mr Brugger :

Add the following text to paragraph 24 :

'24. . . points out that there is a shortage of durum wheat in the Community and that in 1977 production of this commodity dropped ; believes that this demonstrates the need to encourage its production, not discourage it by reducing the target price and intervention price ; considers the narrowing of the price ratio between durum and soft wheat unjustifiable and excessive ; requests, for all these reasons, an increase in the target price and intervention price of durum wheat similar to that granted to other products ; requests that price support per hectare be maintained in all regions in which it was applied last year because of the objective difficulties facing those regions : difficulties in using the soil for other crops, poor areas, low yield per hectare, etc.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — My understanding would be that they would wish to withdraw the amendment

in view of earlier events. I therefore ask the House to vote against.

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

I put paragraph 24 thus amended to the vote.

Paragraph 24 is adopted.

I put paragraph 25 to the vote.

Paragraph 25 is adopted.

The Committee on Agriculture has not explicitly delivered an opinion on the Commission's proposal for the *sugar sector*. The following five amendments have been tabled on this sector :

— Amendment No 5, tabled by Mr Herbert, Mr Hunault and Mr Liogier on behalf of the Group of European Progressive Democrats :

After paragraph 25, insert the following new paragraph :

'25a. Notes that in the 1976/77 marketing year, sugar imports amounted to 1 570 000 tonnes, adding to the surplus in the Community ; therefore rejects the Commission's proposal to reduce the maximum sugar quota from 135 % to 12 % of the basic quota'

— Amendment No 6, tabled by Mr Herbert, Mr Hunault and Liogier on behalf of the Group of European Progressive Democrats :

After paragraph 25, insert the following new paragraph :

'25b. Considers that while the present problems exist in the sugar sector there should be a ban on new production of isoglucose and that existing production should be subject to the same regime of quotas and levies as exists for the normal production of sugar'

— Amendment No 29, tabled by Mr Mitchell, Mrs Dunwoody, Mr Albertini and Mr Lemp :

After paragraph 34, add the following new paragraph :

'34a. Notes that in 1976/77 sugar imports amounted to 1 570 000 tonnes and guaranteed price exports to 1 779 000 tonnes, while the Community surplus can be considered to be in the region of 3.5 million tonnes'

— Amendment No 30, tabled by Mr Albertini and Mr Lemp :

After paragraph 34, add the following new paragraph :

'34b. Considers it essential, therefore, that the Council, as a minimum, adopt the Commission's proposal to reduce the maximum sugar quota from 135 % to 120 % of the basic quota ;

— Amendment No 31, tabled by Mr Mitchell, Mrs Dunwoody and Lord Bruce :

After paragraph 34, add the following new paragraph :

'34b. Considers, therefore, that the 'B' quota should be abolished ;

I call Mr Mitchell.

Mr Mitchell. — I withdraw Amendment No 31.

President. — I would ask the rapporteur where he intends to insert these new paragraphs should the additional amendments be adopted.

Mr Hughes, rapporteur. — At the end of paragraph 36, between the intervention price in fruit and vegetables and citrus fruits and before the Mediterranean ones. Paragraphs 29 and 30 reintroduce the original wording which was deleted in the Committee on Agriculture, so that there is no reference to sugar at all in the report. I would, for obvious reasons, having been the originator of those in the committee, where they were lost, wish them to be supported, but I cannot vote for them.

Amendments Nos 5 and 6 also seek, in a different form of words, to introduce some comment in this report on the subject of sugar. I prefer the wording of Amendments Nos 29 and 30, but leave it to the House.

President. — The amendments will therefore be considered jointly.

I put Amendment No 5 to the vote.

Amendment No 5 is rejected.

I put Amendment No 29 to the vote.

Amendment No 29 is adopted.

I put Amendment No 30 to the vote.

Amendment No 30 is adopted.

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.

I put paragraph 26 to the vote.

Paragraph 26 is adopted.

On paragraph 27 I have Amendment No 14, tabled by Mr Pisoni, Mr Ligios, Mr Pucci and Mr Brugger :

Delete the last part of this paragraph :
'27. ... delays in payment;' (rest deleted).

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — Against, Mr President.

President. — I put Amendment No 14 to the vote.

Amendment No 14 is rejected.

I put paragraph 27 to the vote.

Paragraph 27 is adopted.

I put paragraphs 28 and 29 to the vote.

Paragraphs 28 and 29 are adopted.

On paragraph 30 I have Amendment No 53, tabled by Lord St. Oswald and Mr Corrie :

Add the following text to this paragraph :

'... and urges the Commission to include lupins among the crops to be assisted in the vegetable protein and oil sectors ;'

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — I would not be prepared to make any comment to the House on lupins, Mr President.

(Laughter)

President. — I put Amendment No 53 to the vote.
Amendment No 53 is adopted.

I put paragraph 30 thus amended to the vote.

Paragraph 30 is adopted.

On paragraph 31 I have Amendment No 27, tabled by Mr Mitchell, Mrs Dunwoody and Mr Lemp and seeking to delete this paragraph.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — Whatever my personal preference, I must ask the House to reject this amendment, though I will abstain.

President. — I put Amendment No 27 to the vote.
Amendment No 27 is rejected.

I put paragraph 31 to the vote.

Paragraph 31 is adopted.

On paragraph 32 I have Amendment No 28, tabled by Mr Mitchell, Mrs Dunwoody, Mr Albertini and Mr Lemp and seeking to delete this paragraph.

Mr Mitchell indicates that he wishes to withdraw his amendment.

I put paragraph 32 to the vote.

Paragraph 32 is adopted.

I put paragraphs 33 and 34 to the vote.

Paragraphs 33 and 34 are adopted.

I would remind the House that the amendments seeking to insert two new paragraphs after paragraph 34 have already been dealt with.

I put paragraph 35 to the vote.

Paragraph 35 is adopted.

After paragraph 35 I have Amendment No 16, tabled by Mr Scott-Hopkins :

After paragraph 35 insert the following new paragraph :

'35a. Believes that there should be an increase of the order of 8 or 9 % in the minimum price of cauliflowers ;'

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — Unfavourable.

President. — I put Amendment No 16 to the vote.
Amendment No 16 is rejected.

I put paragraph 36 to the vote.

Paragraph 36 is adopted.

President

On paragraph 37 I have Amendment No 32, tabled by Mr Mitchell, Mrs Dunwoody and Mr Lemp :

Delete the second part of this paragraph :

'points out ... wine taxation ;'.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — I myself would wish to have voted for it, but since I am not in that position, I must give an unfavourable report while I myself will abstain.

President. — I put Amendment No 32 to the vote. Amendment No 32 is adopted.

I put paragraph 37 thus amended to the vote.

Paragraph 37 is adopted.

I put paragraph 38 to the vote.

Paragraph 38 is adopted.

On paragraph 39 I have Amendment No 7, tabled by Mr Liogier and Mr Hunault :

This paragraph to read as follows :

'39. Welcomes the proposal to introduce a minimum price for intra-Community wine marketing ;'.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — Unfavourable.

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

I put paragraph 39 to the vote.

Paragraph 39 is adopted.

I put paragraph 40 to the vote.

Paragraph 40 is adopted.

On paragraph 41 I have Amendment No 52, tabled by Mr Howell :

Add the following text to this paragraph :

'41. ... ; considers that the fall in dairy cow numbers is too slow, and that further measures should be taken to reduce the EEC herd by at least two million cows ;'.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — An identical amendment was rejected in the committee, Mr President, and therefore I must give an unfavourable recommendation.

President. — I put Amendment No 52 to the vote. Amendment No 52 is rejected.

I put paragraph 41 to the vote.

Paragraph 41 is adopted.

On paragraph 42 I have Amendment No 46, tabled by Mr Ryan, Mr McDonald and Mr L'Estrange :

This paragraph to read as follows :

'42. While considering that it is too soon to gauge the effect of the action programme to restore balance in

the milk sector, calls for better incentives to promote diversification of dairy products, thereby reducing the production of intervention products ;'.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — Unfavourable.

President. — I put Amendment No 46 to the vote. Amendment No 46 is adopted.

I put paragraphs 43 to 45 to the vote.

Paragraphs 43 to 45 are adopted.

I call Mr Mitchell on a point of order.

Mr Mitchell. — Mr President, I am not quite clear what has happened to the proposed new paragraph 43a, which is my amendment.

President. — I call Mr Hughes.

Mr Hughes, rapporteur. — It was decided that it would be more convenient if Amendments 33 and 34 were incorporated with Amendment No 8 under paragraph 46.

President. — On and after paragraph 46 I have the following five amendments :

— Amendment No 8, tabled by Mr Herbert, Mr Hunault and Mr Liogier on behalf of the Group of European Progressive Democrats :

This paragraph to read as follows :

'46. Believes that the co-responsibility levy is ineffectual and unacceptable to many producers and should therefore be abandoned forthwith ;'

— Amendment No 33/rev., tabled by Mr Mitchell, Mrs Dunwoody, Mr Albertini, Mr Lemp and Mr Hoffmann :

This paragraph to read as follows :

'43. Believes that the co-responsibility levy is ineffectual and unacceptable to many producers and should therefore be abandoned forthwith ; consequently, the proposed price increase of an average of 2 % should be reduced by an equivalent of 1.5 % ;'

— Amendment No 34/rev., tabled by Mr Mitchell, Mrs Dunwoody, Mr Albertini, Mr Lemp and Mr Hoffmann :

After paragraph 43, add the following new paragraph :

'43a. Feels it essential, however, in implementing this proposal, that the full increase be paid to the smaller producers (those in the mountain and disfavoured regions and delivering less than 40 000 litres (who had been excluded from paying the levy in the Commission's original proposal) ;'

— Amendment No 35, tabled by Mr Mitchell, Mrs Dunwoody, Mr Albertini and Mr Lemp and seeking to delete paragraph 46.

This amendment has since been withdrawn.

President

— Amendment No 47, tabled by Mr Ryan, Mr McDonald and Mr L'Estrange :

This paragraph to read as follows :

'46. Calls on the Commission to present, as soon as possible, an initial report on the application and effect of the co-responsibility levy in the individual Member States;'

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — Mr President, if you are taking Amendment No 8 first as being the furthest from the present text, I would have to give unfavourable advice from the Committee. It was proposed there and lost. Amendments 33 and 34 are the original draft in which the Committee on Agriculture rejected. On Amendment No 47, I believe that I should give a favourable opinion whatever the result of the vote on the earlier amendments.

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

I call Mr Hughes.

Mr Hughes, rapporteur. — Mr President, in the light of that, I believe amendments 33 and 34 automatically fall. Since the co-responsibility levy has not been rejected as ineffectual and unacceptable I ask Mr Mitchell whether he still wishes to maintain Amendments 33 and 34.

I put Amendment No 47 to the vote.

Amendment No 47 is adopted.

I put paragraph 47 to the vote.

Paragraph 47 is adopted.

On paragraph 48 I have Amendment No 15, tabled by Mr Pisoni, Mr Ligios, Mr Pucci and Mr Brugger :

Add the following text to this paragraph :

'therefore, in view of the fact that Italy, which has a shortage of dairy products, does not use the intervention system provided for such products, calls on the Council to extend the system of private storage already laid down for Grana padano and Parmigiano reggiano to 'Provolone' cheese;'

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — This was brought up in a slightly different form in the Committee on Agriculture, where it was rejected. I give an unfavourable recommendation.

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

I put paragraph 48 thus amended to the vote.

Paragraph 48 is adopted.

On paragraph 49 I have Amendment No 36, tabled by Mr Mitchell, Mrs Dunwoody, Mr Albertini and Mr Lemp :

Delete the following :

'Calls, moreover, for this powdered milk to be denatured through the incorporation of an 'indicator' in order to prevent its use as food for human consumption rather than for animal use;'

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — I myself will abstain, because I disagree with this. But I must give a favourable opinion from the Committee on Agriculture.

I put Amendment No 36 to the vote.

Amendment No 36 is adopted.

I put paragraph 49 thus amended to the vote.

Paragraph 49 is adopted.

On paragraphs 50 I have the following two amendments :

— Amendment No 48, tabled by Mr Ryan, Mr McDonald and Mr L'Estrange and seeking to delete this paragraph ;

— Amendment No 9, tabled by Mr Herbert, Mr Hunault and Mr Liogier on behalf of the Group of European Progressive Democrats :

In this paragraph, replace the words :

'these aims cannot be achieved by a simple intervention system'

by

'improvements should be made'.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — I report an unfavourable opinion on both amendments.

President. — I call Mr Ryan.

Mr Ryan. — Mr President, I hope I can keep everybody happy by withdrawing the amendment in my name. But if somebody else feels happy about moving it, I certainly will not object.

(Laughter)

President. — Do you maintain your amendment, Mr Herbert ?

Mr Herbert. — Yes, Mr President.

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

I put paragraph 50 to the vote.

Paragraph 50 is adopted.

On paragraph 51 I have the following three amendments :

— Amendment No 10, tabled by Mr Herbert on behalf of the Group of European Progressive Democrats and seeking to delete this paragraph ;

President

- Amendment No 49, tabled by Mr L'Estrange and also seeking to delete this paragraph ;
- Amendment No 50, tabled by Mr Ryan and Mr McDonald :

This paragraph to read as follows :

'51. Believes that if proposals for a limited direct payment system are introduced by the Commission, any such proposals should maintain the guaranteed income to producers at its present level at least and be fully financed from Community funds'.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — I report an unfavourable opinion on all three amendments.

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

Amendment No 49 thus becomes void.

I put Amendment No 50 to the vote.

Amendment No 50 is rejected.

I put paragraph 51 to the vote.

Paragraph 51 is adopted.

I put paragraph 52 to the vote.

Paragraph 52 is adopted.

On paragraph 53 I have Amendment No 11, tabled by Mr Herbert, Mr Hunault and Mr Liogier on behalf of the Group of European Progressive Democrats :

This paragraph to read as follows :

'53. Insists on the early adoption of a common organization of the market for sheepmeat based on the established principles of the Common Agricultural Policy ;'

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — For the last time I give an unfavourable opinion, Mr President.

President. — I put Amendment No 11 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 11 is adopted.

I put paragraph 54 to the vote.

Paragraph 54 is adopted.

After paragraph 54 I have the following two amendments :

- Amendment No 17, tabled by Mr Hughes and Mr Kofoed :

After Paragraph 54, insert the following new paragraph :

'54a. Reserves the right to initiate the conciliation procedure should the Council intend to depart from this opinion ;'

- Amendment No 18, tabled by Mr Caillavet on behalf of the Committee on Budgets :

After paragraph 54, insert the following new paragraphs :
'Budgetary aspects'

'54a. Invites the Commission to propose, for the 1979 financial year, a system of budgetizing revenue and

expenditure connected with the co-responsibility levy on milk which fully guarantees Parliament's budgetary rights ;

54b. Also invites the Commission to submit, in the preliminary draft supplementary budget for the 1979 financial year, proposals capable of solving satisfactory in future the problems connected with agricultural budgets ;

54c. Reserves the right to initiate the conciliation procedure should the Council intend to depart from this opinion.'

Amendment No 18 takes in Amendment No 17.

What is Mr Hughes' position ?

Mr Hughes, rapporteur. — I wish to withdraw Amendment No 17 in favour of Amendment No 18 by the Committee on Budgets, which uses identical wording.

President. — I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, Amendment No 18 has three parts. I request that the vote be taken on each part separately.

President. — I put to the vote Amendment No 18, for which it has been requested that we vote separately on each of the proposed new paragraphs.

I put paragraph 54a to the vote.

Paragraph 54a is adopted.

I put paragraph 54b to the vote.

Paragraph 54b is adopted.

I put paragraph 54c to the vote.

Paragraph 54c is adopted.

Before putting the motion for a resolution as a whole to the vote, explanations of vote may be given.

I call Mr Früh.

Mr Früh. — (D) Mr President, we have had a long and thorough debate on agricultural prices. In the Committee on Agriculture the Christian-Democratic Group got a majority for its proposal for an average increase of 5 % in agricultural prices in 1978/79 throughout Europe. It has now had to accept defeat on this point. We are convinced that this proposal was correct from a European point of view because it is the only way of creating at Community level a basis to take account, by adapting the green currencies, of the different developments in costs and incomes in the individual countries.

We wanted to avoid a situation in which particular cost developments forced certain Member States to resort to special national measures, and it is an irony of fate, Mr Brunner, that we were trying to help these countries at the very moment when this proposal was not accepted, as a result of which we had to hold a debate on procedure.

Früh

If we want to ensure the continued existence of the common agricultural policy, we must prevent an agricultural policy being pursued in the Community which would enable the Member States, just before the annual fixing of prices, to cover their requirements by helping themselves in a sort of national self-service shop, leaving hardly any scope for a price increase at European level.

(Applause)

An average ...

(Mixed reactions)

President. — Please come to the end of your explanation of vote.

(Applause)

Mr Früh. — *(D)* ... rise at European level of 2 % in agricultural prices, which would be even less for those countries with hard currencies, is unacceptable. For this reason, the Christian-Democratic Group rejects the motion for a resolution in its present form.

President. — I call Mr Broeksz.

Mr Broeksz. — *(NL)* Mr President, can you read out the rule which states that it is permissible to make a statement before voting? I thought that that was only possible after voting.

President. — I shall read out Rule 26 (3) of the Rules of Procedure :

Once the general debate and consideration of the texts have been concluded, only explanations of vote shall be permitted before the matter as a whole is put to the vote.

I call Mr Herbert.

Mr Herbert. — I merely wish to point out, Mr President, that in view of the rejection of paragraph 15, which contained the Committee on Agriculture's call for a 5 % price increase, my group is voting against, as well as against the continuation of the co-responsibility levy and the general undertone of the motion for a resolution.

President. — I call Mr Fellermaier.

Mr Fellermaier. — *(D)* My Group will vote for the motion for a resolution, and one of our main reasons for doing so is the promising Amendment No 22, which for the first time in the European Parliament gives a courageous and far-sighted start to a new agricultural policy, on which we wish to congratulate the Commission.

President. — I call Mr Eberhard.

Mr Eberhard. — *(F)* Mr President, I explained yesterday that a 5 % increase in prices is still not

enough for us. The fact that this increase is limited to 2 % justifies our decision to vote against this motion.

On the other hand, when I hear a Member saying that he is opposed to the co-responsibility levy while at the same time he is a member of the Group to which the French 'majorité' — which has applied this same levy in France — belongs, I am rather surprised ...

(Protests from certain benches of the Group of European Progressive Democrats)

President. — I call Mr McDonald.

Mr McDonald. — Mr President, I should just like to say that I, for the first time since we joined this Parliament in 1973, will be voting against this annual motion for a resolution, because I think it is just ridiculous that the Parliament should give an opinion in favour of a 2 % increase, which is even less than the Commission are proposing themselves. I think it leaves the farming community far behind the rest of the population. In Britain they have a 10 % offer for their workers; in my own country it is the same. I think the farming community is being let down badly.

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

The resolution is adopted.¹

(Applause from various quarters on the left)

We shall now consider the *Yeats report (Doc. 538/77): Amendment of the Rules of Procedure of Parliament.*

Since the majority required is, as you can see, not present, I propose that the vote be postponed to the April part-session.

Are there any objections?

That is agreed.

11. Urgent debate

President. — I have received from all the political groups a motion for a resolution, with request for urgent debate pursuant to Rule 14 of the Rules of Procedure, on the kidnapping of Mr Aldo Moro, President of the Italian Christian-Democratic Party (Doc. 7/78).

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

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

The House will rise.

(The sitting was suspended at 1.45 p.m. and resumed at 3.00 p.m.)

¹ OJ C 85 of 10. 4. 1978.

IN THE CHAIR: MR MEINTZ

Vice-President

President. — The sitting is resumed.

13. *Question Time*

President. — The next item is the continuation of *Question Time* (Doc. 1/78), comprising questions to the Commission.

I call Question No 8 by Sir Derek Walker-Smith, for whom Mr Fletcher-Cooke is deputizing:

What is the present status of the drafting of the Fifth Company Directive; and in particular whether the Commission proposes to proceed now to the production of a definitive draft or a further Green Paper; and what timetable they envisage?

Mr Brunner, Member of the Commission. — (D) Parliament's Legal Affairs Committee will shortly be asked to state its opinion on this question. The whole thing is based on a limited number of articles in the Fifth Company Directive. As you know, this Directive dates from 1972 and we hope that the process of getting Parliament's opinion will not take too long. You will be receiving the working document shortly.

Mr Fletcher-Cooke. — Is the Commissioner aware that very much the same sort of answer was given by Mr Davignon in November last year, when he said that he hoped the paper would be ready before the end of the year and certainly before the end of January this year? We are now in March and no paper has appeared. What is holding it up, if it is only a limited number of articles? Isn't that a reason why it should have come earlier? And is not the honour of the Commission and indeed of Mr Davignon somewhat involved in this, since a promise that was given in November appears to have been broken?

Mr Brunner. — (D) I am sure that the paper will be submitted to the Legal Affairs Committee in the near future. We hope that Parliament will then be in a position to give its opinion by the autumn of this year. The next steps will only be taken on the basis of Parliament's opinion.

President. — Since its author is absent, Question No 9 by Mr Ripamonti will receive a written reply.¹

I call Question No 10 by Mr Osborn:

Is the Commission satisfied that the key Community languages are being adequately taught throughout the Community?

Mr Brunner, Member of the Commission. — (D) We are by no means satisfied with the state of language teaching in the Community. English figures in all the school syllabuses in most Member States, as does French. Other Community languages, like Danish and

Dutch, hardly ever appear in Member States' syllabuses. We hope that this situation will improve.

Under the terms of the educational action programme, we shall do our utmost to develop exchange programmes for language teachers. We hope that gradually we shall reach a situation in which every child in the Community learns a second language.

Mr Osborn. — Is Mr Brunner aware that in Great Britain, for instance, young people are less enthusiastic to learn foreign languages than was the case three or four years ago? Is he equally aware that one of the causes of this is that foreign languages are not taught as an aid to other expertise and other qualifications, but as an object in themselves? I very much hope the Commission will take a lead in this. I have in mind the fact that engineers should have language qualifications to work in at least three Community countries. But the worst aspect of this is that education departments tend to employ their own nationals at this time of recession. What evidence has he of the tendency to employ language teachers of the nationality of the school rather than teachers of the nationality of the language being taught? We have too many English teachers teaching French and German. And from my constituents' experience I am certain this is the familiar pattern throughout the Community, and unless the Community and the Commission take an initiative, we shall go backwards rather than forwards.

Sir Brandon Rhys Williams. — What initiatives is the Commission taking to encourage teacher exchanges, so that more children have the opportunity of learning languages from native speakers?

Mr Mitchell. — What is the Commissioner's definition of a key Community language?

Mrs Kellett-Bowman. — Would the Commissioner not agree that it would vastly improve the mobility both of our young teachers and of our young workers if an improvement were to be made in the teaching of languages and in the conditions which teachers enjoy in other Member States?

Mr Schyns. — (D) Could Mr Brunner perhaps tell us what the Commission has in mind to encourage language-learning on the Continent? The fact remains that it is always a problem to incorporate foreign language tuition into the normal school syllabus and to see to it that the necessary teaching staff are available. In taking the initiative in this case, the Commission could really give a lead.

Mr Brunner. — (D) It is indeed true that foreign language tuition suffers from the fact that with increased specialization at school, foreign languages often do not count so heavily towards the final grades as do other subjects. This is a definite obstacle and

¹ See Annex.

Brunner

over the last few years, foreign language tuition in Europe has been going backwards rather than forwards. This is a subject we are going to have to devote some attention to.

We must find ways of giving language teaching a new place in school syllabuses, of making it more central to the educational effort. As part of the Education Ministers' action programme, we are currently engaged in financing pilot schemes with this end in mind. The point of these schemes is to ensure that school syllabuses are better geared to language teaching and to encourage teacher exchanges. This should then enable more and more teachers to give tuition in their own languages to children in other countries. We do not find the present situation very satisfactory, in which language teachers are employed with the sole aim of overcoming unemployment problems.

To my way of thinking, there is no such thing as a key Community language. I think we should concentrate our efforts on ensuring that every child in the Community learns one of the other Community languages, whichever it may be, but at least one second language.

The conditions for the training of language teachers in the various Member States is another point which deserves a great deal of attention. There, too, we hope that the Education Ministers will finance more projects. On the basis of the experience gained from the first pilot schemes, we shall submit proposals for more ambitious projects to the Education Ministers in July.

How can we encourage language teaching in general? I think that all these measures taken together — better adaptation to the school syllabuses, improved exchange of teaching staff, greater relative importance accorded to languages in the overall marking — are what are required. Of course they all cost money and so we shall expect the Education Ministers to make more funds available. I think that all the Finance Ministers in Europe will take a sympathetic attitude. After all, the free movement of people and the free exchange of ideas depends on improved communication between peoples.

President. — I call Question No 11 by Mr Howell :

Does the Commission agree that the elimination of the green currency system is necessary before economic and monetary union can be brought into effect?

Mr Gundelach, Vice-President of the Commission. — Mr Howell asked me whether I agree that the elimination of the green currency system is necessary before economic and monetary union can be brought into effect, and the answer is an obvious 'yes'.

Mr Howell. — I am very grateful for Mr Gundelach's reply, and I think this is a very big step forward. He has previously been talking of phasing out the green

currencies over a 7-year period, but yesterday he indicated that perhaps a shorter period would be better, and he is moving nearer to the 3-year period which most people think is necessary. I welcome this change, of course. Furthermore, could I ask him whether he would agree that it is necessary to eliminate the green currency system before we can think of any enlargement of the Community?

Mr Gundelach. — First, I would like to say to Mr Howell that there really is no question of a change of mind on my part: I have always wished to have the monetary compensatory system restricted or abolished as soon as circumstances permitted it. The 7-year proposal was a reaction to the inability of the Council to get anywhere with the previous proposal, which was more ambitious. If there is a possibility of doing it quicker, as we have discussed in the agricultural debate, you will find me on that side always. But your question really was not that: the question was whether we can have monetary compensatory amounts in a system of monetary union, and that obviously you cannot, because monetary union means that you have one currency, or a set of currencies which are unbreakably linked to each other — otherwise it is not a monetary union — and in that system obviously there is no place for monetary compensatory amounts.

President. — I call Question No 12 by Sir Brandon Rhys Williams :

Does the Commission consider that all Member States adequately ensure that animals transported live for slaughter are not ill-treated, and when does it propose to establish Community regulations and inspection checks on this trade?

Mr Gundelach, Vice-President for the Commission. — The question raised by Sir Brandon Rhys Williams about the conditions under which live animals are being transported for slaughter in other Community countries and third countries, is an important one, and one which I do not think has been given enough attention in debates in the institutions of the Community hitherto. I am therefore happy that the question is being put, because it allows me, however briefly, to indicate what action has been taken, and what action I am taking, to deal with this matter.

In 1974 rules were introduced to secure reasonable conditions under which animals were slaughtered, which applied to all animals being traded inside the Community. The control of those rules is the responsibility of the Commission. The rules are on the whole being abided by, but I must report that we have had reason to start infringement procedures in two cases, which have led, or are about to lead, to satisfactory results. But it is not just a question of the slaughter: it is also a question of how the live animals are treated in transport, how they are fed and how they are lodged *en route* from one Member State to another. Therefore, on my proposal, the Council adopted the

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directive last July which will enter into force on 1 August of this year, which lays down rules for the treatment of live animals in intra-Community trade. Here again, it is up to the Commission to see that these rules are adhered to by the Member States. In order to be able to do so, there must be appropriate controls. Therefore we are about to propose to the Council and Parliament an implementing regulation which will tighten the control of the basic provisions in the directive adopted by the Council on the Commission's proposal last year.

I twice mentioned the role of the Commission in exercising control in regard to the treatment of animals, but similar questions also arise in regard to veterinary regulations, which are often quite serious obstacles to trade — that is the other side of the picture. Consequently, a few weeks ago, I submitted to the Council an action programme concerning the treatment of animals and veterinary questions — of which the matter we are now discussing is a part. This was in order to have the backing of the Council, and hopefully also of this Parliament, and in order to obtain the qualified personnel to carry out the control functions which we have undertaken, since the rules would otherwise have remained a dead letter. I am happy to say that the overall reaction of the Council was extremely favourable, and we can therefore expect to make significant Progress. We are left with the problem of exporting live animals to third countries. This problem we have been able to deal with by a Council of Europe convention with all our neighbouring countries in Europe. We still have to find a solution to the problem of exports of live animals to North Africa or to the Middle East, which is not very significant, but which nevertheless exists. It is now our intention to try to do that using the same method that we used with our neighbouring countries in Europe — a convention. If that fails, we will have to take matters into our own hands and introduce the necessary control measures: papers concerning rules of origin and the like.

Sir Brandon Rhys Williams. — May I say that the evidence of continuing neglect and cruelty in the transport of live animals is giving rise to widespread concern and to strong pressure for the trade to be totally banned? I feel there would be no need for the trade to be banned if it were properly supervised, and may we welcome the Commissioner's intention to propose a new implementing regulation to tighten the controls on transport and an action programme for animal protection? These are announcements which will be very widely welcomed in the Community. Will the Commissioner consider the possibility that the procedure for documentation should be tightened, so that animals in transit can be traced through to their consignees and are not reconsigned for further transit, particularly further transit outside the Community, and also that their condition on arrival can be made the subject of appropriate checks?

Mr Osborn. — Mr Gundelach has already written to me on this subject. I welcome his letter and the reply, but I, like many other Members in the Community, have a problem. I have an urban constituency with many animal lovers who are concerned, as members, for instance, of the Royal Society for the Prevention of Cruelty to Animals, about the fact that animals are suffering in transport for one reason or another. I have farmers who specialize in the export of beef and sheep, and therefore I welcome the fact that the Commission anticipate taking over responsibility for this; and will it in fact be the only body with the appropriate powers, or will it delegate these powers to national organizations and ensure they exercise the authority given to them?

Mr Klinker. — (D) Mr Gundelach was asked about slaughtered animals.

Does he not think it far more economical and rational for the slaughtering to take place where the animals are raised, with a consequent saving of transport costs? If this were to happen, this whole question of ill-treatment in transit would not arise. Cattle for breeding are another matter entirely. But the Commission should, in my opinion, give some thought to a development programme whereby the animals would be slaughtered where they are raised, which would mean that they could be graded and marketed far more rationally. I would ask Mr Gundelach whether any thought has been given to this at all.

Mr Gundelach. — I think it would be logical if I started with Mr Klinker's point first. Evidently, in normal circumstances, the trade in meat is more economic when it takes place in carcasses or in parts of the animal, and that is indeed the normal practice. The Commission is perfectly well aware of that. By implementing structural proposals and individual projects, we have tried to ease bottle-necks by giving grants to slaughter-houses in order to secure an easier trade in meat in the form of carcasses or pieces. I agree with Mr Klinker that we should consider that the normal way. But that being said, there will always be some trade in live animals for breeding purposes and the like, and however limited the numbers the kind of question which Sir Brandon Rhys Williams and Mr Osborn have raised will come up and must be dealt with. It is evident that whilst we either have, or are about to have reasonable rules to deal with it, there is something lacking: that is, an efficient control. That control must be brought about in a harmonized way. That means the Commission has to take a responsibility, which it has already been exercising under the directives. It must then be given qualified personnel, in order to carry out these control functions in practice. To Mr Osborn I would say, it will always have to be done in cooperation with national organizations, otherwise we can never function properly. And to Sir Brandon Rhys Williams I would say that it does involve the necessary documentation, including the

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question of reconsignation, which was the third part of the statement I made to begin with. Let me end by saying that, important as is the question of protection of animals in transport, the question of the free movement of goods and the avoidance of bans or non-tariff barriers in the form of veterinary obstacles is important too, and the action programme I referred to covers the points raised by Sir Bandon Rhys Williams and Mr Osborn, but it also covers the question of dismantling veterinary obstacles to the free circulation of agricultural commodities.

President. — Since its authors are absent. Questions No 13 by Mr Notenboom and No 14 by Mr van Aerssen will receive a written reply.¹

I call Question No 15 by Mr Jensen :

Does the Commission find it disturbing that the tax authorities of one Member State should arbitrarily increase the assessable income of individual companies or of a whole industrial sector as has recently happened in Denmark where the tax authorities have overruled the official tax returns of several multinational oil companies operating in Denmark, and is there a danger that similar general increases might be imposed on the subsidiaries of companies registered in the Community in respect of business conducted both within and outside the Community ?

Mr Brunner, Member of the Commission. — (D) The Commission has taken note of this problem from newspaper reports. It is an internal Danish problem. We assume that the companies have the right to take legal steps against these decisions.

As you know, there is a directive of 19 December 1977 on business done between legally related companies. This involves business done between a parent company and a subsidiary which have registered offices in different Member States of the Community. In all Member States, there is a means of correction in cases where value of such a business deal deviates from the norm.

Another way of overcoming the problem is to have recourse to double taxation agreements. These double taxation agreements, however, do not cover the full range of likely problems. In December 1976 we submitted a draft directive to the Council designed to prevent double taxation in the case of parent companies and their subsidiaries. This directive has not yet been passed by the Council, but when it is eventually passed — which we hope will happen — it will of course cover only business relationships between Member States.

Mr Jensen. — (DK) I should like to thank Mr Brunner for his answer. If I understand him correctly, the Commission takes the view that what has happened in Denmark could have unfortunate consequences at both international and Community

level as regards double taxation of European companies. I fully realize that this is an internal Danish problem, but the consequences could be of such great importance for international trade that disregarding the accounts of multinational companies in this way will inevitably mean a flight of capital from the Community, and the question, therefore, is how the specific case referred to here can fail to result in a distortion of competition. I should therefore like to ask a supplementary question. Does the Commission realize the negative consequences this could have on the employment situation in the Community ?

Mr Brunner. — (D) Neither of these possibilities — the distortion of competition and the loss of jobs — can be ruled out. However, the affair has now reached a stage in the legal process in which the Commission sees no need to intervene.

President. — I call Question No 16 by Mr Herbert :

Is the Commission aware of recent studies linking the consumption of margarine with cancer and if so what measures will it take to protect the health of Community citizens ?

Mr Brunner, Member of the Commission. — (D) No direct link has so far been proved scientifically between margarine and cancer. Scientists suspect that certain colouring agents may possibly have some influence on the development of cancer. The Commission is examining this question and has commissioned a study on the subject. We should await the results of this study before going any further.

Mr Herbert. — I am thankful for the Commissioner's reply and in view of this evidence linking cancer with margarine consumption, I am glad indeed to learn that the Commission is taking steps to allay the fears of vast numbers of Community citizens who consume margarine in large quantities.

Mr Klinker. — (D) Would the Commission also be prepared to investigate whether advertising for margarine — which always plays on the health value of margarine — is at all permissible under the Community's competition laws ? After all, the health value of margarine is disputed by leading scientists in the Community and there is, moreover, a legal ruling in Germany, whereby it is unfair to use the health properties of margarine for advertising purposes, because it has never been proved that margarine has any health value at all ? Would Mr Brunner be prepared to extend his investigations to cover this aspect of the question ?

Mr Mitchell. — If there is any truth in this rather peculiar question, would not the best way be to reduce the price of butter and encourage butter consumption ?

Mr Brunner. — (D) I do not think there is any need for me to reply to the question on reducing the price of butter. You have had the opportunity this morning to debate many of these aspects.

¹ See Annex

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As far as advertising for margarine is concerned, we can only say at the moment that we shall carefully investigate any information we receive on the subject.

I am not in a position to promise you that we shall launch a special investigation into this aspect.

President. — I call Question No 17 by Mr Spicer, for whom Mr Shaw is deputizing :

Why is it necessary for the United Kingdom to impose a tariff of over 22 % on imports of tinned mandarin oranges when 98 % of the supply originates from Spain ?

Mr Gundelach, Vice-President of the Commission.

— The duty on tinned mandarins is in fact 21 % for products in packages of more than 1 kilo and 22 % for those in packages of one kilo or less. Why is that ? Because it was stipulated in the Accession Treaty : it was agreed it should be like that. That being so, I want to indicate that in 1973 the Community proposed to Spain a significant tariff quota with a reduction in the duty on imports of tinned mandarins, which mostly come to the Community from Spain, by 40 %. But owing to other circumstances in our relations with Spain, they have never taken us up on this offer.

Secondly, I would like draw your attention to the fact that imports into the Community, particularly into the United Kingdom, of tinned mandarins are very small when compared with imports of the product in the form of fresh fruit — fresh mandarins in various forms, with the seeds in, the seeds out, or what have you — and there the tariff reductions under the Mediterranean policy have been carried out — 80 % in regard to the Maghreb countries, 60 % in regard to Israel, Egypt, the Lebanon, Jordan and Turkey, and 40 % in regard to Spain. So the product which the consumer prefers does not actually carry the duty of 22 %.

Mr Shaw. — I am given to understand by Mr Spicer that there is concern that this tariff has been imposed because of the slowness of the Community in renewing certain arrangements. Now it may be from what the Commissioner has told us that that is in fact not so, but I would be grateful to him if he would explain the position, because certainly this feeling is fairly widespread in the trade and it will lead, if that is so, to an unnecessary hiccup in the smooth trade and an unnecessary temporary rise in prices.

Mr Gundelach. — No, it is due to no slowness in acting with regard to that particular product or like products. It is due to the fact that it has been, for reasons you have had explained here before, very difficult to come to an agreement with Spain. First, we had certain political events which are fortunately now behind us. Then came the situation where the Community wanted to regulate its trading relations with Spain in the light of the enlargement of the

Community. It was in that connection that we proposed a 40 % drop in the tariff. The reply of the Spaniards was : No, what we are looking for now is a different type of relationship with the Community and, that being so, there is no point in negotiating any special arrangement in the meantime. It is really that set of general tactical manoeuvres which has led to a delay in regard to certain specific issues, but I would like to add, that, having now arrived at a point where Spain has clearly declared her intention to become a member of the Community, we can now turn in a pragmatic way to solving outstanding trade problems in the interim period.

President. — I call Question No 18 by Mr Normanton, for whom Mr Fletcher-Cooke is deputizing :

In the event of an energy crisis how does the Commission propose that the available oil should be shared and distributed among the Member States ?

Mr Brunner, Member of the Commission. — (D)

There are two Community decisions to be implemented in a time of crisis, the first of which dates from March 1977, the second from November 1977. Neither of these decisions provides for the oil produced in the Member States as a whole to be distributed among the other Member States in accordance with a system of quotas. What the two decisions do provide for is as follows. At a time of crisis, when oil supplies are interrupted, it is possible for one Member State's exports to another Member State to be curbed because the former has to look after its own supplies. In a case like this, the Commission would be responsible for monitoring the restrictions and for helping to control this exceptional situation.

The second Community decision provides for economies in refined products and crude oil in a crisis. These economies would be regulated in the Member States by reference to a guidance quota to be fixed by the Commission in consultation with the Member States. The International Energy Agency in Paris has a provision going rather further than ours, and which provides for the allocation of oil at a time of crisis. As you know, not all the Member States of the Community are members of this Agency.

Mr Fletcher-Cooke. — Following on what the Commissioner says about the problems of allocation, may I ask him about arrangements to prevent the disruption of supplies and the monitoring of the curbing and the consequential economies which he referred to in his reply ? In the light of current events in the Middle East, can the Commission assure the House that these measures are all ready to be taken, that they are equitable and can be speedily enforced and that they have been accepted by all nine members of the Community ?

Mr Brunner. — (D) These decisions taken by the Council of Ministers are intended to ensure a minimum level of solidarity between the Member States in the event of a crisis. These crisis plans have been approved and would be implemented in a time of crisis. What they amount to is that the use of oil and oil products would be restricted to a lower level uniformly in all the Member States. The Commission would then have the job of supervising the system and consulting the Member States to ensure that the system was working fairly. Things being as they are at present on the political scene in the Middle East, we see no need as yet to set this crisis plan in motion. Plans of this kind should be carried out only when supplies are already being interrupted. There are at present no signs of such interruptions occurring in the near future.

Mrs Ewing. — While one trusts that in a crisis there would be solidarity and cooperation, may I ask the Commissioner to consider that his answer today has raised quite a serious point of principle on which he appears, perhaps unwittingly, to be in conflict with answers repeatedly given in the House of Commons to myself and other Members as to whether there is or is not a UK agreement to anything that would interfere with three pledges that were given at the time of entry — namely, that the oil resources of the United Kingdom would, so far as three areas are concerned (the rate of extraction, the control and fixing of prices and the choice of markets), not be affected by entry into the EEC, and that those pledges were given by pro-Marketees? Until such time as the UK subscribes to a common energy policy, are we not really coming to one, or something like one, by a back door, because while one may ask for cooperation, I would suggest that to demand monitoring of the UK in a crisis, would actually be to break these pledges before we had arrived at a common energy policy?

Mr Brunner. — (D) I can see no conflict here. The United Kingdom, in voting in favour of these Council of Ministers' decisions, did nothing more than confirm what had already been agreed under the auspices of the Energy Agency in Paris. The only thing we are concerned with here is drawing up advance plans in the event of a crisis, plans which — if it came to the crunch — would be to the benefit of the United Kingdom. The point is to ensure that oil, which in the event of a crisis can no longer be exported to other Community countries to the same extent as before (because of an emergency situation in the United Kingdom, can actually be used in the United Kingdom. So I can see no conflict here.

President. — I call Question No 19 by Lord Bessborough :

In the light of the call during the International Atomic Energy Agency conference in Lusaka by the President of

Zambia for African uranium enrichment facilities, in November 1977, what consideration is the Commission giving to the inclusion of Euratom provisions in a renegotiated Lomé Convention?

Mr Brunner, Member of the Commission. — (D) We have noted the President of Zambia's offer with interest. The negotiations on Lomé II give us the chance to discuss these matters. On the other hand, we are still participating in the international nuclear fuel cycle evaluation. Under these circumstances, it is not advisable to go into such discussions with fixed ideas. We have an open mind and are prepared to engage in a free exchange of views. We shall draw the appropriate consequences from this exchange of views. But we should not act precipitately.

Lord Bessborough. — Is the Commission really satisfied that the energy needs of the Lomé countries are reasonably well safeguarded?

Mr Brunner. — (D) We have been making efforts under the terms of Lomé I to carry out a number of practical energy projects in conjunction with these countries. We are also engaged in discussions on uranium exploration and the improvement of exploration techniques. We have carried out a number of solar energy projects and we believe this to be a fruitful field for further investigation. We shall carry on discussions with these countries as part and parcel of the Lomé II negotiations.

President. — *Question Time* is closed¹

I thank the representatives of the Commission for their contributions.

13. Regulations on sugar and isoglucose

President. — The next item is the report (Doc. 566/77) drawn up by Mr Scott-Hopkins on behalf of the Committee on Agriculture on

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

- a regulation amending Regulation (EEC) No 3330/74 on the common organization of the market in sugar,
- a regulation amending Regulation (EEC) No 1111/77 laying down common provisions for isoglucose.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins, rapporteur. — This is really a rather modest proposal, Mr President.

There is, as the House will be fully aware, a large surplus of sugar within the Community. We were discussing this in the agricultural debate which has just taken place, and indeed we took one or two decisions, concerning isoglucose, which is all part of this,

¹ See Annex

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during that debate. The situation, as the House will be aware at the moment, is that there are 3.3 million tonnes for export, 2.6 million tonnes being the responsibility of the Community, and 240 000 tonnes being the actual level of exports. We have a surplus in this Community at the moment. The reasons for it are irrelevant to this particular debate. The fact is that it does exist, owing to our commitments under Lomé, owing to various other commitments, and efforts that we have made in this field over the past years — the levels of sugar beet production and so on. So what the Commission has come forward with is an attempt to alleviate this problem to, I must admit, a very small extent. It is saying, rightly, that liquid sugar can be exported, and if it is exported, then restitutions should be available, and therefore they are proposing that this should take place. They hope to increase the exports of sugar from this — I hate the word 'mountain' — excess supply of sugar of 3 million tonnes, by 10 % — in other words, they hope to increase the sugar export position by 20 000 to 24 000 tonnes. This of course will aid, the situation as far as the storage is concerned, and so on, but as I must repeat to the House, Mr President, it is not really a very gargantuan effort, and the effect on Community stocks will be minimal. The method by which this will be done is of course to subsidize liquid sugar which is being used in manufacture.

There is a problem as I understand it, and perhaps the Commissioner can, when he is replying, answer us. First of all I am not quite clear as to what the situation is as far as the Community and the International Sugar Agreement is concerned. I thought we had at last found a compromise which allowed the Community to join, but I have just been told by people who are interested in this that this has not yet been decided. Perhaps the Commissioner might be able to explain to us what the situation is, because it is relevant to the whole export situation of the Community. As I said, the whole Community is in surplus, and of course there are other countries who are interested in third markets, and I do not think that these extra 20-24 thousand tonnes of sugar which are going to be exported in processed and liquid form are going to affect those other markets, but it is advisable that the House should be aware of the whole situation. There is the further issue, of much more minor importance, of sugar used in the manufacturer of pharmaceuticals, under heading CCT 30.03 B 11. As I understand it, this is excluded for some reason or other. Yet there is a fairly substantial take-up as far as the export of these pharmaceuticals is concerned. Perhaps the Commissioner can tell us why these particular products have been excluded rather than included. I should say here that I have been approached by the industry in the United Kingdom, who are anxious that these products under 30.03 B should be included and be eligible to receive this export restitution. I do not quite understand why they have been excluded. We hope that the Commissioner can explain that.

That is the first part of the motion which I am proposing to the House, and I think it is fairly acceptable as it stands. The second part concerns isoglucose. Here I find myself in a little bit of a difficulty. Here is a new process, based, to a certain extent, on maize but which can also be based on other agricultural products; indeed, it could be based on potatoes, for that matter. The situation at the moment is that a levy is imposed on imported maize and on isoglucose production. What I am extremely anxious to see — and I say this in my own capacity — is that the isoglucose production should not be halted in mid-track for lack of profitability. I do not want to see isoglucose expanding hugely, and indeed in the recent debate on agriculture we took a decision, as a House, not to impede new production of isoglucose. Nevertheless, one does not want to see this vastly expanding. But this is a nascent industry; the product is cheap. It cannot be crystallized, as I understand it at the moment, it is only produced in fructose liquid state. Nevertheless, this is a new industry, with a cheap product which is one of the results of technological progress. The total production is 85 000 tonnes at the moment, and estimated production by the end of this year or next year is about 150 000 tonnes. I do not believe that this will damage the existing situation, though I can understand the anxieties of producers of sugar beet within the Community. I think what is being proposed is the right thing: that there should be an export refund in the region of 15 u.a. per 100 kilogrammes, and that the production levy of 5 u.a. per 100 kilogrammes should stay. And so I would have thought that with that and the sugar production levy of 9.8 and the isoglucose import levy of 32.12, this is a situation which can be tolerated by the agricultural economy.

We have had a long agricultural debate this morning and yesterday, and I do not want to weary the House with any further details, except to recommend to it the report which stands in my name and that of the Committee on Agriculture.

IN THE CHAIR : MR ADAMS*Vice-President*

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

Mr Klinker. — (D) Mr President, my Group is in favour of the motion for a resolution. We also agree in principle with the rapporteur's explanatory statement on beet sugar. As for pharmaceutical products, we are of course very well aware that the pharmaceutical industry purchases a great deal of sugar as well as milk powder, but on the other hand we also know that the

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revenues of the pharmaceutical industry are so high that basically it is not necessary to break down these products into their component parts and then work out how to balance it all out when these products are sold from one country to another. With the small units it is, in my view, administratively impossible to carry this out, and to this extent I suppose that this is one of the reasons why the Commission did not include such a provision, since the administrative costs would be out of all proportion to the effect which could be achieved by it.

However, my Group completely disagrees with what the rapporteur said in his explanatory statement on isoglucose. Since we have sugar surpluses — as the rapporteur himself pointed out — any further measures to promote or ease the production of isoglucose will make it more expensive to organize the sugar market and will aggravate the beet sugar problem, since this isoglucose is manufactured from imported maize, and if there were ever a supply crisis — I would remind you that during the Korean War and in both World Wars there were major sugar supply crises — it will be all the more difficult for us to tackle the problem if we have neglected European beet cultivation in favour of a competing product. We therefore hold the view that this new technology — this is not stated in the resolution, but that is how it is presented in the explanatory statement — with extremely low production costs is naturally in competition with beet sugar and that as a result the organization of the market in beet sugar may of course become more expensive.

I had to say this, since in our view the organization of the market in sugar has in fact been the one which has worked best up to now, for the very reason that it includes the producer levy. The case of milk is different, since the market organization does not provide for this producer levy. The legal basis as it applies to sugar is thus perfectly clear.

I would point out that European beet farmers and sugar producers also pay a levy on the export of surplus sugar. That is recognized, and I believe that this whole system would be upset if we were to act overgenerously, not if the Commission had not demanded this levy on maize sugar. We must look at the facts as they are. The sugar industry has invested very high sums in sugar refineries in all the Community countries. Hundreds and even thousands of people work in them, and isoglucose can be produced in round-the-clock shifts by fully electronic techniques, so that thousands of jobs will be threatened if we are not careful.

I feel that this is something which needed to be said. I think that the sugar policy pursued by the Commission is sensible, and my Group would not like to see any fundamental changes in it. It would, of course, merely like to see a better price.

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

Mr Nyborg. — (DK) Mr President, I go along completely with what Mr Klinker said and can therefore be very brief.

We must assume or at least hope, that in the future there will be an increased demand at world level for sugar or products containing or based on sugar. We therefore feel that we must maintain the existing level of beet sugar production.

At the same time we must realize that there will be problems in the sugar sector if we fail to prevent unfavourable fluctuations in sugar production from year to year, since this can easily lead to sugar mountains in the Community. In our view, in order to avoid unfavourable surpluses, which entail increased storage costs, we must try and increase the export outlets for this product as much as possible.

At the same time, since we are bound by international sugar agreements, which make it difficult for us to export white sugar, it is perhaps understandable that the Commission should propose export aid measures for sugar-based manufactured products.

In principle, however, any form of aid is undesirable in that it merely involves shuffling off the problems from one sector to another and thus assisting one sector at the expense of another.

It is curious, in view of the fact that the Community is overproducing sugar, that it is at the same time importing sugar. I fully realize that this is a result of the Lomé agreements, among other things, but it should be stressed that it cannot be acceptable for the Community to import sugar as long as it can amply cover its needs from its own production.

As regards the isoglucose proposal, I cannot recommend that we go along with the proposed support measure. The Group of European Progressive Democrats has previously given its support to a cutback in imports of raw materials for isoglucose production within the Community. This production process, which makes use of cheap types of cereal, is not necessary in a Community which has a surplus of beet sugar. The Commission's proposal regarding agricultural prices for 1978 suggests a reduction of the B quota for sugar beet. This would have serious consequences for the income of a large number of sugar beet producers within the Community. We therefore feel that a proposal which will promote or perhaps facilitate the production of isoglucose is unacceptable and we cannot therefore support it.

(Applause)

President. — I call Mr Hansen to present the opinion of the Committee on Budgets.

Mr Hansen, draftsman of an opinion. — (F) Mr President, particularly in view of the detailed nature of the financial statements and the modest budgetary implications, the Committee on Budgets is in favour of this proposal referred to it for its opinion. However, it has made a general observation and expressed a reservation on one particular point, on which I should like to comment very briefly.

Firstly, the observation refers to the gradual introduction by the Commission of the specific levies and dues on given agricultural products, generally ones in surplus. This practice raises a general problem regarding budgetary orthodoxy and Parliament's budgetary powers. How must this income be entered in the budget? How can the revenue from these levies be used without infringing the principle of non-allocation of budgetary resources? Mr President, can the European Parliament accept that these levies, which in fact amount to a real tax, should be introduced via regulations, without Parliament being called upon to participate? This is the present situation and it seems unhealthy, especially if it proves correct that the Commission intends to extend considerably this system of specific levies and dues. For this reason the Committee on Budgets and the European Parliament have in the past asked the Commission to look into this situation, particularly when the co-responsibility levy for milk was being fixed.

Secondly, the reservation expressed by the Committee on Budgets concerns a particular aspect of the proposed regulation. The proposed text is rather ambiguous, since it gives no definite indication that the levy comes under Community revenue and is raised by the Member States on behalf of the Community. This has already caused legal problems in at least one Member State, the Committee on Budgets considers that an addition should be made to the proposal in order to remove the ambiguity. The two amendments which the Committee on Budgets asks you to adopt today are intended to provide this addition.

The Socialist Group, which is in favour of the proposed amendments, will vote for the report by Mr Scott-Hopkins, whom I wish to congratulate on the thoroughness with which he has studied these proposals on sugar and isoglucose.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, in view of the fact that we have discussed agricultural policy, including sugar and isoglucose, at some length, I do not intend to go into all the ramifications again this afternoon. I would like to thank the two rapporteurs for their reports and for their support for the Commission's proposals. I want also to thank the rapporteur for the Committee on Budgets for his comment on the co-responsibility

levy. We dealt with that subject this morning and Parliament reached a decision which the Commission, in particular the Commissioner responsible for the budget, has to study very carefully in order to come up with a satisfactory reply. And as far as I am concerned, I will do my best to see to it that this is the case. I would personally see no objection to his second amendment either.

I turn now to the substantive questions raised by Mr Scott-Hopkins, Mr Klinker and Mr Nyborg. Yes, as stated this morning, we have a considerable surplus of sugar: 3.8 million tonnes. We have disposed of a great deal of it with export restitutions. In the current year we will probably arrive at exports of the order of 2.8 million tonnes which is something of a record. Of course this is not without cost to the taxpayer, because the prices on international markets have not been terribly good. But this does mean nevertheless that we will avoid an excessive accumulation of stocks. I am also saying, Mr Nyborg, that we have been exporting more than twice as much as we have been importing from the Lomé Convention countries. So we are actually a net exporter of sugar. That must be borne in mind. As far as our commitments to the Lomé Convention are concerned, I can only say we have to honour them. They are legally binding commitments entered into in the circumstances where it was believed that there was going to be a shortage of sugar by those who were then in charge of these matters. I hope that similar mistakes are not going to be made in the future, but that is another matter. In the meantime, we must honour our commitments.

I do not, Mr Nyborg, quite share your concern that shifting production will only give rise to new difficulties in other areas. That could be true if one shifted excessively, but one cannot escape the fact that we are so much more in surplus in certain commodities than in others. It is not a question of moving from one thing to another. It is a question of evening out in a sensible manner.

I mentioned just now a fairly successful export campaign for certain commodities — at a cost. But Mr Scott-Hopkins was asking me directly about the future, because it hangs together with the operation of the International Sugar Agreement. As I have said before to this House and to the Council, if we do not come to an agreement on international arrangements for sugar, our abilities to export will shrink dramatically. It has therefore been a hard battle to get all Members of the Council to realize that we, the Community, who have always been the proponents of commodity arrangements, cannot very well take a negative attitude towards a commodity arrangement on sugar, which is decided by the majority of exporting and importing countries. In the autumn we did get into a position where our attitude towards a sugar agreement was such that the other parties to the

Gundelach

agreement were prepared to discuss. But that association has still to be negotiated with the new bodies of the sugar agreement now coming into effect. But I attach the greatest importance to being able to export, not quantities of the magnitude I have just indicated, but reasonable quantities in the future. We have to. Otherwise we cannot maintain our beet production at reasonable levels. We must be able to export something; that is absolutely vital to employment in both sectors. We must be associated with a sugar agreement. I am glad to report that recent negotiations with the major parties concerned, including the United States, have opened the way to early talks about an association. I hope this will be brought about very quickly, because otherwise our export possibilities will suffer quite significantly.

The International Sugar Agreement seeks to improve conditions in the international market in sugar, and to take into account the fact that there is an overall supply problem. There is too much sugar on the world market at present. Being parties to this Agreement, we have to accept a certain discipline. That is why it is so important to me to have this reduction of the beet quotas we discussed this morning. Because if we are not seen by the International Sugar Agreement to take such steps — in parallel to steps they have accepted under the Sugar Agreement to take themselves — we are no longer credible. If we take these steps, then we are taking steps in parallel with the other parties and will then be entitled to fair share of the market and will maintain a fairly good export performance, even if it is not of the same magnitude as we have had over the last twelve months. It will take discipline on our side to settle this. Given that discipline, we will also have the fair share of the market which we need for the sake of employment in beet sugar production. I agree with Mr Klinker that this is an important aspect of the Common Agricultural Policy.

Isoglucose is also, to a certain extent, covered by the sugar policy; we have come to an agreement about it in the past, which I hope will also stand up in the future. But since isoglucose is subject to at least part of the levies on the internal sugar market, it is natural that it should also benefit from some export restitutions. That is therefore what we are considering specifically today. It is an act of justice and fairness, and I hope as such it will be generally accepted.

Last, this specific point which has been raised in regard to isoglucose in pharmaceutical products. The answer is that we have not found it necessary to include it because its share in the value of the product is so limited that it was not felt worth the administrative complication of including it. If Mr Scott-Hopkins tells me that there are people who take a contrary view, and that it does matter, naturally I am willing to examine it once again.

(Applause)

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins, rapporteur — Very briefly, Mr President, I am grateful to those honourable Members who have taken part in the debate. I hope Mr Klinker and his friends will not be too antagonistic to what is being proposed. As our Commissioner has just said, it is in point of fact an act of justice to include the isoglucose in the restitution payments. But for the sake of clarity I was going to deal with a very small point which I raised, and which Mr Klinker for one objected to, concerning the use of sugar — not isoglucose, but sugar — in the preparation of pharmaceuticals. At the moment, Mr President — Mr Klinker I am sure is aware of this — in bulk, they do get restitution payments. It is in the export retail pack that they do not. I do not intend to pursue the point any further. I will pass the correspondence on to the Commissioner, who has very kindly undertaken to look at it again. But I hope the House will be able to accept the resolution in front of them in both parts: the export restitution for sugar products, and for isoglucose too. I think this is helping, to a small extent, the export of our surplus of sugar.

As for the two amendments which have been proposed by the Committee on Budgets, I do accept them.

President. — I note that there are no more requests to speak. The vote on the motion for a resolution, together with the amendments tabled, will take place at the end of tomorrow's sitting.

The debate is closed.

14. *Radioactive waste and reprocessing of irradiated nuclear fuels*

President. — The next item is the report (Doc. 576/77) drawn up by Mr Flämig, on behalf of the Committee on Energy and Research, on

measures to be taken in connection with the removal of radioactive wastes as part of Community energy policy, and

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

— a draft Council resolution on the implementation of a Community plan of action in the field of radioactive waste;

— a draft Council decision on the setting up of a high-level committee of experts responsible for assisting the Commission in the implementation of the plan of action in the field of radioactive waste (Doc. 255/77);

— a draft Council decision on the setting up of an *ad hoc* committee for the reprocessing of irradiated nuclear fuels (Doc. 242/77).

I call Mr Flämig.

Mr Flämig, rapporteur. — (D) Mr President, ladies and gentlemen, in recent years the European Parliament has made it clear in several resolutions and in its approval of research and development programmes that the peaceful use of nuclear energy, and in particular nuclear fission, is necessary in order that energy production can make the changeover from traditional forms of energy to those of the future. In so doing, our position has always been that safety must come first because radiation protection, reactor safety, environmental protection and effective precautions against unauthorised applications and the misuse of fissionable material are essential requirements for this Parliament's approval of the provision of funds for research and development in the field of the peaceful uses of nuclear energy. This has always been the case and is still the case today, but now the question is not just whether we are for or against nuclear energy. That question has been fully discussed in this House and, incidentally, resolved with a large majority in favour. Today the problem is that of completing the fuel cycle.

As you know, ladies and gentlemen, uranium ore is mined, the 0.7 % fissionable uranium it contains is enriched, the enriched uranium is used to manufacture fuel elements and these are then burned in nuclear reactors. The question then is what to do with the spent fuel elements.

On this question of completing the fuel cycle, we had originally drawn up, or were in process of drawing up, an own-initiative report when the Commission came forward, more or less by chance or perhaps intentionally, with three proposals. The first was a draft Council resolution on the implementation of a Community plan of action in the field of radioactive waste, the second was a draft Council decision on the setting up of a high-level committee of experts responsible for assisting the Commission in the implementation of the plan of action in the field of radioactive waste and the third was a draft Council decision on setting up of an *ad hoc* committee for the reprocessing of irradiated nuclear fuels.

We thought the right thing to do, Mr President, was to include this in our own-initiative report and to deal with it at one and the same time in this House. To draw up the report we had to make several trips and have many discussions, in particular with the responsible research ministries in several Community countries, but also with the French atomic energy authorities and British Nuclear Fuel Limited. We went to see Windscale and we visited Cogema in La Hague, Eurochemic in Mol, the GWK pilot reprocessing plant at Karlsruhe, the GSF pilot plant for the disposal of radioactive waste at Asse in Germany, and we also consulted the European Trade Union Federation and the CFDT which stated its own position on Cap de la

Hague. In other words we heard specialists for and against and many specialists tell us that irradiated fuel elements still contain considerable amounts of usable uranium together with plutonium and other radioactive by-products.

Now there were two schools of thought, one claiming that the spent fuel elements should be stored in ponds until the short-lived radioactivity dies away and the elements then stored in a safe place, with appropriate security measures, and the other arguing that the spent fuel elements should be reprocessed after cooling off in ponds. In this way the uranium and plutonium still contained in substantial quantities in the spent fuel elements could be reclaimed as valuable nuclear fuel, the volume of radioactive fission products very considerably reduced and a contribution made towards environmental protection and energy conservation.

The opponents of reprocessing referred to ideas coming from the US where there seem to be two main arguments against reprocessing: firstly the fear that the plutonium obtained through reprocessing could be secretly diverted and misused for the production of atomic bombs and secondly the hope that scientists will be successful in finding a way of converting long-lived radioactive materials into others with shorter half-lives. Specialists call this the nuclear transmutation of actinides. On these two points I would like to make a few comments.

A few days ago, President Carter signed the Non-Proliferation Act. This Act is obviously dictated by the concern that the Nuclear Arms Limitation Treaty is not completely fulfilling its object and that, as the explosion of an Indian nuclear device shows, or at least appears to show, a more effective barrier is needed to prevent the misuse of plutonium.

As the European Parliament, Mr President, we agree with the non-proliferation of nuclear weapons and with the Non-Proliferation Treaty. Also, the European Parliament has always supported effective measures against the misuse of plutonium. But, in our view, this should not mean the breaking, or at least the threatened breaking, of long-term contracts for the supply of natural or enriched uranium. All the specialists in the world of science and industry and also in governments — in a public hearing, incidentally — have assured us that Euratom surveillance is currently the most effective control against the misuse of fissionable materials — more effective, we have been told, than the control exercised by the Vienna International Atomic Energy Agency.

We are somewhat puzzled as to how the suspicion should have arisen in the US that Euratom is an ineffective internal control that ought to be replaced. There will certainly, Mr President, be much to be said on this subject in this House. We only hope — and

Flämig

strongly hope — that the threat of a ban on supplies can be averted by the Council. And I myself further hope that there is nothing to confirm the suspicion recently heard in industrial circles in various European countries to the effect that, underlying the American Non-Proliferation Act there is also the desire to quell European competition on the world market for nuclear plants. Because — and I feel that here we are all of one mind — the rules of competition must apply in all sectors and never become a one-way street.

However this may be, as a result of extensive discussions with European specialists, we conclude that the reprocessing of nuclear fuels is necessary in Europe.

The technical specialists have also assured us authoritatively that it is wholly unreasonable to say that the advent of a kind of plutonium economy with all its dangers would be solely the result of reprocessing. It was explained to us that plutonium is produced every hour of the day in every nuclear reactor based on nuclear fission. This means that plutonium is being produced in the 64 nuclear power stations in service in the European Community and will also be produced in the other 48 nuclear power stations now under construction and due to go into service in the foreseeable future. So plutonium is a fission product and the question is: what is to be done with it? The technical specialists tell us: you can either store it or use it, bury it or burn it as the saying goes. Buried plutonium has to be kept under careful watch. The half-life of plutonium is 24 000 years and, in theory, it would therefore have to be kept under watch for at least 24 000 years. Up to now no technical solution has been found for the final storage of non-reprocessed fuel elements. Reprocessing, on the other hand reduces the volume of radioactive fission products to 2 % of that discharged from reactors in the form of spent fuel elements.

There is another argument in favour of reprocessing. At its last part-session, the European Parliament adopted the Noè report and therefore declared itself in favour of the fast breeder reactor option. To start up and operate a fast breeder facility requires fuel and that fuel is plutonium. Adopting the fast breeder option therefore also implies saying yes to reprocessing. Admittedly, we do hear that there are American plans for a so-called non-dangerous type of breeder — non-dangerous, that is, in the sense of preventing proliferation — but we do not know what will come of them. No doubt the technologists will develop something in this connection but the European Community and the Member States which bear the cost, have spent billions on the research and development of the sodium-cooled fast-breeder reactor. They cannot now tell their taxpayers that these sums have gone up in smoke. A further point, Mr President,

is that the American Congress not long ago approved a substantial appropriation for the further development of the fast breeder reactor in America.

Now a few points on the wording of the motion for a resolution before you. To begin with we list a few facts, e.g. the European Parliament's earlier opinions clearly pointing out the need for the use of nuclear fission in our progress towards future forms of energy. It is a fact that a high level of safety has been achieved in the peaceful use of nuclear energy. I cannot understand how this can still be doubted because fortunately — and this is another fact — so far there have been no fatal accidents attributable to failures on the nuclear side of power stations. Let us hope that, in the future too, the great care and technical caution that constructors and licensing authorities have so far shown will continue to bear fruit and that we shall go on having no serious accidents although we know that 100 % safety is not achievable in any kind of technology.

We feel that it is a responsibility of the European Community to help overcome the technological, financial and psychological obstacles to the development of the peaceful uses of nuclear energy. In particular there is the Community's responsibility to inform public opinion. We need an objective presentation of the dangers and benefits of nuclear energy and therefore, Mr Brunner, we believe that publication in the Community's Official Gazette is not sufficient.

The Commission will certainly have some more ideas on this and you, Mr Brunner, have already taken the right road with your hearings. Public response to these hearings has been good and perhaps, in the Community, we could have something similar to, say, the 'nuclear energy' citizens' dialogue in the Federal Republic.

Mr President, the European Parliament also agrees to the creation of a Community uranium enrichment capacity, the recycling of plutonium, and the Community siting policy for nuclear power stations. These opinions are set out in the motion for a resolution.

Today we propose that you should agree to the Commission's draft Council resolution for a Community plan of action in the field of radioactive waste. We welcome the efforts towards a Community strategy on reprocessing and stress that the utmost importance be attached to the aspect of safeguards against unauthorised diversion and against the misuse of fissionable materials.

We therefore hope that the result of the *ad hoc* committee's work will be that the optimum is achieved, in terms of economic viability, as regards the number and size of reprocessing plants. At all events, we would warn against dispersion and national egoism.

Flämig

We note that the Commission even proposes joint undertakings in accordance with the Euratom Treaty. We are well aware that there are still considerable obstacles to be overcome and we wish the Commission well, here too we would warn against the dangers of dispersion and national egoism. The objective must be to set up a limited number of reprocessing centres so that the transport of radioactive materials by road and rail and their possible exposure to attack by terrorists or other criminals be kept to the minimum.

Our opinion on reprocessing closes, Mr President, with the renewed warning: safety first — radiation safety, and safeguards against troubles of every kind, in other words, in this connection, close collaboration with the IAEA, the authority in Vienna.

Now about the proposed plan of action for the final storage of radioactive materials. The Commission is proposing to the Council that a high-level committee of experts be set up to assist the Commission in implementing its plan of action. We consider that Community research and development into radioactive waste management should be intensified and we feel that this is a real task for the European Community. This responsibility extends far beyond national borders and not merely for geographical or geological reasons. We readily understand that those countries blessed by nature with underground salt domes are in an easier position to dispose of fission products safely and finally, now that specialists have discovered that salt domes are the best technical answer because no ground water can flow in places where homogeneous salt formations hundreds of metres thick have built up over the course of millions of years. We trust that there will be careful investigation to ensure that there is no prospect of ground water flows in the foreseeable future as the result of earthquakes, displacements and so on, in final storage sites. But it must be remembered that not all countries in the Community have underground salt domes, and the number of final storage sites should in any case be kept as small as possible. During our visits we were assured that risk-free final storage was also possible in clay strata and in granite formations at high levels. We hope that the proposed Community plan of action will be aimed at providing long-term solutions at the Community level in the field of radioactive wastes. Here, for the third time, we would give a warning against the dangers of dispersion and national egoism.

In our view, harmonization of safety requirements and protection measures in the handling of radioactive wastes is indispensable and we refer not merely to rules and regulations but to ensuring that compliance with these rules is monitored in a regular, strict and effective manner. We trust that the Commission will draw up the relevant guidelines and that the Council will then finally take the corresponding decisions. We

have some doubts about this, at least to the extent that we note a certain disproportion between the objectives and the resources earmarked for their implementation. We regret, for example, that the Commission refers in its proposal purely to studies and analyses on some kind of Community network of final storage sites. We hope that further-reaching proposals will be prepared and submitted as soon as possible. Surely there will be no resentment of the European Parliament for this criticism. In full knowledge of the difficulties and the regrettably little coordination between national plans for final storage and the setting up of nuclear fuel centres, as Europeans we maintain that waste disposal is basically a genuine Community responsibility.

The Committee for Energy and Research therefore recommends this House to approve the Commission's draft Council resolution and the two draft decisions. I shall now conclude with a few words on the position of the Socialist Group.

Mr President, we are sure you will appreciate that it is not easy for the Socialist Group to reach a common position in this thorny and controversial technical field, for there are not only reasons in favour of the peaceful use of nuclear energy, there are also weighty reasons, that at least merit consideration, against it. We did not deal with the matter lightly. We set up our own working party, wrestled with the problem among ourselves and consulted citizens' initiative groups; we consulted the Friends of the Earth and took part in hearings in the national parliaments and at international level. Not all of us in the Socialist Group are convinced that the fast breeder reactor is necessary and that the advantages of nuclear fuel reprocessing outweigh its disadvantages. I am certainly not, ladies and gentlemen, giving away any secrets when I tell you that after a special meeting of the Group, devoted specifically to questions of the peaceful use of nuclear energy, a big and clear majority came out in favour of it.

We respect the arguments against when they are well-founded. We understand the concern for the health and well-being not only of mankind but also of all ecosystems on the earth. It should be remembered that it is not the peaceful use of nuclear energy, with its comprehensive safety measures and strict controls, that represents the main danger; rather it is the tremendous and threatening potential of nuclear weapons of all sizes held by East and West and produced — as I feel I must add — by reprocessing technologies that are not subject to any IAEA or Euratom controls and are made out of the vast quantities of so-called atomic wastes which also escape any international control. The Socialist Group puts its trust in what Mr Brunner has proposed. The great majority of our Group thanks him for the draft resolution and decisions whose intention corresponds to what we regard as realistic energy policy. We do,

Flämig

however, ask for your understanding for those who may individually take a different view.

In short I am able to state that a large majority in the Socialist Group supports the Commission's three proposals and I invite other Members to do the same.

(Applause)

President. — I call Mr Noè to introduce the opinion of the Committee on the Environment, Public Health and Consumer Protection and to speak on behalf of the Christian Democratic Group (EEP).

Mr Noè, draftsman of an opinion. — (I) Mr President, Mr Brunner, honourable Members, before dealing, fairly briefly, with the content of this proposal, I should like to make two comments. At a recent meeting of the Committee on Energy and Research, Mr Brunner said that it will always be essential, in future, to obtain the opinion of the committee concerned with ecological problems. I must point out that this is already the practice, and I am grateful to Mr Ajello, who until recently was chairman of the Committee on the Environment, Public Health and Consumer Protection, for the way in which he focused attention on environmental needs and, among other things, arranged for a report to be prepared on the environmental implications of the whole cycle of fuel, electricity-producing reactors and nuclear wastes.

Mr Brunner also said that he would try to arrange for the ecologists to attend future meetings of the Economic and Social Committee in a consultative capacity. This evidently caused some misgivings in the Energy Committee and Mr Flämig spoke on its behalf and gave us, so to speak, a picture of the various types of ecologist. A book has in fact appeared during the last few weeks and its title sums up the situation pretty well, at least in the opinion of many of us. The title of this book, published by Plon in Paris and written by Philippe Lamour is *l'Écologie oui, les Écologistes non*. According to the author, it is right that the scientific and technical considerations which help to protect the environment should be kept constantly in mind but his advice is not to leave this to the ecologists. The book quotes the definition of ecologist given by the Encyclopedia Larousse which is a scientist who studies ecology. Well, how many people who call themselves ecologists are really scientists? Scientists, yes, then, but ecologists, no.

Anyway, we expressed our concern on certain points to Mr Flämig, who has been good enough to take account of them in the motion for a resolution. But they did not conflict with what he had written. All we asked for was greater detail on some points because our job is of course to spot those developments which can damage the environment so that we can protect it better. One of these points concerns the reprocessing of the fuel and the subsequent storage of the radioactive wastes which have been extracted. Mr Flämig had

already come out in favour of this solution both because of the possibility of recovering the energy still in the waste and because of the quantities involved and, consequently, the ecological aspect.

The Flämig notion makes it clear that there is no technology today capable of showing how and where radioactive fuel can be finally disposed of. However, the knowledge we have of processing shows that this is the direction in which we should go. This is why I agree that we should reject the amendment to the contrary which was put forward at the plenary sitting.

I referred to the quantities involved. The facts are as follows: a unit capable of generating 1 Million Kw. per year produces a total of 27 tonnes of radioactive fuel for reprocessing. After reprocessing, about 26 tonnes consist of depleted uranium which can be disposed of with care. Only 900 kilogrammes consist of fission products including 4 kilogrammes of transuranic actinides and 200 kilogrammes of plutonium. So we really have to store only one out of the 27 tonnes and that is something gained.

Another advantage is that the 200 kilogrammes which I have just quoted can be got rid of by using them as fuel for the family reactors at present in operation or, in the future, to feed fast reactors.

It is true, of course, that the remaining 900 kilogrammes contain plutonium impurities because the separation process is not 100 % efficient, but the plutonium content is small and this gives us some assurance judging by the conclusions of a study carried out by an OECD Committee which appeared in September 1977 and said: 'existing techniques of radioactive waste removal make it possible to comply with all objectives of safety, protection against radiation and protection of the environment'. The Committee was chaired by Professor Polvani, who is a medical specialist on the subject of the effects of radiation, and this view was confirmed in a British report which appeared two weeks ago. I should like to express particular satisfaction with the fact that the report argues in favour of solidifying the wastes and this is along the lines of the Commission's proposal for the protection of the environment which, on ecological grounds, recommended submitting the wastes to vitrification.

Why is vitrification desirable? The result of condensing radioactive material on glass rods is that, if the rods are subject to continuous pressure by running water, only one part in a thousand of the radioactive material comes away from the rods in, say, a hundred years. The glass is in fact impenetrable. When one adds that this glass, which is given a ceramic or neutral glass coating, that is to say, glass which contains no radioactive substances, will be stored in one of those places of safety mentioned just now by Mr Flämig (salt mines, or layers of clay to prevent access of water to them), one realises that the

Noè

possibility of seepage of radioactive contaminants is pretty remote.

Some admirable work is also being done by the joint research centres on investigations into the question of how glass behaves after alpha, beta or gamma radiation. The approach adopted is the right one because the glass is exposed to discharges which are a hundred times more powerful than those which the glass would in fact receive from all the materials combined, so in a short period of time it is possible to simulate the behaviour of the glass over centuries. This is a widely used technique. I need only refer to the experimental procedure applied in connexion with concrete used in dams situated at 2 000 metres and therefore liable to crumble through the action of ice. They take blocks of this concrete in the laboratory and subject them to repeated attacks from frost at frequent intervals and in this way simulate the effect over centuries.

The Committee on the Environment asked Mr Flämig to encourage the industrialization of solidification processes and he very readily agreed. At the moment there is only solidification but Commission staff have told me that some attempts have been made in Sweden to use installations employed for artificial diamond production, which work at low temperatures and at very high pressures, to produce aluminates and solids other than glass.

So we must carry on with investigations into all possibilities without losing sight of the fact that we are on the right road, despite the problem of the off-loading of these solidified waste products at the bottom of the sea. It is because of this problem that we were against this operation in committee — at least for a considerable time to come — because we do not know whether or not this waste can be recovered after we have put it several thousand metres down at the bottom of deep ocean. As for sending it into space, if, as they are trying to do at Karlsruhe, it became possible in future to separate the four kilogrammes of actinides to which I referred earlier, it would be possible to discharge small quantities into the biosphere. There are also some fascinating investigations based on the separation of these four kilogrammes of actinides which would be subsequently burnt up in reactors with adequate fluxes, that is to say, the fast reactors of the future.

The Committee on the Environment therefore approves the Commission's documents and hopes that they will form the basis of action of lasting value. It is also glad that Mr Brunner emphasized the need for exchange of information between Environment and Energy in order to get at the facts and keep public opinion aware of what is being done.

To conclude, it is clear that nuclear power plants are less polluting than others, such as thermal stations mainly using fuels containing sulphur. However, we have to recognize that the production of electrical

energy in nuclear stations produces wastes which other generating stations do not. At most, the waste at a thermal station is only a little ash. Nevertheless the advantages of nuclear energy are so marked that we must make it our first concern to solve the problem of processing and storing nuclear wastes.

In this connexion, you may care to be reminded of the idea of an Englishman and an American that the separation of plutonium and uranium in reprocessing plants should be left until the last moment, which would mean that if they got into the wrong hands, it would be necessary to use another reprocessing plant.

I conclude by giving our blessing to the Commission's proposals in the knowledge that Parliament will always support action in this field by Mr Brunner.

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

Mr Meintz. — (*F*) Mr President, ladies and gentlemen, you will agree that it takes a certain amount of daring to follow the two experts we have just been listening to, but since the nuclear question and everything connected with it concerns all of us I have little hesitation in adding my thoughts to this discussion.

In this introduction, Mr Flämig has already referred to Mr Noè's report on fast-breeder reactors and my group would like to congratulate the Commission, as it did for the Commission's proposals on which that report was based, for the proposals before us today and it would also like to congratulate Mr Flämig for the quality of his report and for his energetic activity. As far as my group is concerned, Mr President, the same arguments that it put forward in favour of the fast breeder apply to action in favour of storing radioactive wastes and reprocessing irradiated fuel.

In the present situation it may be necessary to store irradiated fuel elements for a far longer period than would be necessary if we had sufficient reprocessing capacity. This would affect the operation of nuclear power stations and delay the recovery of uranium and plutonium. The result would be to increase the demand for natural uranium and also its cost and to put up the cost of the fuel cycle as a whole. Lastly it would delay the completion of the fast breeder power stations which Parliament wished to accelerate.

The point is that reserves of nuclear materials available to the Community are insufficient to cover its future needs and that therefore it cannot afford to throw nuclear fuel away. We know that the Europe of the Nine will be one of the biggest consumers of nuclear fuel by about the year 2000. Today, 80 % of the uranium consumed in the Community is imported and, in the medium term, an effective reprocessing policy could reduce our natural uranium requirements by an average of about 20 % a year.

Meintz

In the longer term, reprocessing would be a first step towards independence of external supplies, which is an extremely important point.

At the moment, the development of reprocessing facilities is hindered by technical difficulties and financial problems. It is also obstructed by the negative attitude of public opinion and I shall refrain, at this juncture, from repeating all Mr Noè's comments, not on the ideas advanced, but sometimes on the people who hold them.

Most countries with nuclear programmes have launched reprocessing projects but there is no big reprocessing plant in the world except for that at La Hague in France.

As a result there could be a world shortage of facilities in the next few years. In the Community, capacity will still fall short of requirements up to 1986-89 at least, which means that the stock of irradiated fuel accumulated since 1975 will not all be reprocessed before 1988. If these problems are not solved in time, the Community's nuclear objectives could well be in jeopardy.

The Commission's proposals in this field are therefore necessary, particularly those suggesting that reprocessing facilities be concentrated in regional centres. This measure would simplify many safety problems, reduce the number of reprocessing plants and therefore reduce the risks involved and the cost of safety measures.

The setting up of a committee of experts which has been referred to several times and which would be responsible for drawing up a plan of action under this heading is very welcome and it would be desirable for the Commission and the Council to receive the report from this committee before the end of this year as, incidentally, the terms of reference laid down by the Council provide.

It would, Mr President, be very interesting for Members of Parliament too, and particularly its Committee on Energy and Research, to be informed of the content of this report and we therefore hope that it will be communicated to this House.

As regards the storage of nuclear wastes, the problem is to design and develop technical tests which will ensure riskfree storage. The development of storage methods is all the more urgent in that reprocessing capacity in Europe is about to become insufficient as I have said already.

Efforts need to be intensified — and the Commission has stressed this — in the field of research development and demonstration. Present storage methods are safe. Mr Fläming has just told us where the real

dangers lie. But at the level of the final disposal of waste, the Community ought to continue with its efforts regarding solidification method.

I believe we have the necessary scientific and technical capacity and, incidentally, studies made in Gaboon have shown that a fission reaction took place there some 1 800 million years ago.

It has been found that the plutonium remained confined in the geological formation until it disappeared. This objective proof is evidence that there are solutions for the disposal of long-lived wastes.

Apart from the technical problems there is the danger of the proliferation of nuclear weapons, and the problems of public and environmental protection. I do not propose to repeat what has already been said far more eloquently by Mr Fläming and Mr Noè but we feel that the Community is in possession of certain skills and has certain instruments available to it under the Euratom Treaty to prevent any diversion of plutonium to non-peaceful purposes.

Also, the Commission organised a seminar last November in Karlsruhe attended by experts in radioactive effluents from reprocessing plants. They exchanged their experience and reported on research and development work. This was a gratifying first step which should help to reassure the public.

In addition — and Mr Noè has just quoted the same expert — the experts in the OECD Nuclear Energy Agency have arrived at positive conclusions and consider that all objectives as regards safety, radiation protection and environmental protection can be met with the methods that have now been developed. It was thus perfectly reasonable and justifiable for the Committee on the Environment, Public Health and Consumer Protection to approve both the Commission's proposals and the report by Mr Noè — whom I would take this opportunity to congratulate for work that would do credit to an expert — and to submit them therefore for Parliament's approval.

In conclusion, Mr President, since the European Parliament has already opted for the fast-breeder type of reactor, it is now up to Parliament to approve these proposals from the Commission as well since they are necessary to enable those objectives to be achieved. The proposals are reasonable and logical and their implementation is a matter of urgency if the Community, through joint action, is to equip itself with a nuclear industry and thus acquire some measure of energy independence.

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

Mr Jensen. — (DK) Mr President, on behalf of the Group of European Progressive Democrats, I should like to associate myself in the main with what has been said by earlier speakers on this far-reaching and important subject. I should also like to congratulate Mr Flämig on the excellent work he has put into this document.

As previous speakers have dealt in detail with the need for Community measures concerning the disposal of radioactive waste and related environmental questions, I shall refrain from simply repeating what they have said.

However, I would like to endorse the remark on the high degree of safety maintained hitherto in the peaceful use of atomic energy. For precisely this reason, I feel it is important, as a matter of public relations, that in the future public debate on atomic energy the Community give the people of the Member States as much objective information as possible on the problems involved in closing the fuel cycle.

Another point in favour may be that the many problems in relation to radioactive waste can only be solved on a broader basis, and this would save the smaller Member States from having to develop expensive individual schemes for final storage.

Praise is also due to the Federal Republic of Germany for permitting the experimental storage of waste in the former salt mines at Asse, in connection with the pilot plant in the area, and for the factual and responsible way in which this delicate subject has been dealt with by German scientists and German politicians, as a rational approach is precisely what is required to deflate the arguments of the opposition. If this course of action is pursued, the Community will be able to achieve a proper measure of coordination, and I am therefore pleased that we have colleagues on the Committee on Energy and Research contributing to an objective attitude to nuclear energy and its problems.

On behalf of the European Progressive Democrats, I should like to give my full support to Mr Flämig's report.

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

Lord Bessborough. — Mr President, we have this evening another opportunity to prove the determination of the Community to meet the energy needs of our people and our industries safely and at reasonable cost. Mr Flämig's report is masterly and commands the full support of our group. I congratulate him on it.

Nuclear power stations have been generating electricity for more than a quarter of a century. Some of these stations may have surpassed their design life, and this I think is a potential bonus in the operating cost of a generating plant where capital cost accounts for a large proportion of the cost of the electricity.

The British nuclear fuels plant at Windscale has been reprocessing waste since 1952. The French COGEMA plant is operational, and there are other pilot reprocessing plants within the Community. These investments are clear evidence that Member States have already addressed themselves to the mechanics of disposing of nuclear waste in admittedly modest quantities and volumes. We are therefore now concerned as to the most appropriate means of processing, storing and retrieving, if necessary, the waste both of present nuclear power stations and those which will come on stream in the future.

The Community has already taken measures to deal with waste, as Mr Flämig knows. In 1965 the Community financed the construction of a storage vault in Germany, and since 1973 the Community research centre at Ispra has been examining the long-term hazards. The Council of Ministers adopted in 1975 a multiannual programme of indirect research on the treatment of this radioactive waste and its storage. Now it would be absurd if any Member States claimed that the Community's action plan in the field of radioactive waste was preempting discussion of the second action plan for indirect research. It is right that the public in all Member States should be assured that scientists and engineers in one Member State do benefit from the experience and advice of colleagues in other Member States. It is particularly incumbent on British and French members that they should press their governments to join wholeheartedly in the work of achieving the best and most economic solutions to the processing and management of the waste.

The Conservative Group therefore regards the establishment of a high-level committee of experts as essential in order, as a priority, to agree the projects for inclusion in this second action programme.

The reality of the world energy situation is that a virtual cartel of oil producers exists. It exists, I regret to say, to take advantage of the market situation in which the oil consumers find themselves — namely an addiction to oil as an energy carrier. Having very recently returned from the Middle East, and particularly the oil-fields of Saudi Arabia, I am particularly conscious of, and have had very much confirmed to me, the point which I have just made. This addiction to oil as an energy carrier must be brought under control. It can only be brought under control if the Community husbands the world's energy resources as it should other raw materials, and also reduces its dependence on oil by substituting other energy sources, such as nuclear power and coal. Today we are concerned with a fundamental aspect of nuclear power, the desirability as an energy conservation measure, which is what this is, of reprocessing so as to secure additional indigenous fuel resources. Regardless of the substantial deposits of uranium in Canada and Australia and Africa, the question is: will there be

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sufficient uranium to last? Will it always be available? I had a long conversation yesterday with the Australian ambassador to the Communities, and he made it quite clear that whereas the Government were in favour of selling us uranium, the party in opposition certainly was not. Well, what happens if there is a change of government in Australia or in other uranium-supplying States in the world.

It has been said that the cost of nuclear fuel resulting from the reprocessing operation is of the order of \$ 80 a pound, compared with only \$ 30 a pound for fuel obtained from the ore. But this, Mr President, overlooks the need to dispose of the waste anyway. This is part of the cost of the nuclear operation. Furthermore, the evidence given to the United States Congress last year suggests that the United States Federal Administration is making a tidy profit, a substantial profit, from the reprocessing of spent nuclear fuel produced by American private electricity utilities. Small wonder that the United States Administration has been campaigning against the expansion of a British nuclear fuels reprocessing plant at Windscale.

The Commission's plan to enable the separation of uranium and plutonium for future use and to store waste retrievably is, in my view, prudent and necessary. I can see that the United Kingdom Government may be hesitant to cooperate in Community-coordinated and financed radioactive waste research and in drawing up safety standards, on account of temporary energy self-sufficiency. This may result in complacency and, I fear, possible selfishness. This would be most regrettable.

I cannot accept that Dutch and Danish Socialists should table amendments to the Flämig report which neutralize the firm stance taken by members of all political groups in the Committee on Energy and Research and well supported by the rapporteur. I cannot believe that they understand the realities of economic life in the firms which employ their constituents. To the Dutch Socialists, or at any rate those that do take up a certain critical position, I would ask this: what will be their party's energy policy to anticipate exhaustion of their country's gas reserves? And to Danish Socialists I would ask this: what will be their party's energy policy to enable the Danish economy to sustain imports of oil and electricity at levels which will enable economic growth? It is fundamental, in my view, that Denmark and Holland should anticipate the Community's energy future by facing the problem of energy supplies squarely and taking the necessary investment decisions now. The Conservative Group is not prepared to see the working people of the Community condemned to a type of slavery where the results of their efforts are taxed by ever-larger oil payments. It is odd that some Socialists, and I certainly do not include Mr Flämig among them, in some countries, would appear to will this condition on their constituents.

As the British Government has recently published the report of the judicial enquiry into the case for the expansion of reprocessing facilities at Windscale, it may perhaps be worth highlighting some of those conclusions which are relevant to this debate. Some of them have already been mentioned, particularly by Mr Noè. But a decision not to reprocess cannot, in my view, be in the best interests of ourselves, or future generations. First of all, because of the impact on the total energy economy which I have just described. Secondly, because it commits future generations to the risk, and I think that this has already been implied by other speakers, of escape of more plutonium than is necessary. If, by re-processing plutonium, plutonium is extracted, then the total waste inventory is greatly reduced. Then, thirdly, a decision not to reprocess would involve committing future generations to a greater risk of escape of the remaining content of the spent fuel, since the spent fuel is likely to be more vulnerable, Mr President, to leaching by water than solidified highly active waste — a point well made by Mr Noè. If processing is going to take place at some time, it is preferable to start without delay since the techniques can then be developed at a reasonable rate and greater experience can be gained both of the process itself and of the behaviour and effects of the emissions involved.

Mr Justice Parker in the Windscale enquiry has arrived judicially at the same conclusions as those contained in Mr Flämig's report. Furthermore the recommendations lend themselves to Community action, particularly as the second action programme is an embryo. I will not go into all the other details of Mr Justice Parker's report; many of them have already been mentioned by Mr Flämig and Mr Noè, but I would say this. There should in my view be more monitoring of the radioactive discharges, and there should be an annual comprehensive survey of all discharges.

I would conclude by drawing the attention of Members to the questionable stance of the United States administration in this regard. The United States has attempted, I regret to say, to dictate nuclear policy to the free world on the basis that in one way or another, the dispersion of nuclear fuel to nations requiring the fuel in their nuclear power stations proliferates the risk of spreading nuclear weapons. Mankind possesses the knowledge to make nuclear weapons. That knowledge cannot be expunged. There will always be mercenary scientists and engineers who are prepared to sell their skills and, given the financial resources, nuclear weapons might ultimately be manufactured by seemingly unlikely nations. Even were we to accept the so-called writ of the United States in nuclear policy, there is no certainty that that policy would be consistently fair and comprehending of economic and political needs in the rest of the world. Indeed nuclear policy might be subject to dramatic

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change with changes in the Executive — and who is to judge that US standards for nuclear safety and control are better or worse than those desired by the Community?

In these conditions the Community must furnish itself with secure energy supplies at prices which stimulate economic progress in the industrialized and in the developing world. Nuclear power is essential to the attainment of this objective. People of the Community will not accept dictation by an American President as to what is good or bad for them in energy policy. The Community has noted the continuing and substantial investment by the American administration in fast-breeder reactors and allied technologies which presupposes a reprocessing policy. It ill-becomes the President of the United States to pillory Britain, France and Germany for developing similar facilities of their own. The plutonium economy will necessarily have come to stay when, during the next generation, oil has run out in the North Sea and in the Middle East, coal and gas cannot meet all our needs, and thermo-nuclear fusion will not yet have come on stream. President Carter's failure to understand the rights of Western Europe in this matter, combined with the failure of his energy-conservation programme, makes him a hardly credible chief executive. I regret to have to say this.

Mr President, the Community strategy and action programme for the reprocessing of wastes are of the greatest importance for the future energy requirements of the Community, for the Community's economic well-being, and for the Community's political sovereignty. I thank Mr Flämig for having produced such an excellent report. We are greatly indebted to him.

(Applause)

President. — I call Mr Brown.

Mr Brown. — Mr President, I am extremely pleased to follow my colleague, Lord Bessborough, in his comments and congratulations to Mr Flämig, particularly in the way he set about getting down to the task of consultation, which, of course, so many people ask for. He made it his business in preparing his report to ensure that he visited all those persons who were interested — and certainly the experts in the business — and therefore his conclusions and the results of his investigations are, I think, all that much more important.

I would like to confine myself to just two or three items. It is regrettable to me that on a matter of such importance we only have about eleven Members in the Chamber tonight. This matter is continually being referred to as being of maximum importance to the peoples of Europe; to find that only eleven parliamentarians can find it in their hearts to stay to discuss it seems to me to reflect on the others.

I would like to place on record some of the important issues that derive from this report with regard to the irradiation of nuclear fuel. The first thing I would like to do is to note that in paragraph 3 of the motion for a resolution, my colleague, Mr Flämig, notes that a high level of safety has hitherto been achieved in the peaceful uses of nuclear energy. We do from time to time, Mr President, discuss in this Chamber the use of coal, and I again intervened yesterday in Question Time to talk about the uses of coal and to draw attention to its inadequacies. I recently got some interesting figures which were produced — in my own country, it is true — of the fatal accidents to employees in the fuel industries. In the deep-mined coal industry between 1957 and 1976, there were 3 582 deaths. That is an average rate of 0.37 persons per 1 000 employees. In the gas industry there were 67 deaths during that period; in the oil refining industry, there were 43. But in the nuclear industry there were nine deaths, with an average rate of 0.03 persons per 1 000 employees.

I think because of the continuing harassment about nuclear energy, it is important to place on record that people do not seem to be so seized of the fact that large numbers of men in the mining industry are dying yearly, or are being maimed and suffer irreparable harm through diseases in order to produce coal. Yet people will continue to keep arguing about what they think to be the dangers of nuclear power, without a shred of evidence to support their contention.

Secondly, I think the most impressive thing my colleague Lord Bessborough brought up was the fact that the report squares with the results ascertained by Mr Justice Parker in our own Windscale inquiry. I would like again to place on record in Parliament here today some of the substance of that report, because I think it answers many of the criticisms.

Mr Justice Parker adumbrated three questions he thought ought to be answered. The first was: should oxide fuel from United Kingdom reactors be reprocessed in the United Kingdom at all? Second: if so, should such reprocessing be carried out at Windscale? Thirdly, in that case, should the reprocessing plant be about double the estimated size required to handle United Kingdom oxide fuels and the spare capacity be used for reprocessing foreign fuels? These were important questions, and I should like to give some of the answers. On the first question — should oxide fuel from UK reactors be reprocessed in the UK at all? — Mr Justice Parker said: 'I conclude that a new plant for reprocessing oxide spent fuel from UK reactors is desirable and that a start upon such a project should be made without delay'. He went on to give a whole series of reasons. The first was that stocks of spent fuel from the advanced gas-cooled reactors presently existing and under construction will, unless reprocessed, continue to build up and will have to be stored

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until finally disposed of in some manner — which is exactly the point that my honourable friend was making. He went on: all the spent fuel stored will contain fission products and the long-lived actinoids, including plutonium. The inventory on plutonium will, therefore, continue to increase for as long as reprocessing is delayed. This is the precise point my honourable friend Lord Bessborough made. Moreover, the prolonged storage of ever-increasing spent fuel containing an ever-increasing quantity of plutonium would involve the development of new storage methods. This would be both a costly and a lengthy process. And then, if I can just make a final quotation: 'To store such increasing quantities of spent fuel would only be sensible if it was likely that it would ultimately be decided to dispose of the spent fuel, with its entire content of plutonium and other radioactive substances, without reprocessing.' He then goes on to argue that this is not a possibility, and one cannot face it. Then he questioned, and I think that it is important that he did so, that the risks of accidents will, if reprocessing is to take place at some time, also have to be incurred at some time. At the present time, they are likely to be containable within tolerable levels. If reprocessing were to begin suddenly, on a large scale after a lapse of time, the risk would probably also be containable but would be likely to be greater. So that what he was arguing was that you cannot afford to take no decision.

I do follow the point that Lord Bessborough made concerning Mr Carter's proposals, and I confirm his judgment in that I take it a little unkindly from a country that has absolutely made a fortune out of light water reactors. I know everybody does not agree with my views on light water reactors. I believe they are dangerous. I argued 10, 15 years ago that they were dangerous, and I objected to the way the Americans were sending those light water reactors all over the world, including the mainland of Europe. Fortunately my own country was a bit shrewder. They did not have one. But to do that with the absolute assurance, as Mr Justice Parker said, that you will be obtaining a growth of plutonium and irradiated material that will have to be dealt with, and now to come along at this late stage and say, 'by the way, if you produce any form of plant which is going to take care of the problem we gave you, then we shall cut off your supply of fuel for the very things we sold you': I think this is a highly disreputable attitude that the American President is taking. I understand what his rather pure objective is, but he does not, in my submission, achieve that objective by threatening in this way, without coming up with an answer to the problems that his own country has actually produced.

I will not continue the argument, Mr President. I think for all the speakers we have had this evening there seems to be no doubt in our minds. I would merely speak to my Dutch colleague. Peter Dankert, because I noticed the amendments that he has got down, and I looked at them very closely, and I put them into the places where he suggests they be put,

and I am bound to say to him that I really am not persuaded that they will in any way help to increase any safety measures, which I know concern him very much. I do not go along with those who tend to criticize persons who believe that the safety is not proven yet and want to put in more safeguards. I think those of us who are in favour of nuclear power stations and the like have an absolute right to answer criticisms that are made to us and not just simply push it off as being unnecessary. But I am bound to say to my Dutch colleague that I have looked at his amendments, and I cannot really see how he believes that the introduction of those words he proposes will in any way change the situation that we have got. On the contrary, I think it would hinder the work that the Commission is attempting to do in order to provide Europe with safeguards for the future.

So I hope Parliament will be able to give the report of my friend absolute support, and I trust the Commission will implement their proposals as urgently as possible.

President. — I call Mr Dankert.

Mr Dankert. — (NL) Mr President, I am struck by the contrast between the unanimity in this discussion on the field of nuclear energy compared with the great — to my mind too great — division of opinion among the public in many of our countries. It seems to me that it may be useful to take a somewhat different standpoint towards the development of nuclear energy though by no means rejecting it in principle. I find Mr Flämig's report a good and exceptionally well-argued document and I have no quarrel with the substance of his reasoning or the resolution that he has proposed.

My objections are aimed at what is given as the framework for this motion for a resolution, and against the profession of faith in the field of nuclear energy that is once again included in it.

The three amendments that I have tabled in no way affect the real content of the resolution. Mr Brown has rightly made that point. My object is merely to deal with a number of general positions that are postulated in it.

I have no objections in principle to nuclear energy but I consider that the exhaustion of some traditional energy supplies and the problems that this gives rise to are not without their implications for the energy policy that we are now formulating and will be applying in the future. I am well aware that, as far as this is concerned, we in the Netherlands have perhaps a little more time than other countries because our natural gas supplies permit us to look at these problems at a slightly longer range than other EEC countries. However, as I see it, the fact that we must be careful about giving nuclear energy the place that is suggested here in the framework of total energy requirements does not apply to the Netherlands alone.

Dankert

Given our growing dependence on oil, it is clear that alternatives must be found but when we recall what is possible in the field of electricity generation, for example, it is very clear that recourse should also be had, and high priority given, to the old, traditional fuels such as coal. What is more, it is now apparent that nuclear energy will not be in a position to cover more than a tenth of total energy requirements until the year 2000. That surely leaves some room for discussion on the problem, although I well know that we cannot do without nuclear energy, that there is often unjustified agitation about it and that the arguments in opposition to it are weak.

Saying in the motion that a high level of safety has been achieved in the use of nuclear energy seems to me to go too far and to sound too much like propaganda. But a high level of safety has been achieved. Mr Brown has given us clear figures. It is correct that relatively few accidents happen in nuclear power stations compared with the number of accidents associated with the use of other fuels. But the problem we are concerned with is that we really do not yet have the answer for wastes and that is an extremely important problem from the viewpoints of both political and material security.

And this, therefore, is simply the question of whether the reprocessing of waste and the option of fastbreeder reactors really provide the answer. Mr Brown has given a number of quotations which again give rise to doubt. Will we not have to deal with other problems which, at this moment, we are not sure of being able to master? I also think it is dangerous, at this stage in the discussion, to invite the Community to overcome the psychological obstacles to the development of nuclear energy.

I find this dangerous because I have the impression that it will further polarize the debate currently taking place in Europe and further aggravate the loathing for nuclear energy of certain groups in our society that have been agitating up to now with exceptional success and have in fact managed to delay programmes that have already been announced. Nuclear energy would then ultimately become such a bone of contention that reasonable discussion on the subject would be impossible because of the positions of its protagonists and opponents. It is dangerous to take that line and to say that it is the responsibility of the Commission or the Council, for example, to overcome psychological obstacles.

We must prevent the Community being rightly regarded as a propagandist for the use of nuclear energy. It would seem dangerous to me for the Community to have that label stamped on it. One press agency has referred to the proponent of the plutonium economy. A number of dangers attach to

the whole development, not purely as regards safety, that are difficult for us to see clearly at this moment. They need to be more closely studied so that we can take final decisions.

Disparaging things have been said about American policy. Of course it is very easy to accuse President Carter of inconsistency, to suggest that there are commercial interests at work and to denounce sudden changes in American policy and the pursuit of new ideas. But none of this alters the fact that the American government has simply come to the realization that in the development of civil technologies — atoms for peace — which used to be an export product there lurks a tremendous danger and that is that military and civil technologies are interconnected and that a development may be set in motion that can never again be brought to a halt.

At this moment in which Europe too is about to take this road it also runs the risk of sharing the responsibility for the further spread of nuclear weapons in the world through the worldwide dissemination of technology. If we are prepared to take responsibility for this then we must do so but, at this moment, I am not, because I have the feeling that it should be possible in the next few years to develop the international system of political and technological safeguards through which the risks can be kept under control whatever happens.

I admit that the wording of the resolution in no way refers to these problems. In fact I regret this but Mr Flämig has said that there would be a discussion on this subject. That discussion, in my opinion, could better be held before the discussion we are having at this moment. This is why, at this stage, I shall leave things at my three minor amendments, which do not directly affect the problems essentially dealt with in the motion for a resolution or the solutions proposed for them but which cover what, in my view, is superfluous in the motion at this stage.

President. — I call Mr Brunner.

Mr Brunner, member of the Commission. — (D) Mr President, the debate has been extremely technical and its level has been high. I must thank Mr Flämig, the rapporteur, for his contribution and all those Members who spoke today. I feel that, in this discussion, you have shown that the subjects that concern the ordinary citizen in Europe today are also at the centre of our thoughts in this Parliament and in this Community. That is the significance of this debate, politically and from the social policy standpoint.

We are always being asked whether the Community really has an energy policy and everywhere we get told

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that it has none. I wonder whether this blanket answer is right. This very debate that we have just had shows how capable we are even to go into technical details and how concerned we are to forestal problems that could possibly not become acute until ten or twenty years hence.

The three papers you have been dealing with — a little while ago the paper on fast breeders, now the papers on nuclear wastes and the paper on reprocessing — are all parts of a policy. They are parts of a policy that has clearly defined objectives, that has quantified these objectives, that is based on the need to break out of our unilateral dependence on oil, but which is not concerned just to define these objectives.

The policy also shows the way. It says how we can get there and where we have to get to. And because this is so, we also consider nuclear energy, allocate it a specific role, assume — being careful not to exaggerate — that we shall have some 90 Gigawatts by 1985 and consider ways of dealing with these problems. It is wrong to say that we could simply have confined ourselves to saying that we have our international study on the fuel cycle and can now just sit back and wait until the study is finished. Things are not that simple. No matter how this international conference turns out, we cannot get away from the fact that there is nuclear energy in Europe.

We have light water reactors; plutonium is produced and so is high, medium and low-level waste. We must think about what to do with this waste. We might say that this is not a desperate problem at the moment and this would be right because, by the year 2000, we may expect there to be some 12 000 m³ of high-level waste — assuming an order of magnitude of 90 Gigawatts. This is a problem, but even with the geographical conditions and population densities that we have in Europe — it is by no means an insoluble problem.

Even so we must take care of it and in just the same way we must see what we can do with the plutonium that arises and which we would like to re-use as fuel. Here too we could say that the economic loss might not be very serious at the moment, but we have to remember that if we do not use this plutonium, if we do not think about whether we are going to reprocess or not, then sooner or later prices will go up and we may then suffer an extremely heavy economic loss.

Finally, we must be attentive to what the populations and citizens of Europe think about the whole thing. If we just stand by and do nothing at all, then we shall naturally create the false impression that it is possible to solve these problems of nuclear waste or the reprocessing of spent fuel simply by bringing the production of nuclear energy to a halt in Europe. This is a

big mistake. Nuclear energy is here, and these problems are here as well. Even if we were to shut up shop tomorrow, even if we shut down every reactor, we would still have these problems. Whether they will get bigger or smaller is a matter for debate — but the problems would still be there. So we have to tackle them.

This, therefore, is part of a whole, a policy that this Commission has formulated and which you have helped to formulate, complete and correct with care in many discussions and in the Committee on Energy. It is a whole, we cannot isolate its separate parts. What we are doing now is to take precautions so that citizens know that their concerns are being well looked after by their representatives. This is the point. It is in these terms that I see the value of these efforts and the special service rendered by the high technical quality of this debate. I think that we are on the right road. We are beginning to hammer out strategy for the oil sector, the coal sector, nuclear energy, alternative energy sources and energy conservation. These things all go together. They are part of a common market that is still beset by obstacles and in which we still have to break down certain barriers, but which is gradually forming a whole that, apart from anything else, will be in a position to uphold its own interests against those of others.

This also applies to this specific case. Here too, particularly with regard to the study on the fuel cycle, we must be in a position to mobilize our specialist knowledge at this important international conference and reach a common position. How else shall we be able to survive as a Community at this conference?

For me this has a purpose and I believe that Europe's citizens will see this purpose in the same light as I.

President. — I call Mr Edwards.

Mr Edwards. — I did not put my name down to participate in this debate, but as there are so few speakers, perhaps you will forgive me for making a few remarks. Thirty-six years ago I wrote a very modest book called *War on the People*. (I can say this because I have reached the age of three-score years and I am not bothered about egotism). I had a chapter in that book on the dangers of using uranium in war, and that was 2 ½ years before the first bomb was dropped on Hiroshima. In my modest book, I said that if only this energy could be used for peaceful purposes, it might help lift the living standards of our people right throughout the world, and I still believe that that is true.

Twenty years ago I was a member with Canon Collins when we formed the movement against nuclear arms, CND. We thought we would not be negative, and we advocated the principle of 'atoms for peace', and I

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would, if I may, remind my Dutch friends who so strongly supported the CND movement at that time that 'atoms for peace' is still valid.

In my youth we used to campaign against the dreadful industrial problems of the mineworkers. We used to call the mines dark dungeons of despair, and we looked forward to the day when no man would have to go down into the guts of the earth and risk his life under these dreadful conditions, to dig up the energy we needed. Well, today we have new sources of energy that can maintain and improve the living standards of our people in Europe and help to uplift the living standards eventually of the people who live in grinding poverty in the Third World. Although I believe there is room in our Europe and in our world for those who are opposed to the development of nuclear energy for any purposes at all — I think they have a right to be heard — we also have a right to contest the arguments they make. Now it just happens to be a fact that if all the energy of the United Kingdom came from atomic reactors, in 20 years the waste material would only amount to 1 tonne of dangerous radioactive material, less than a lorryload! This is a fact, so the dangers are completely overrated. And then, of course, we have the argument that some group of terrorists might hijack a load of plutonium and convert it into a bomb. Well, the Israeli Government hijacked a whole boatload of processed uranium, 200 tonnes; I understand they spent half-a-million dollars trying to make a bomb out of it, and they completely failed. Now a piece of plutonium, moving about my country, is embodied in a great lead seal. It weighs 30 tonnes. To hijack that, you need a crane that would lift 80 tonnes; so it can only be a government that could hijack plutonium and turn it into a terrorist weapon.

I make these few observations because I think we should contest the arguments of those who are opposed to the absolute necessity to find new sources of energy. Without a continuous flow of reasonably cheap or relatively cheap energy, we cannot maintain the standard of living of our people in Europe, or anywhere in the world. When we experienced the 3-day week, when lifts in hotels and flats had to stop because there was no energy, when the lights went out and our cities turned black as night, when the snowstorms covered America and the whole organization of a complex society was in chaos, that would be our future if we refused the necessity to develop new sources of energy.

Nuclear sources are, as I think the rapporteur has proved and my good colleague, Mr Brown, has taken trouble to show, the cleanest and the safest that we so far know as far as processing energy is concerned.

I would like to support very strongly the report of my colleague, Mr Flämig. He is a man dedicated to this cause; he has gone into all these problems. I am amazed at the energy and the thought that he puts into all his work for our committee, and I accept his views on this matter. I hope we shall vote down, or rather I hope our friends from Denmark and Holland will withdraw their amendments so that it will not be necessary for a person like me, who is absolutely against the use of atomic weapons in war, to vote against their amendments. So please withdraw them and let us have a unanimous vote on this vitally important report!

(Applause)

President. — I call Mr Flämig.

Mr Flämig, rapporteur. — (D) Mr President, at the close of this debate I would first of all like to thank all those Members who have spoken and particularly those who support this report which, after all, we drew up together in our committee. I would also like to thank the Member who has put forward his viewpoints more fully and spoken, in part, against the report. Kindly allow me briefly, as rapporteur, to state my position.

One can easily understand that the representative of a country producing four fifths of its electricity from natural gas has a somewhat different attitude towards things than, for example, the representative of a country which has no coal, natural gas or oil. On the other hand, the fact is that these amendments do not have the effect that they are obviously intended to achieve. I shall try to demonstrate this in a few sentences.

The first amendment calls for the deletion of paragraph 1. Paragraph 1, Mr President, is nothing more than an enumeration of facts. We recall that Parliament has already delivered opinions on nuclear energy. Whether we delete this or not, nothing can change the facts. We intentionally referred to this, however, because we wanted there to be a carryover from earlier reports and earlier research programmes to the present report. We therefore wanted to bring out this link.

The second amendment introduces something that already exists in paragraph 12. The point that the Member wishes to add, namely that the problem of the treatment and storage of radioactive wastes is not yet solved, appears word for word in paragraph 12 which, Mr Dankert, stresses that the problems connected with final disposal are not yet solved. This amendment, therefore, takes care of itself.

Amendment No 3 relates to paragraph 4. In paragraph 4 we refer to the Community's responsibilities in overcoming the technological, financial and, above

Flämig

all, psychological obstacles to the development of nuclear energy. Originally, I wrote something completely different. In the end we agreed to a compromise. Some Members, including one from the Netherlands and one from Denmark said I should be a bit more careful, etc. Refer to the psychological obstacles, they said. In our view, Mr President, removing these psychological obstacles is properly one of the Community's responsibilities. May I also refer you to the Commission's proposals on this subject. It wants to launch an action and, in this context, even use the Official Journal to explain to people how these psychological obstacles may be removed. We then said that we had to go farther and use other instruments in addition to the Official Journal. To make no further reference to this at all and to act as though this were no longer of any interest to the Community would surely not be right.

The explanatory statement says that nuclear energy is shortly likely to become an important issue and I believe this too. It is already an important issue and will become increasingly so. But that, in my view, is precisely a reason for the Community to do its very best to enlighten the public. In this, it will be vital not to paper things over and not to hide or belittle anything. Problems, risks and benefits must be compared openly and fully and then it will be seen that the benefits far outweigh the dangers and difficulties. But if it is said that we must be careful not to establish a plutonium economy, then I would refer to what I said in my short introductory address. It is no new problem. We are already in the middle of the plutonium economy. Plutonium is produced every day in 64 nuclear reactors in the Community alone and in 200 in the Western world and the only question is: what are we going to do with it?

If we are now criticised — and this is my last point, Mr President — for saying nothing about the safeguards system, in other words the prevention of diversions, then I have to say that this is true, Mr Dankert. We have said nothing about this because a special report, the Ellis report, is being produced on the question: how effective are the controls? Since this report is coming out we ought not to anticipate it.

President. I call Mr Dankert.

Mr Dankert. — (NL) I felt I had to ask to speak again about the amendments because I have no intention of withdrawing them and even less do I feel — unlike the rapporteur — that they are superfluous. I shall deal with them one by one.

The rapporteur says that paragraph 1 refers to opinions given earlier by Parliament with regard to the Community's need for the development of nuclear energy. That may be. But to recall these opinions is a confirmation of the manner in which they were given

before. To me this is unnecessary and I feel that it is perfectly legitimate to do something about it by means of the relevant amendment.

Regarding the amendment to paragraph 3, which refers to a high level of safety, the rapporteur says that this subject is dealt within paragraph 12. My problem is that paragraph 12 is separate from paragraph 3., that the issues may therefore be regarded as distinct from one another and that in doing so there could be arguments — I do not say that this in fact so — to the effect that this is demagoguery because all that is said is 'that a high level of safety has been achieved'. Fine, but that has to be looked at in conjunction with the real problem raised in paragraph 12. By separating the two things we give an unfair picture which can but aggravate the known psychological obstacles to the development of nuclear energy. I feel that is an extremely unhappy use of words to talk about 'psychological obstacles to the development of nuclear energy'.

The Community has a responsibility to set out facts and produce information; but once it uses words like 'psychological obstacles' it helps to create such psychological obstacles, because these words will be regarded as an attempt at intimidation or demagoguery and not at setting out facts or data — because that is what the word 'psychological' implies. Hence my serious objections precisely to this word. Mr Flämig may say that this a compromise reached in committee, but personally I consider it to be an unacceptable compromise.

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, tomorrow at the end of the sitting.

The debate is closed.

15. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Friday, 17 March 1978, at 9.00 a.m., with the following agenda:

- Procedure without report;
- Vote on the urgency of the motion for a resolution tabled by all the groups on the kidnapping of Mr Aldo Moro;
- Zywiets report on a three-year plan of action on information;
- Noè motion for a resolution on Community regional policy;
- Bangemann report on the budgetary and financial policy of the Communities in 1979;

End of sitting: Vote on motions for resolutions on which the debate has closed.

The sitting is closed.

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

ANNEX

Questions which could not be answered during Question Time, with written answers

Question by Mr Ripamonti

Subject : Special projects

What measures does the Commission intend to take in order to guarantee the safety of Europe against the effects of possible accidents similar to the disintegration of satellite COSMOS 954 and the fall to earth of radioactive debris ?

Answer

The question tabled by the honourable Member raises two kinds of issue. First, there is the question of preventing such accidents from occurring at all.

The matter does not fall within the competence of the Community. Measures would have to be agreed at a wider level, especially between those countries which launch satellites. The Commission could only encourage any initiatives in this sense.

There is no Community control over the efficacy of technologies which might prevent such accidents.

Were such an accident to occur over the Community, the Commission has no capacity to deal with the consequences of such an accident. Its role in nuclear security is restricted to the security of reactors.

Question by Mr Notenboom

Subject : Co-responsibility levy on milk products

Can the Commission explain why this levy (amounting to an estimated 214 200 000 EUA in 1978) is not entered as own resources on the revenue side of the budget but is instead regarded as negative expenditure ?

Answer

The co-responsibility levy which was approved by the Parliament last year, and which your Agriculture Committee suggests should be continued, is intimately linked to the Commission's endeavours to manage the market in dairy products and in particular to reduce the existing surpluses. In this context, the Commission considers that the levy which is foreseen as a temporary measure applicable over a 3-year period can naturally be regarded as an element in the operation of the intervention system and other market management measures and that, for this reason, it belongs to the guarantee part of EAGGF.

The Commission recalls the political link which exists between the levy and the measures financed by the levy. From a budgetary point of view, the co-responsibility levy appears in a new line just as the expenditure for the measures foreseen in Regulation No 1079/77 is indicated in a special line. The budgetary effects of the levy and of the related measures are consequently made quite clear.

However, the Commission wishes to underline that it considers the co-responsibility levy as a particular case for the reasons just indicated and not as the application of a general principle.

Question by Mr van Aerssen

Subject : Community loans for the building of nuclear power stations

Can the Commission state whether Community loans are being granted by the Commission or the EIB for the building of nuclear power stations in the Member States, and if so, since when and under what conditions ?

Answer

1. In the second half of 1977 the European Atomic Energy Community (Euratom) issued loans pursuant to the Council decision of 29 March 1977, and contributed to the financing of nuclear power stations by lending a total of 95.5m EUA.

The loan issue is lent out at prime cost and the period of validity is between 10 and 15 years.

2. The European Investment Bank helps with the financing of nuclear power stations in accordance with its duties as set out in Article 130 of the EEC Treaty. This financing activity is intended to promote the Community's energy policy as determined by the Council on a proposal from the Commission in 1974 and approved by the Council of Governors of the Bank.

Between 1967 and 8 March 1978 the Bank granted 32 loans and 2 guarantees for 18 nuclear power stations (representing an output of 19 gigawatts) in the Member States. A total of 861.88m EUA is involved. A further payment of 49.97m EUA was made for a uranium enrichment plant.

Question by Mr Yeats

Subject : Equal Pay

Will the Commission now state what replies have been received from the Member States to its questionnaire on the situation of the application of the principle of Equal Pay between men and women ?

Answer

All Member States have now answered the Commission's questionnaire on how the principle of equal pay for men and women has so far been applied.

I should like to take this opportunity of making a slight correction to the statement I made in Parliament on 14 February during the debate on Oral Question No. 88/74 by Mrs Dunwoody and others. I stated then that, up till then, no Member State had completed the Commission's questionnaire. In fact one Member State (the United Kingdom) had done so a short time before but the reply only reached the appropriate Commission department on the day I made my statement.

Question by Mr Bersani

Subject : European Centre for the Development of Vocational Training in Berlin

Does not the Commission feel that the European Centre for the Development of Vocational Training in Berlin should also cover the agricultural sector, which is not at present included in the Centre's programme ?

Answer

I should first like to draw the honourable Member's attention to the fact that the Commission is not responsible for the programme of work of this Centre, but that this is drawn up by the *Conseil d'Administration* which is composed not only of representatives of the Commission, but also of representatives of employers, employees and the Member States.

Secondly, apart from the Centre in Berlin, I would also draw attention to the existence of CEPFAR, a specialized European organization for vocational training in the agricultural sector. The Commission has earmarked a subsidy of 131 100 EUA for this organization in 1978. It should also be noted that efforts are being made to strengthen existing cooperation between CEPFAR and the Berlin Centre.

Question by Mr Dondelinger

Subject : Revision of the Treaties of Rome

Does not the Commission share the opinion of Mr Brice Lalonde, a spokesman for Europe's ecologists, that it would be desirable to reword Article 2 of the EEC Treaty, which emphasizes economic expansion alone to the detriment of environmental protection and the quality of life ?

Answer

Article 2 of the EEC Treaty must be considered in the light of the statement in the preamble to the Treaty to the effect that one of the essential objectives of the signatories is 'the constant improvement of living and working conditions of their peoples'.

Moreover, as the Commission has already stated on several occasions, the tasks assigned to the Community by the EEC Treaty, which is a framework treaty, must be interpreted, in accordance with the body of law handed down by the Court of Justice, as an evolving system subject to prevailing economic circumstances. Environmental problems have, in fact, created economic circumstances which have been shown to be of increasing importance as a consequence of industrial growth.

Improvement of the qualitative conditions of life — whether in the form of combating nuisances or improving living conditions — must now be considered as a very important aspect of the objective of promoting throughout the Community 'a harmonious development of economic activities' set out in Article 2 of the Treaty. The objectives laid down by this article are couched in very general terms and in no way exclude environmental protection or the quality of life from the tasks of the Community. Where the Treaties do not make specific provision for such action as may be necessary, the Community is therefore empowered, by virtue of Article 235 of the EEC Treaty, to take such action as it considers necessary to achieve these objectives.

The honourable Member will be aware that Community action programmes in this area have been consistently implemented on this basis with the approval of the European Parliament.

The Commission therefore considers that, in these circumstances, it would be unnecessary to reword Article 2 of the EEC Treaty.

Question by Mr Schmidt

Subject : Obstacles to EEC/USA trade

Is the Commission aware of any particular obstacles to trade of a non-tariff nature, which make it difficult for the USA to import ships and ships' equipment from the EEC, and what steps does the Commission intend to take, particularly within the framework of the Tokyo Round, to dispose of these obstacles ?

Answer

The United States Merchant Marine Act, the initial text of which was adopted in 1920 and which has since been extended several times, prohibits the use in United States coastal waters of ships not built in the United States. In the course of time the term 'ship' has been extended to cover both air-cushioned vessels (hovercraft, etc.) for use in coastal waters and flat-bottomed vessels. Moreover, subsequent legislation considerably restricts the extent to which American shipowners can use foreign equipment in their vessels. The use of foreign-built ships in the outer zone of the continental shelf has been prohibited since 1953.

The Commission has repeatedly protested at the increasing application and extension of these obstacles to trade. It has also referred the US Merchant Marine Act to GATT as a non-tariff obstacle to trade.

The Commission has moreover included the American restrictions on foreign-built ships, air-cushioned and flat-bottomed vessels in the Community list of requirements for the removal of non-tariff obstacles to trade in the current multinational trade negotiations.

Question by Mr Hamilton

Subject: Trade with Japan

Is the Commission satisfied that the Japanese are doing all that is needed to redress the imbalance in trade between Japan and the EEC; and how much longer is the Community going to negotiate before deciding to take firm countervailing action?

Answer

The Community has agreed with Japan to hold a series of talks before the end of March in order to come to an improvement of the EEC trading position with that country.

In December 1977 Japan announced a package of measures aimed at reducing the trade balance surplus (+ 17 000 mio \$ in 1977) and the balance of current account (+ 12 500 mio \$ in 1977). The Japanese government aims at a 7 % increase in GNP for fiscal year 1978; the surplus on the balance of current account should be reduced to 6 000 mio \$.

At the same time and in anticipation of the Tokyo Round, Japan reduced customs duties on about 320 products, effective from 4 March. Easier payment rules for imports as well as at least a doubling of development aid is planned for the next 5 years.

It is our intention to use our influence so that the measures will be shaped and applied in such a way as to show a direct and rapid decrease in the Community's deficit with Japan. At the same time it will be necessary to urge on Japan the need for the removal of restrictions on trade with regard to Community exports in other specific fields.

28. *Question by Mrs Squarzialupi (H-496/77)*

Subject: Approximation of laws relating to cosmetics

Would the Commission not agree that the directive on the approximation of laws relating to cosmetic products, which has recently been implemented by the Member States, needs to be thoroughly reviewed, especially in the light of the health protection requirements of consumers, who have not hitherto been consulted on the matter? If so, what approach does it intend to take?

Answer

The directive on the approximation of laws relating to cosmetic products will be reviewed as stipulated by Articles 5, 8 and 11. The review mechanism is set out in the directive itself. The Commission's proposals are drawn up with the assistance of a working party on which consumers are represented and where they can make their views known. Henceforth the Commission will also consult the scientific cosmetics committee which was set up on 19 December 1977.

Question by Mrs Dunwoody

Subject: Parliamentary Association for Euro-Arab Cooperation

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.

Answer

A subsidy of FF 30 000 was made available to the Parliamentary Association for Euro-Arab Cooperation in the 1977 financial year.

No subsidy has been allocated to this association for the 1978 financial year.

Question by Lord Bethell

Subject: Application of the free competition clauses of the Treaty of Rome to airlines operating within the Community.

What discussions are in prospect between the Commission and IATA on the application of the free competition of the Treaty of Rome to airlines operating within the Community.

Answer

As was stated by the Commission in its reply to Mr Ryan's, Mr Seefeld's and Mr Nyborg's oral questions on 17 and 19 January, the Commission is about to establish a text of a regulation on the application of the competition rules to air transport on which it will, at an early date, invite national experts to comment.

The Commission does not intend, at this stage, to have discussions with IATA on the application of the competition rules to air transport, but it will initiate discussions with and seek information from IATA should the need arise. In any case, these rules will apply to all operators and all organizations in so far as they are involved in air transport affairs of the Community.

Question by Mrs Ewing

Subject: Acquisition of land in the Community by non-Community organizations or individuals
What attitude does the Commission take about the rights of Governments, Institutions, or nationals of non-member countries to acquire land inside the Community?

Answer

The Commission has no authority to comment on the laws of Member States governing the acquisition of land within their territories by governments, officials or nationals of third countries, as these lie outside the scope of the EEC Treaty.

Question by Mr Kavanagh

Subject: Purchase of land by non-nationals

What is the situation at present in relation to the rights of nationals of one Member State to purchase land in another Member State?

Answer

By virtue of the principle laid down in Articles 7, 48 and 52 of the EEC Treaty prohibiting discrimination on grounds of nationality, nationals of Member States of the Community who engage in, or have engaged in, activities either as employees or as self-employed persons have the right to acquire property in their country of establishment under the same conditions as nationals of that country.

Question by Mr Ryan

Subject: Traffic and transport problems

In view of the fact that traffic congestion, overcrowded public transport and long transit times significantly reduce the quality of life for urban commuters and their families, will the Commission state whether any monies are available from Community resources for the improvement of urban road systems or for other means to relieve these problems and whether the Commission is preparing any proposals or initiatives aimed at solving or reducing the extent of these problems?

Answer

The Commission is of the opinion that the complex problems referred to by the honourable Member are essentially matters for local authorities and administrations. Its own role lies more in the preparation and implementation of Community-wide policies such as the action programme on the environment and the common transport policy. For these reasons Community funds are not available for directly intervening either nationally or locally to improve urban traffic conditions.

As an example of Community activities in the environment field, comprehensive coordinated standards and guidelines are being established to protect and improve the quality of life of all urban dwellers.

In the transport sector efforts are continuing to determine and impute to vehicle users the real costs arising from their use of roads. One of the aims of these efforts is to achieve a better balance between private and public transport.

Finally in the long term the solutions to some of the problems mentioned are likely to be found in better national and local land use policies and these too are being studied at Community level.

Question by Mr Bangemann

Subject : Employment subsidies

What has been the outcome of the Commission's efforts to induce the United Kingdom to comply with Community provisions when granting temporary employment subsidies (TES)?

Answer

By letter dated 31 January 1978 the British Government informed the Commission, pursuant to Article 93 (3) of the EEC Treaty, of proposals to prolong the Temporary Employment Subsidy for one year from 1 April 1978. The problems raised by the operation of this subsidy were explained fully by Mr Tugendhat when replying to the oral question with debate on this subject in this House on 16 February 1978.

Consequent to that notification, intensive discussions have taken place between the Commission and the British Government on these proposals which were also discussed at a multilateral meeting of all Member States held on 1 March 1978. As a result of these discussions, the British Government has modified its proposal to include a major reduction (from £ 222 million to £ 135 million) in the overall expenditure on TES in 1978/79 and especially in expenditure for the textiles, clothing and footwear sectors where the figure is reduced from £ 105 million to £ 55 million. In addition restructuring plans will be introduced for establishments receiving the subsidy for more than 6 months and a detailed system of control instituted to avoid an undue concentration of payments under the subsidy to certain sectors. At its meeting on 15 March 1978, the Commission, confident that these modifications will remove the negative aspects of TES, in particular the danger of exporting industrial difficulties and unemployment from the UK to other Member States, and the conservatory operating aid aspects of its operation, has agreed to a prolongation for one year only of the Temporary Employment Subsidy.

Question by Mr Verhaegen

Subject : Dutch edition of 'European Community'

Is it true that the Dutch edition of the monthly 'European Community' is shortly to be discontinued and, if so, what is the Commission's justification for this?

Answer

In its information programme for 1978 the Commission announced that, in view of changed priorities in the field of information, and taking into account the need to reach a much wider public than hitherto, it would propose a review of its publications programme, including the monthly magazines published by the Press and Information Offices in the capitals of the Member States.

In accordance with this review it was recently decided to replace the monthly magazine published by the Hague office by a shorter and more compact monthly publication. This decision was taken in view of the fact that many other Dutch-language publications dealing with the Community exist, in particular the weekly 'Europe of Tomorrow', published by the Hague office, which contains comprehensive reports on Community activity, and also in view of the need to make extra funds available for other material, particularly audio-visual material, in the Dutch language.

Subscribers to the magazine will be informed of the proposed change in good time and asked if they wish to subscribe to the new monthly publication instead.

I am aware that subscribers to the Dutch-language magazine published by the Hague office include Flemish-language readers in Belgium. We are naturally anxious to ensure that they continue to receive information about the Community on a monthly basis, e.g. the monthly 'Euro-info' published by the Brussels office in Dutch. They can of course continue also to receive the publications from the Hague Office, including the new monthly information bulletin.

Question by Mr Kofoed

Subject : Negotiations with the USA on export credits

Can the Commission report on the outcome of the negotiations with the USA on export credits and on the prospects for the possible continuation of talks on this matter?

Answer

The United States and the Community have held multilateral negotiations on the renewal and improvement of the guidelines (also referred to as a consensus or gentleman's agreement) on state-supported export credits. The negotiations were concluded on 22 February 1978 with a considerably improved agreement. The minimum interest rates and maximum period of application were unchanged. Considerable improvements were made in the following areas :

- application of the OECD statement on local costs ;
- more specific provisions in relation to commitments previously entered into, and aid and credit limits ;
- tightening up of definitions and improvements in the notification and consultation procedures.

The new guidelines will come into force on 1 April 1978. Agreement has not been reached on a fixed period of application. The Community will apply the agreement for an initial period of seven months and will decide on a continuation in the light of experience. It will of course propose any improvements which may become necessary.

Question by Mr Nyborg

Subject : Distortion of competition in road transport.

Is the Commission aware of the distortions of competition and barriers to trade caused by the huge increase in premiums for the insurance of goods transported by road to Italy against theft and robbery (such crimes being so prevalent) and what action does the Commission intend to take ?

Answer

The Commission is aware that insurance premiums in respect of transport goods to Italy have increased considerably since 1973. It considers that this increase is due to the augmented risks mentioned by the honourable Member.

The Commission cannot see how it can influence premium rates charged by insurance companies in respect of transport insurance, which it effected voluntarily. Moreover, it should be borne in mind that the proportion of insurance costs, even under the increased rates, does not exceed 2 % of the overall transport cost.

Question by Mr L'Estrange

Subject : Particular difficulties facing farmers in the west of Ireland.

In view of the particular difficulties facing farmers in the west of Ireland and the relative lack of infrastructural development in the area, will the Commission bring forward improvements in the road, electricity and drinking water supply networks, afforestation measures, and an improved agricultural advisory service, similar to those proposals which have been made for Mediterranean areas of the Community ?

Answer

The Commission is aware that particular and important problems face west of Ireland farmers. With this in mind, it has recently made a number of proposals concerning this region, e.g. a common action on arterial and field drainage, the increase of Community participation rate in the headage payments according to the hill farming Directive, the extension of Community financing to cessation annuities according to Directive 72/160/EEC. As a Commissioner on Agriculture, I share the view that these measures might not in the long run prove sufficient and am prepared to consider after due study of the nature and scope of the problems further appropriate measures.

The Community can assist by way of the European Regional Development Fund (ERDF) in financing investment in infrastructure for improving road networks, distribution of electricity and drinking water, thereby lessening the difficulties facing farmers in the west of Ireland. In this way, in 1976 and 1977, 11.1 million units of account were granted to infrastructure for farming in the less favoured areas of the west of Ireland in accordance with Article 4 (1) (c) of Regulation EEC No 724/75 establishing a European Regional Development Fund.

Question by Miss Flesch

Subject: UNCTAD negotiations in Geneva on developing countries' debt.

Would the Commission state the Community's position on the current UNCTAD negotiations in Geneva on the remission of developing countries' debt, as the Community Member States apparently hold divergent views on this matter?

Answer

After laborious negotiations between industrialized market economy countries and developing countries, UNCTAD's Ninth Special Session, at Ministerial level, ended on 11 March 1978 with the adoption by consensus of a compromise resolution on debt and development problems of developing countries. This resolution encompasses, on the one hand, the possible adjustment of terms of past bilateral official development assistance to many poorer developing countries, particularly the least-developed among them and, on the other hand, the recognition of certain features which could provide guidance for future operations relating to debt problems of interested developing countries. The European Community thoroughly prepared for this Ministerial session, the first to be held in the history of UNCTAD. Although, in the past, Community Member States have sometimes expressed divergent views, the Council on Foreign Affairs at its meetings of 7 February and 7 March, reached a common position on the subject matter on the basis of a communication submitted by the Commission. Through on-the-spot coordination, Community delegations adapted this general position in the light of developments.

Throughout the session itself, the Community thus remained united, played a constructive role, and participated actively in the final phase of negotiations: one of the significant stages which opened the path towards the decision on debt and development problems was the early tabling, upon the initiative of the Community, of a draft resolution for the adoption of the joint EEC/United States proposal on features for the guidance of future debt operations submitted by the EEC, the United States and five more industrialized countries.

On balance, at the Ninth Special Session, at Ministerial level, of UNCTAD's Trade and Development Board, the Community and its Member States observed a remarkable solidarity which contributed decisively to a positive conclusion.

SITTING OF FRIDAY, 17 MARCH 1978

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IN THE CHAIR : MR MEINTZ

Vice-President

(The sitting was opened at 9.00 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. *Documents submitted*

President. — I have received from Mrs Dunwoody, on behalf of the Committee on Social Affairs, Employment and Education, an interim report (Doc. 6/78) on equal pay for men and women in the Member States of the Community.

3. *Procedure without report*

President. — At Tuesday's sitting, I announced the titles of the Commission proposals to be dealt with under the procedure without report, pursuant to Rule 27A of the Rules of Procedure. Since no Member has asked leave to speak and no amendments have been tabled, I declare these items approved by the European Parliament.

4. *Motion for a resolution on the kidnapping of Mr Aldo Moro*

President. — I shall now consult Parliament on the urgency of the motion for a resolution (Doc. 7/78) tabled by Mr Klepsch, on behalf of the Christian-Democratic Group (EPP), Mr Fellermaier, on behalf of the Socialist Group, Mr Cifarelli, on behalf of the Liberal and Democratic Group, Mr Yeats, on behalf of the Group of European Progressive Democrats, Mr Scott-Hopkins, on behalf of the European Conservative Group and Mr Sandri, on behalf of the Communist and Allies Group, on the kidnapping of Mr Aldo Moro, the chairman of the Italian Christian Democratic Party.

Are there any objections ?

Urgent procedure is agreed.

I propose that Parliament consider this motion for a resolution immediately.

Are there any objections ?

That is agreed.

I call Mr Klepsch to introduce the motion for a resolution.

Mr Klepsch. — *(D)* Mr President, ladies and gentlemen, on behalf of all the groups of this House, whom I thank for joining with us in tabling this motion, I would like to express the deep revulsion which this kidnapping has aroused in all of us. The text we submit to you says clearly what this House wishes to express. It does so in words that may be brief but which fully reflect the feeling of this House. I would just add that Parliament is deeply shocked at the events in Italy and that we all hope firstly that President Moro comes back to us safe and sound and that the constitutional state of Italy, which is an important member of the European Community will withstand and survive this severe shock.

There is no question about our solidarity with our Italian friends because we know that an attack on democratic institutions is an attack on the liberal structure of our European Community. I would ask you all to vote in favour of this motion for a resolution.

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

Mr Prescott. — Mr President, my group wishes to endorse both the motion for a resolution and the introduction by Mr Klepsch. These increasingly violent actions pose a considerable threat to democracy as we understand it in the Community. We can only hope that this violent and sad affair will soon come to an end, that Mr Moro will be returned safely and that those involved will give consideration to the threat to the sort of society in which we live. We endorse the motion wholeheartedly and hope that there will soon be a conclusion to this incident.

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

Mr Bangemann. — *(D)* Mr President, on behalf of my group I declare our unreserved support of the motion for a resolution that Mr Klepsch has already introduced. My group condemns in the harshest terms this vile assault on Aldo Moro and the violation it implies of those principles of human rights and democracy we wish to see respected not only in the Community but throughout the world.

We all know that such terrorist attacks, which are directed against human life and, as in this case, brutally destroy men's lives, are invariably also directed against the ideals and principles that their victims represent. This event is therefore another case in which we have to express clearly that all of us, all democrats, condemn such attacks because of their brutality and because of the contempt for human life they imply, and that we also recognize them as attacks on the democratic ideals that we intend to defend as dearly as our own lives. No-one in the Community should be left in any doubt that all democratic forces in this Community are resolved not to countenance

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such attacks and to prevent, in this way, further assaults on human life wherever this may be and, above all, to show the determination of us all to defend democracy.

I hope, Mr President, that this determination which we in this House now have a further opportunity to demonstrate, will finally have its effect, for the more we are confronted with such attacks the more dismayed we are to see them spreading like a plague. We should do everything in our own countries and in the Community as a whole to bring this evil to a halt, for men's lives and our democracy are in danger and we should do everything in our power to protect both.

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

Mr Yeats. — For my group also, Mr President, I would associate myself with this motion. It is quite clear that the events that took place yesterday are an attack, not merely on Italian democracy, but on the very fabric of society itself. It is an attack, indeed, on the ordinary people of Italy and on the people of the Community as a whole. I think we must, in this Parliament, show clearly that the entire European Community stands behind the Italian people in this crisis. One can only regret deeply the tragic loss of life that has already taken place and hope with all our hearts that it will be possible to resolve this matter without any further tragedies.

President. — I call Mr Fletcher-Cooke to speak on behalf of the European Conservative Group.

Mr Fletcher-Cooke. — Mr President, on behalf of the European Conservative Group, I would associate myself with this resolution. It is only a few weeks ago that, from this very seat, I moved on behalf of the Political Affairs Committee an anti-terrorist resolution at a time of an equally violent and horrible assault in another country. I hope that these two among many, and increasing, attacks will induce all the countries of the Community to take instant steps to ratify the various anti-terrorist and anti-hijacking conventions. These attacks are accelerating in number and in gravity, and we must show not only in our words but in our deeds, as Herr Bangemann and others have said, that in this we act not as nine but as one. And the only way we can do that in practice is to see that if any of these criminals escape into other countries of the Community they are not shuffled out because they are an embarrassment or anything of that sort, but are dealt with as strongly in a neighbour country as they will undoubtedly be in Italy if they are captured there.

President. — I call Mr Giolitti.

Mr Giolitti, member of the Commission. — (I) Thank you, Mr President, for allowing me to associate

myself, on behalf of the Commission, with the thoughts expressed by Parliament. In a message to the President of the Italian Republic, Mr Jenkins, the President of the Commission, has already expressed the feelings of the Commission which wholly concur with those now expressed by the Members of Parliament who have spoken, namely a strong reaffirmation of our democratic values, full solidarity with Italian democracy and with the democratic feeling and conviction of the Italian people, resolute condemnation of terrorism and the equally resolute will to stamp it out in the most effective way and by the most effective means.

These, Mr President and Members, are the feelings of the Commission as well, which I repeat here in full solidarity with what this Parliament desired to state.

President. — In view of the exceptional nature of this matter, I propose that we depart from our usual procedure and put the motion for a resolution to the vote immediately.

Are there any objections?

That is agreed.

I put the motion for a resolution to the vote.

The resolution is adopted.

(Applause)

5. Decision on a second three-year plan of action on information

President. — The next item is the report (Doc. 552/77) drawn up by Mr Zywiets, on behalf of the Committee on Energy and Research, on a

proposal from the Commission of the European Communities to the Council for a decision adopting a three-year plan of action in the field of information and documentation in science and technology.

I call Mr Zywiets.

Mr Zywiets, rapporteur. — (D) Mr President, ladies and gentlemen, as Rapporteur I would like to make a few brief comments on the proposal from the Commission to the Council for a decision adopting a second three-year plan of action in the field of information and documentation in science and technology.

At first glance — or so it seems to me — one might be tempted to think that this is none too spectacular a report because it is a continuation, being the second report on a three-year plan, unless everything produced by way of continuation is automatically spectacular for that reason alone. On the other hand it should be said that unanimous support and a number of suggestions to which I shall refer briefly later, were voiced in all the committees that also worked and advised on this report. Even so, in my view, this report deserves our undivided attention because, for all citizens of the Community and for science and the

Zywietz

economy it will really open a common market in the truest sense of the word, namely a common market in the field of economic and technical information and I think this is something we can all welcome.

The underlying reason for the significance of such a common market in the field of scientific information is, you will all agree, the fact that we have to assume that the European Community is not blessed with an excess of raw materials resources and that this makes it all the more necessary, for the wellbeing and freedom of the Community's citizens, that we should bring our human resources and their technical and scientific quality to the highest possible level and that we should then effectively, unreservedly, and with equal opportunity for all, communicate these results of our technical information at its present level to all those who are interested in it and who wish to develop it further. I believe the popular dictum that knowledge is power to be right, and if we take this as our basis and we agree that we are in favour of distributing power, then we must also take steps to ensure that this knowledge on technical information is made accessible as far as possible to everyone, particularly at a time in which scientific data is accumulating so rapidly that individuals and even institutions have difficulty in keeping their bearings in this rapidly mounting flood of essential information. For these reasons the Community wants to offer its help which would express itself in the fact that scientific information would be collected and duly processed, then transmitted over a communications network in all nine Community States and lastly be available for retrieval through computer terminals by anyone interested.

I believe that this kind of free circulation of technical data is one way towards helping us to improve, through really plural competition in industrial activities, our chances to enhance our wellbeing and safeguard our free way of life. However, it must be added that this need did not occur to us purely as our own brilliant discovery. In this field we already have a small object lesson because these functions and this market, including Europe, had already been discovered and developed by the US, but that must and should not belittle the value of our own activities in the slightest, but rather act as a goad for us to produce these facilities more quickly, in better form and hopefully more cheaply, too, in the Community.

In the committees, the basic purpose and methodology of the proposals — as I have already pointed out — was approved unanimously and a number of suggestions and comments were added, in particular to the effect that particular attention should be paid to ensuring that, in all circumstances, individuals and small and medium-sized firms should in practice have equal opportunity of access to this source of information because, in our view, it is precisely the small and the medium-sized firms that form the vital basis and condition for the ongoing development of technological and scientific progress. There is no way that we

can do without them and we must therefore provide them with this equal opportunity of access.

Secondly, it came out clearly in the committees that this information network should be so fashioned as to admit co-operation with countries outside the Community, and a further point is made in a proposed amendment of which you all have a copy, to the effect that data transmission should in all cases take place over the public telecommunications network.

Now a brief look at the financial background to this plan of action. The first plan, spread over three years, had an appropriation of 6m u.a. No precise figures are yet available for the second plan; the most we have is an order of magnitude — about 9m u.a. But if the first and second plans of action are carried through to their conclusion, the amount would be 45m u.a. which is certainly big enough to merit our careful attention.

I would add — the discussions in the Committee on Budgets and the relevant comments have already brought this out — that these 9m u.a. are more in the nature of an indication and will need to be examined in more detail by Parliament when they subsequently materialize in the budgetary discussions on cost structures.

Although this is not in direct and practical connection with the second plan of action, I would like to include in these introductory comments a word or two about what may be of interest to us in the further course of this plan of action. I feel that care must be taken to ensure that the quality and breadth of information made available via this network is really first class in order to meet the requirements of potential users and that we should also make a point of ensuring that a price policy is followed which really ensures equality of opportunity for all and particularly the smaller kind of user to whom I have referred. We shall also, no doubt, have to examine at the appropriate time whether, with this second plan of action, the general object can be achieved to such an extent that the project is able to stand on its own financial feet and be financed from the contributions of the system's clients. I would like it to be recorded at this time that we shall have to draw practical conclusions on this point when the time comes. I would add — and this seems to me to have its importance, particularly in this connection — that it is intended that Parliament shall receive a detailed report each year on the practical implementation of this plan of action.

In short, I have the impression that here we seem well set to open up a new field of Community activity and that the methods proposed in this service and we can perhaps do one other thing which is to make the system as popular as possible, in other words draw the attention of those concerned to its availability.

Presidents. — I call Mr Edwards to speak on behalf of the Socialist Group.

Mr Edwards. — Mr President, the speech of the rapporteur and, as I understand it, his acceptance of the amendment I tabled on behalf of the Socialist Group, makes my task a very easy one indeed. He has explained in very close detail the work of the Commission in developing communications of this character, and the prospects for the next three years. There is no need for me to waste the time of the House by repeating what has been said so effectively.

I think we will all agree that one of the few and most important growth industries in the world today is this one of international communications and the growth of data-bases throughout the world. Indeed it has been the rapid development of communications in America that is most responsible for the expansion of the United States and, indeed, of Japan. Unfortunately, in both countries, communications and data-processing have been developed through the initiative of private enterprise, so that we find today that a very large share of the world market in this sector is in the hands of two of the largest companies in the world, IBM and ITT. Whilst they undoubtedly make a massive contribution to communications, particularly in the production of equipment (and I have no doubt we will have to rely on their expert knowledge for the supply of much equipment), I hope that the Commission, in developing the next three-year plan, will guarantee that our European industries have the first preference and that we will not allow outside multinational companies to move in and take control of our European network.

IBM has annual sales of 10 billion dollars and its profits last year were a billion dollars. It is the tenth largest company in the whole world. ITT is the eleventh largest, with sales of over 10 billion and profits within the region of a billion dollars last year. ITT forgive me, but I think we Socialists are entitled to say so — has a very sinister record indeed. It has been accused of corruption, bribery of politicians and governmental officials and of helping to overthrow one government in Latin America, and we have been protesting about what has happened since in that particular country. You will forgive me saying that in a debate of this nature we really have to take these factors into consideration. I am sure the Commission will. Although we will want the cooperation of these companies to make this next three year plan effective and useful, we must nevertheless be aware of the dangers and maintain, as the amendment suggests, the control of this most useful and important European development in the hand of those who are publicly accountable. That is the view of the Socialist group on this matter.

Mr Fellermaier last year raised the whole question of tariffs. I think maybe the Commission will tell us something about the lack of tariff harmonization throughout our Community. I suppose it is quite impossible in this area to harmonize them completely. I do not know whether this is true or not, but I heard that in one country in Europe they send a

messenger on a bike across the frontier to purchase information at half the price they would have to pay in their own country. If this is true it is a nonsense that should be abolished. It does not help small firms if they have to engage in manoeuvres of this nature to get effective, up-to-date information. The whole basis of progress, whether political, social, industrial or financial, depends on correct and immediate information. Without this kind of information, local authorities dealing with the environment, medical officers dealing with health problems, governments and government departments, and so on, cannot plan for the future. That is why this is a vital development in our world of automation and electronics. So I hope, in replying, the Commission will tell us something about the possibility of maintaining relatively economic prices and that prices will be harmonized as far as is possible. Apart from those remarks may I say that the Socialist Group welcomes this development as an important move towards real cooperation in our European Community.

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

Mr Fuchs. — (D) Mr President, ladies and gentlemen, one could be all too easily inclined to treat scientific and technical information and documentation and their electronic storage and transmission as a purely technical process, thereby underestimating their political significance. But nothing would be further from the truth or more fatal, as I shall illustrate on the basis of two examples.

Over twenty years ago the United States of America and the whole of the free Western World were in the throes of the so-called Sputnik shock. Without question, this was a very great advance by the Soviet Union and the United States had to spend vast sums to make up the leeway. \$20 million were spent, for example, merely to decipher the code used by the satellite. And yet — my information is taken from the *Frankfurter Allgemeine Zeitung*, a very serious newspaper — the necessary scientific data had already been published in full and clear detail in a scientific periodical months before. So the knowledge was there but the information was not available where it was needed.

At that time, there were no facilities for this kind of exchange of information, but now there are and there is no doubt that a considerable amount of exploration, time and, above all of course, money could be saved in such cases.

My second point is that the annual increase in scientific books, periodicals, articles, university theses, patents, conference proceedings, etc., is put at something over 400 000 for the world as a whole. This is an enormous rate of growth in detailed knowledge but the question is how to channel this knowledge to the point where it is in fact needed. This, therefore, is another pointer to the political importance of this issue.

Fuchs

What is more — and the rapporteur has already referred to this — scientific and technical development is of vital significance to Europe and for the development and improvement of living conditions. In the traditional and conventional sectors of industry, our share is being progressively eroded by growing competition from new industrialized countries, many of which have considerable lower production costs, but the early development of new technical methods depends on the immediate and smooth exchange of information. Those who say we are at the dawn of the information age are right and this proves the political importance of this second plan of action.

Another thought I put to you is that our Community is primarily organized to facilitate the smooth and free exchange of goods and services within the Community. If that is the case, then this smooth, free and unhampered exchange is of particular importance in the field of scientific and technical information. Unfortunately, we have to admit that, compared with the United States — and this too has already been said — we have fallen a long way behind, the arrears amounting to at least five years.

Hence, therefore, the urgency of this programme, the urgency to follow the first step with the decisive second step whose purpose now is to produce an effective and practical information system.

For all these reasons, the Christian-Democratic Group unreservedly approves this second plan of action. We consider that the main objects have been rightly stated by the Commission, i.e. firstly to convert EURONET into a public and directly accessible information network, secondly to develop a common market in technical and scientific information and thirdly to improve the technology and methodology of the information network. I would take this opportunity to offer the rapporteur my warm thanks for his very impressive, concentrated and yet extremely informative report.

In my opinion, special attention should be paid to the following points in the execution of the plan of action in the objectives set for it.

Firstly, the flow of information should be facilitated in order to save any unnecessary squandering of our scarce resources. It has been pointed out that intellectual potential is a very important, if not the important, resource in our case.

Secondly, special efforts must be made to make this information network available to the small and medium-sized firms as well. This implies appropriate pricing. As already said in the report, prices in this sector in the United States, for example, lie far below those applying in our Community. It also implies a favourably-priced system of co-operation for medium and small firms to enable them, for example, to run joint terminals. Other requirements under this

heading are courses for the training of qualified staff — as already pointed out in committee — and the overcoming of any psychological barriers that still exist, particularly at the medium-size level of industry and, to some extent as well, in the Community administration. At all events, we need an effective information campaign in order to bring home the importance of this problem.

Here I would like to add a further comment. There is one area where some rethinking needs to be done in the science and research industry. A research scientist concentrating on one specific point and producing results is today — and rightly in my opinion — held in high esteem and paid accordingly. But a new type of scientist, the information scientist, is — wrongly in my opinion — still badly underrated. They are completely in the shade and a transfer from active research to an information centre is even regarded, in most cases, as a kind of demotion.

Nothing would further from the truth, because it is of no use to us to have the individual and fractional findings of science and technology if we cannot assemble these parts into a whole. It would lead us nowhere. It is wrong and even dangerous because it implies a waste of intelligence and fails to exploit the advantage of this joint potential that we have in our Community. But that is precisely what we need to do and this is another proof of the political significance of the problem.

But it would also surely be wrong if we were to wall ourselves up inside the Community. Whatever happens, we must maintain or even strengthen our links with third countries and the recommendation in paragraph 3 of the motion for a resolution is aimed specifically and rightly in this direction. Here too the Community must not shut itself off but, instead, open its doors. That is the real objective we must strive for.

In the light of all these facts, ladies and gentlemen, I feel that the need for us to vote for this motion for a resolution and the proposal for a Council decision goes without saying. In conclusion, I can only express the hope that the annual reports which we are pleased to see the Commission would make will give us documentary confirmation of substantial and successful progress in this field and lastly I venture to hope, above all, that this second three-year plan of action will enable our objective to be achieved, namely to create a real information and documentation system in our Community in the fields of science and technology, a system really geared to users' needs and making a practical contribution to the common good in our Community.

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

Lord Bessborough. — Mr President, on behalf of the European Conservative Group I welcome and

Lord Bessborough

support Mr Zywiets's excellent report and indeed this three-year plan — what has already been described as this common market in technical information and documentation, now known as EURONET.

In offering my group's support for the programme and the motion for a resolution, we are, of course under no illusions about the difficulties and competition which EURONET faces. I would like at the outset to echo Mr Edwards' words that I hope that, so far as possible, preference will be given to firms within the European Community insofar as the equipment is concerned. Let us be quite clear that EURONET must operate according to normal commercial practice, and it must attract those industries which, at the moment, despatch research assistants to libraries rather than ask questions of a data terminal. It must offer commercial benefits to small, medium and large data banks. Indeed it must attract, Mr President, their input by offering reasonable tariffs and prompt payment. It must indeed attract the users.

EURONET is going to have to compete with well-established American systems such as Timeshare, and the Community's data banks must be encouraged to challenge the on-line services of firms such as Lockheed. I hope that the Commission will consult, if they have not already done so, the International Council of Scientific Unions Abstracting Board in order to establish fair tariffs and royalties for the data base and for the data base producers. The Commission should publicize EURONET to industry — I hope they are doing this — and they should publicize it in such a way as to show that it has become a by-word for efficiency. I foresee, for example, great benefits for firms if they could undertake patent searches using EURONET to obtain inputs from the European patent office. Equally, the system might be used for the speedier registration of patents. Of course there are countless other examples of EURONET's potential use. Firms and professional institutions should be invited by the Commission to participate in the development of EURONET, such that it meets industry's needs as a priority. Industry is the generator of the Community's economic well-being. During economic recession, we in Parliament and the officials concerned need to be more sharply aware in taking decisions which strengthen the wealth-creating ability of firms and the people who work in them.

I would like here, in terminating, to ask Mr Edwards perhaps to withdraw his amendment, since I understand that the nine postal administrations of Member States have agreed between themselves and with the Commission on a common tariff for the EURONET telecommunications network. The PTT's and the Commission are financing EURONET, which is planned to be functioning by January 1979. It is most important that users of the data network should be capable of dialling any network in search of desired

information. I hope that the Commission will obtain fair tariffs for these networks, so that the Community's rules on competition are observed. It would be wrong, in my view, to distort the information market by providing EURONET with tariff advantages over other networks. EURONET must, as I have already said, prove itself commercially. It has the advantages that the Community is supporting the launching costs and its management.

Now just one other point, as I have on either side of me Mr Bangemann and Mr Shaw, two very distinguished Members of the Committee on Budgets. I do think that they will agree with me, when they look at the Commission's proposals, that we do need more details, and I hope that this is a matter to which the Commission will give their attention and indeed let the Committee on Budgets have more precise details regarding the costs. Mr Ziewitz himself referred to this matter. I congratulate him on his report, and am very happy to support the Commission's second programme and his motion for a resolution, which is before us this morning.

President. — I call Mr Giolitti.

Mr Giolitti, Member of the Commission. — (I) Mr President, Ladies and Gentlemen, I should first of all like, on behalf of the Commission and especially Mr Brunner, to express our thanks to Parliament and the rapporteur for the warm welcome which your specialist committees have extended to the proposal for a second three-year plan of action in the field of scientific and technical information and documentation.

You will be aware that the first three-year plan of action was completed at the end of 1977. Its first objective was to set up an ultra-modern telecommunications network called EURONET, the object of which was to give all concerned in the Community easy, rapid and cheap access to scientific and technical information and data without distinction based on nationality or location. It was also concerned with the study and preparation of industry's information services covering most of the field of science and technology but also, to some extent, the specialized aspects of other fields such as statistics, Community law, social policy, agriculture, the environment and energy saving. Its third objective was concerned with the pursuit of support activities such as the proposal for new rules for information and telecommunications and the development of new technologies and methodologies, and, in addition, the training of specialists in information, advice to users and the development of a suitable language system.

We can feel completely satisfied with the work which has been done in the last three years because arrangements have been made for the EURONET system to be officially opened at the end of 1978.

Giolitti

Important as the achievement is from the technical viewpoint, it has also had a far from negligible effect in terms of industry and indeed, European integration. To build a European network is *ipso facto* to open up to the Community's industrialists a market which is no longer ensconced behind national frontiers. At the same time it encourages the national posts & telegraphs authorities of the nine countries to work together still more closely not only in the technological field by working out and adopting common rules, some of which have been extended on a world scale, but also by bringing certain features of their operations, such as their tariffs, into line with each other. These are the sort of hard facts which enable our fellow-citizens to grasp the European reality. But the inauguration of EURONET must be treated as the starting-point for more comprehensive, genuinely long-term, efforts towards the co-operation and the sharing of documentary resources envisaged by the Council in its resolution of 24 June 1971.

The second plan of action is really for the benefit of users. So it provides for the conversion of EURONET, a private network, into a public operational network linked up with existing national networks or those in course of construction. This will make it possible to remove national barriers which stand in the way of the dissemination of information and to provide easier access to existing services, especially by developing advisory services. The development of a genuine common market for scientific and technical information also means collaboration based on reciprocal rights and obligations between the existing information services in the Community and improving their efficiency under conditions of free competition. The Commission's main aim is to help the user to put every kind and source of information to good use, from the practical and economic point of view, in accordance with his needs.

The third objective is to promote the technology and methods for improving the information services, especially those of EURONET. Steps must be taken, in particular, to ensure that scientific and technical information benefits from the results of the work done to develop computer-aided translation. In its plans of action, the Commission is now determined to make it possible for users, especially small and medium-sized undertakings, and private businesses generally, to have direct access to each other by means of a simple information system adapted to the hundred or so data bases which will be connected with the EURONET system. Thanks to the new switching technology employed by the network, the time taken to establish communication will be extremely short and the reliability of the network considerably increased, while at the same time the charges for use of the network will be brought down to levels generally lower than tariffs at present in operation anywhere in the world.

The new common market in information which is being set up can also be expected to enable those supplying information and specialized firms (without whom some scientific and technical areas would be badly or only partly covered) to work under more favourable conditions, to extend the range of their customers and thus work under technical and economic conditions which, everything considered, make it possible for them to offer facilities which are still further improved and are as cheap as possible for the user. The Commission also hopes that in so doing it will have made a further contribution to the attainment of the economic and social objectives of the Community.

In conclusion, I should like to say a word or two about the question of tariffs, which was raised by Mr Edwards. The tariffs on the EURONET system are standardized and are in no respect dependent on distance. The tariffs for access to EURONET in the member countries are in process of being standardized. The Commission is in complete agreement with the amendment submitted by Mr Edwards.

Finally, on the question of consultation with the international scientific organizations, I can assure Lord Bessborough that there has been consultation and that, obviously, the Commission intends to maintain contact with the international scientific organizations. I have also made a note of his request for more detailed information regarding the budgetary aspects of this matter.

President. — I note that no one else wishes to speak.

The motion for a resolution will be put to the vote, together with the amendment which has been moved, at the end of the sitting.

The debate is closed.

6. Community regional policy

President. — The next item is the motion for a resolution (573/77) tabled by Mr Noè, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the Community's regional policy and aid from the Fund from 1 January 1978.

I call Lord Bruce on a procedural motion.

Lord Bruce of Donington. — Mr President, may I draw your attention to the fact that although the motion for a resolution which is being moved by Mr Noè on behalf of the Committee on Regional Policy, Regional Planning and Transport is addressed specifically to the Council, there is no representative of the Council here at the moment to listen to it or to reply.

President. — I note your statement, Lord Bruce.

I call Mr Noè to introduce the motion for a resolution.

Mr Noè. — *(I)* Mr President, like Lord Bruce, I too would have liked to see a representative of the Council here to give the Council's replies to certain questions.

After the 1972 Paris Conference of Heads of State and of Government expressed its views on the need to work out a Community Regional policy, the Commission submitted certain documents to the Council in 1973, but the Council has repeatedly put off approving them. It was only as a result of further prompting by the Conference of Heads of State and of Government in Copenhagen in 1974 that, in 1975, the Community Regional Fund was at last approved.

Now these delays are starting all over again because, as we all know, this time last year the Commission worked out new guidelines for Community policy which it submitted to Parliament at the beginning of the summer. Parliament played its part by approving them in the shortest possible time, that is, in October of the same year. However, several months have now elapsed without the Council taking a decision in the matter. It met on 6 December and gave it consideration but there was still no decision, and the subsequent meeting of the Council did not produce anything positive either. This is the reason why we are concerned and are submitting this motion for a resolution.

This is a very serious matter because provision is made in the budget of the Communities for 525 million EUA in payments appropriations and 581 million EUA in commitment appropriations. However, these funds are subject to a regulation which should have been brought up to date with effect from 1 January 1978 and this was not done. In the absence, therefore, of specific legislation covering the Regional Fund, these monies are bound to be used on the basis of a regional policy which is on to small a scale to satisfy this House.

The second urgent matter to which I want to draw attention (and which is emphasized by the agency messages which are reaching us about the discussions in the Council of Ministers) is that the Council of Ministers ought not to 'water down', with compromises, the guidelines put forward by the Commission and which this House has amplified and approved. We are anxious more than anything else to see the adoption of a comprehensive approach which alone would make it possible to work out, step by step, a Regional policy in the wider sense of the word. If action by the Regional Fund is merely sectoral in character, unrelated to any general plan or comprehensive support programme, we shall be unable to stimulate the development of those Regions which need it in order to bring their standard of living up to acceptable levels.

Another objective to be borne in mind is the non-quota section of the Fund proposed by the Commission and approved by this Parliament. It is absolutely vital to co-ordinate national policies relating to

Regional aid and the various intervention policies, such as social policies, such as social policy, not to mention regional and other policies which have the same aim. We trust the Council does not wish to depart from opinions which the House has expressed on this subject and that there will be no need to use the conciliation procedure provided for in such cases.

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

Mr Albers. — *(NL)* Mr President, although Mr Noè, the rapporteur, has clearly explained what the trouble is, there are some things, that I would like, on behalf of the Socialist Group, to add to what he said. In doing so, I am taking the place of Mr Delmotte who has already shown his interest in regional policy on many occasions. The many resolutions bearing his name are the clearest evidence of this. Unfortunately he cannot be here this morning and has asked me to speak in his place.

The Regional Fund is, of course, a sad story of delay and uncertainty. On various occasions, Parliament has expressed itself very clearly on the subject but the wishes that Parliament voiced at those times have never yet materialized in the Fund regulation. What has in fact happened? We asked for a coherent regional policy. We asked that, with the aid resources in this Fund, a policy should be followed allowing the big regional disparities in the Community to be gradually eliminated. But the only thing we have seen happen is that the time limits set have never been adhered to and that the requests made by Parliament first had to be toned down for there to be any hope of some kind decision being taken by the Council of Ministers. And when we reached the point where the Commission's final proposals were ready, we decided not to table any amendments in order not to delay the effective institution of the Fund. Our thinking here was that some revision or reconsideration might be possible and that things had to be done by 1 January 1978. To my mind, Parliament had done its homework, we had had Mr Delmotte's own-initiative proposal early in 1977 and we had Mr Noè's proposal in October. We had delivered our opinion without delay and we were able to express our pleasure that the Commission had followed the policy line that Parliament had unanimously proposed to the effect that there should be improvements in the regulation enabling a coherent regional policy to be followed, more attention to be paid to infrastructural improvements, the regional policies of Member States to be better harmonized, and finally the financial instruments of the different Member States and the funds available in the European Community to be better co-ordinated. The idea was to arrive at a better planned regional policy and, as Mr Noè has already said, to make it possible — through the special reserves — to intervene in difficult situations.

Albers

We therefore congratulated and thanked the Commission for taking account of Parliament's wishes in its proposals. And what do we now see? We see what we had already feared, namely that the Council has failed to carry out its own decision because the decision it took in 1974 and that led to the institution of the European Regional Fund in 1975 is based on the assumption that there must be a revision and re-examination of the Regulation. The proposals are there, the favourable opinion of this European Parliament is there, the favourable opinion of the Economic and Social Committee is there, but no decision has been taken apart from beating around the bush and opting for a head-in-the-sand policy. This makes it impossible for us to make use of what has been achieved, if a different decision were to be taken, to initiate the conciliation procedure, which would naturally cost us more time, but which would be necessary in order to reach agreement between what the Council and Parliament want. Mr President, this is a particularly serious matter. It is a matter that is damaging to the image of the European Community and undermines its credibility. We regret that all the changes we have discussed this year will not be put into effect, but I think that what we are doing now is itself far more damaging than the postponement of changes because it would appear that the practical materialization of things for which a clear political will is present is not possible and that is a bad thing. In our countries, we are finding that a growing resistance and coolness towards European integration is beginning to develop. People do not believe in it very much any more. We have already had enough difficulty in convincing people that their future and their interests are at stake, but if we now have to confess that our discussions in this Parliament produce no results then it must be clear to us all that this is extremely damaging for the image of European integration and represents a major threat to the further development of the European Community.

Therefore, Mr President, I declare on behalf of my group that we demand that decisions be taken without delay and that we can no longer hesitate, if those decisions differ from the political will expressed in the European Parliament, to initiate the conciliation procedure. Then, in consultation with the Council of Ministers, we should try, in spite of everything, to make something out of this regional policy that we want so much to put into effect in the European Community.

President. — I call Mr Schyns to speak on behalf of the Christian-Democratic (EPP) and of the European Conservative Group.

Mr Schyns — (*F*) Mr President, in common with our new chairman, I am sorry that no member of the Council is attending this important debate, which is not concerned with the substance of the question but

the way in which the Council is breaching procedure, in my view deliberately in order to avoid carrying out the decisions of the Commission and of Parliament.

The European Regional Development Fund, which was set up in 1973, had first of all to wait until 1975 before it was given practical guidelines on the way in which it could help the Regions of Europe most in need of it. The Council had already taken three years to lay down the conditions necessary for it to operate and in 1975 it was already being said that those conditions would have to be re-examined with effect from 1 January 1978. So we knew in time that, despite numerous reminders both from Parliament (in Mr Delmotte's report, which Mr Albers has just mentioned, and the report of Mr Noè, who succeeded him) and the Commission, nothing has been done.

It is deplorable that these conditions have not yet been laid down. We have already had difficulty with the Council in fixing the amounts provided for under the 1978 budget: 525 million EUA in payment appropriations and 281 million EUA in commitment appropriations.

It was hard enough to get these appropriations. Now we do not know how to use them or rather, in my opinion, we know only too well because I suspect — I'll go so far as to say I accuse — the Council Ministers responsible for regional policy of using the monies provided by ERDF for a different purpose in their national budgets. If necessary, I can produce evidence that some Member States submit what I consider to be fictitious projects to the Commission, get themselves subsidized for the work involved which, in fact, is never carried out, and use the money to boost their national budgets.

This is an intolerable situation and, not to mince my words, one of dishonesty, in terms of the budget, Parliament and the Commission. It is, therefore, with the greatest determination that we ask the Council to adopt measures which will enable the Fund to be distributed on the fairest basis and on a basis which Parliament and the Commission can check as it is applied, because at the moment they are unable to do so. This is the spirit in which Parliament, or at least the groups for whom I am privileged to speak, are determined to keep a close watch on what the Council does in this field and we hope that, in the very near future, it will let us have very firm accounts proposals and thus implement Article 18 of the regulation.

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

Mr Damseaux. — (*F*) Mr President, on behalf of the Liberal and Democratic Group, I hasten to say that the motion for a resolution submitted by Mr Noè has our unreserved support.

Damseaux

We are told that the Council of Ministers is unable at the moment to take a decision on the way in which the European Regional Fund should be used after 1 January 1978. Contrary to expectation, the subject will not be broached in the near future by the Ministers for Foreign Affairs; it has been postponed until the April meeting of the Council of Ministers at the earliest. This delay is apparently due to the fact that there is no possibility of agreement on any decision concerning the introduction of a special common quota apart from the national quotas, on the considerations to be taken into account in selecting the infrastructure projects to be promoted, or on the establishment of a special quota for the benefit of French overseas departments and territories.

I have no desire to repeat what has been said again and again, at length and in detail, on this subject at committee meetings and at plenary sittings; you can find that in the official reports.

There is only one point to which I should like to return and that is that we talked at the time of priorities, which mainly referred to the creation of jobs which are permanent and satisfactory from the standpoint of pay and conditions of employment. Is this important subject no longer a priority? Surely no one would make such a claim.

Even the dangers, known to all of us, which the persistence of regional imbalances represents for the proper working of the common market have evidently failed to make the Council of Ministers shorten its decision-making process.

In these circumstances, the Committee on Regional Policy, Regional Planning and Transport has every reason to condemn the Council's delay in giving a ruling on the way in which the European Regional Fund is to be used as from 1 January 1978 and, as far as the Liberal and Democratic Group is concerned, 'condemn' is almost too weak a word for the delay in taking this decision, for which the Council of Ministers is to blame, especially as it was the Council itself which set 1 January 1978 as the date for taking it.

For these reasons and on numerous other grounds, the Liberal and Democratic Group supports the recommendation of the Committee on Regional Policy, Regional Planning and Transport that, for the time being, Regional Fund appropriations should be based on the 1977 scheme, pending a decision on a new regulation effective from 1978.

But my group attaches very special importance to the demand made in paragraph 3 of the resolution that 'a decision should be taken by the Council without delay'; interim measures are not the long-term answer!

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

Mr Brosnan. — On my behalf and on behalf of my group, we shall support this resolution submitted on behalf of the Committee on Regional Policy, Regional Planning and Transport. It is unfortunate that the Regional Fund has been plagued by delays since its inception at the Paris summit of October 1972. We have experienced nothing but delays in the adoption of the original Regional Fund Regulation. Such delays are always being caused by the Council of Ministers. It is not really surprising then to see further delays in the Council when the Regional Fund is being reviewed. However, it is very disappointing that such delays should occur. Quite obviously, the Council of Ministers does not share the same enthusiasm for a regional policy as the other institutions of the Community, and in particular this Parliament. This Parliament has gone to every extreme to assist and encourage the Ministers to reach a decision. Quite often this has involved major sacrifices as regards what we would like to see adopted as the Community's regional policy. We accepted a weak Regional Fund Regulation and a Fund with totally inadequate resources. To be faced now with further delays, when proposals had been put forward for improving the Regional Fund Regulation, is stretching the patience of this Parliament to the limit.

The less developed regions of the Community have been bitterly disappointed by the failure of the Regional Fund to arrest the widening of the imbalances and the economic disparities of the regions. The present delays, although they slow down in only a moderate form, will add further to the frustration of the people living in these regions and convince them further that the Community does not care and is merely interested in the welfare of the richer regions. The credibility of the Community is at stake here. Doubts and dark shadows are being cast on its commitment to a realistic regional policy.

It is becoming clearer and clearer that regional policy is less and less of a priority. We see tough action being taken in other areas and policy proposals being put forward and adopted which will have a detrimental effect on the development of the poorer regions. By way of example, I would like to cite the Community's steel policy, which is causing difficulties for the steel industry in my own country, Ireland. I can also mention the Commission's oil refining proposals, fishing proposals and this year's agricultural price proposals. All of these policies and proposals give me the clear impression that the Community is more interested in protecting the established wealthy regions than in promoting the development of the poorer regions. I fear, and I think the fear has been expressed in different ways by many of my colleagues here today, that sectoral interests are being promoted and getting access to the Regional Fund to the detriment of the development of the poorer regions. This is certainly not the best way to achieve the necessary

transfer of wealth and resources from the richer to the poorer areas. Looking at the present delays in this light offers a valid reason for the lack of progress. There cannot be any agreement in the Council if there is no real desire for such an agreement.

I would sincerely hope that my interpretation of the situation is not wholly true, as it would be a sad day for the Community if its commitment to regional development was merely superficial. However, I am not convinced that my interpretation of the situation is completely wrong, and the only way of converting me to another point of view is for the Council to immediately adopt the most fundamental of the proposals before it. In conclusion, Mr President, I would again repeat my support, and the support of my group, for the resolution, and I hope that this debate will encourage the Council to assume its responsibilities in the near future and take definitive decisions.

President. — I call Lord Bruce.

Lord Bruce of Donington, Chairman of the Committee on Regional Policy, Regional Planning and Transport. — Mr President, I would invite Parliament to give its full support to the motion for a resolution submitted by Mr Noè on behalf of the Committee on Regional Policy, Regional Planning and Transport, which, in my view, is expressed in terms of excessive moderation in which I did not have any very large part.

As speakers from that committee have shown this morning, we are very disappointed indeed with the order of priorities which have apparently been adopted by the Council. The Council's record in the whole question of regional planning is not very impressive. The regulations that were going to be adopted originally by 31 December 1973 were ultimately adopted in March 1975, the time of duration was until 31 December 1977, yet we still have not got agreement on the proposals originally submitted by the Commission in June 1977 and forwarded from this Parliament, again by our rapporteur, Mr Noè, in October.

This is a funny sense of priorities Mr President. On occasions when agricultural expenditure is required, you can hardly get the Council Members into a charabanc to bring them down to consider the matter in Parliament. If any question of restriction of non-compulsory expenditure by Parliament, including the Regional Fund, is under consideration, they even fly here by helicopter. But this morning when this important question is being discussed by Parliament — as Parliament has every reason to discuss it after this delay — we don't, apparently, even have a spokesman representing the Council. It is not a situation which I recommend Parliament should tolerate for very much longer. As previous speakers have said, there is an entry of some 581m u.a. for the year 1978 in commitment appropriations which can be applied by the

Commission. Presumably at the moment they are being applied in accordance with the obsolete regulation. But the whole purpose of the Commission's proposals in June 1977, as enthusiastically endorsed by Parliament on the advice of my committee, dealt specifically with the non-quota section which was going to be available from the Regional Fund for the first time as aid to offset those adverse factors in the various regions that were being caused by sectoral policy. The matter indeed was raised by my good colleague Mr Brosnan, who I see is not here at the moment, in the course of the debate that took place in this House as recently as 13 February when he raised the question of the possible closure of the steel works in Cork. Mr Burke replying for the Commission said the following:

The Commission has to acknowledge that there is here an especially difficult problem. It arises because the policy necessarily applied in the case of steel may have, as I said in my opening remarks, unfortunate effects in a region which is recognized to be one of the most economically disadvantaged in the Community.

And he continued:

It is a case where a sectoral policy could well come into conflict with the needs of the Community's regional policy unless steps were taken to compensate for the impact of a sectoral approach. That is why the Commission has undertaken not only to mobilize financial resources for the re-structuring of the sector in question, but also to involve the Regional Fund for the creation of alternative jobs.

Mr President, this is a consideration that applies not only to this, and other, parts of Ireland, it applies to the Mezzogiorno, it is going to apply in those regions in the United Kingdom that are going to be affected by sectoral policies, in connection with steel and textiles, and in other regions in the Community. So here we have it. Mr Davignon is proceeding with his sectoral policy in the fields of both steel and textiles. Inevitably this is bound to cause further unemployment in the regions affected, including some of those that already come within the Regional Fund categories. The Council know this. The Council approved with alacrity the proposals of Mr Davignon for the reinforcement of his staff in order that sectoral policies can be pursued. It knows perfectly well that those sectoral policies, when they are pursued by the Commission, will result in further distress in some of the depressed regions of the Community. Yet it delays in giving consideration to proposals which have been laid before it for a long time for the Regional Fund, and in particular for the non-quota section which, as the Commission has said, ought to be used for relief where sectoral policies are applied which produce unemployment.

This is a situation which Parliament has to contemplate and decide what has to be done. Parliament should demand that conciliation takes place with the Council on this question in order that some decisions

Lord Bruce of Donington

can be arrived at quickly. There is no point in Members of Parliament — or members of my committee — criticizing the Commission in this matter, unless it be to urge that they make a greater effort to wake up their colleagues on the other side of the road in Brussels. No reproach can lie against them. But against the Council there is some justifiable complaint. I know they have their difficulties. So do we have ours. But the difficulties that they have are nothing compared with the difficulties of the inhabitants of the regions, the people of the regions, and it is to the people of the regions that the Council should now give its attention.

President. — I call Mr Ryan.

Mr Ryan. — Mr President and colleagues, I would just like to make a short intervention here because I am most interested in the debate, and you may understand my reaction to it if I say I had the privilege and the agony of being Minister for Finance in Ireland in the initial years of the operation of the Regional Fund. While naturally, as a representative of a poor region whose income per head is less than half of what it is in some of the better-off regions, one is grateful for such regional funds as have been made available, but one would be less than frank to describe them as other than derisory, as of negligible assistance in correcting the imbalances in the Community. There are regions of immense poverty and industrial, economic and social deprivation in the Community, to which national governments are endeavouring to provide assistance; but the Regional Fund, which is supposed to bring about an effective transfer of resources from the well-off to the poorer sections of the Community, is contributing in many cases no more than about 1% of the national regional aid in Member States.

Now, quite clearly, when Regional Fund help is of such small proportions, it cannot effect this transfer of resources from the comfortable parts of the Community to those that continue to suffer. Evidence of the failure of the Fund is clear, because since its introduction the gap between the well-off and the badly-off has widened, not narrowed. The purpose of the Fund is to narrow that gap, but the gap has become wider and therefore the problems of the impoverished regions all the harder to resolve. I understand Mr Schyns saying that he believed there was evidence of national governments not applying regional aid for the purposes for which the money was granted. I am not aware of the areas he was referring to, but I want to say this in relation to the operation of the Regional Fund: I am convinced that the rules, regulations and restrictions under which it operates leads to a suspicion that national governments use the Regional Fund to aid the national exchequer. When the aid is given only after — and in some cases two or three years after — the completion of the regional work by the

national government, is it any wonder that people are cynical about the operation of the Fund? There is a clear need to change the regulations, to have them operating in a way which convinces them that regional work would never start unless the money was provided by the Community. I would much prefer to see, and I would urge this upon the Council of Ministers, the Community take over the whole of a particular project rather than have a continuation of the situation where large numbers of the people of the Community are not at all convinced that the Regional Fund is in fact a reality. I am convinced myself, from my own experience, that some regional development would not have taken place without regional aid; but it is difficult to convince people of that when the Regional Fund is equal to only about 1% or 1½% of the national aid to a particular region, because most people accept that in the ordinary preparation of a budget there is a margin for manoeuvre of 1, 2, 3 or even 5% in relation to a particular year's investment. So there is a clear need, not merely to increase the size of the Fund, but also drastically to change the regulations so that it can be operated with conviction and in order that there will not merely be a transfer of resources from the better-off to the less well-off but also this transfer of resources will be apparent and so convince the people of Europe that we are in fact a Community where we care for one another.

President. — I call Mr Giolitti.

Mr Giolitti, Member of the Commission. — (I) Mr President, honourable Members, from what we have heard from Mr Noè as rapporteur and others who have spoken, it is clear that Lord Bruce was right when he said that this motion for a resolution is aimed at the Council of Ministers rather than the Commission. Nevertheless I should like, on behalf of the Commission, to say how very much we appreciate this fresh expression of Parliament's support for the proposals which, on the subject of regional policy, the Commission has placed before the Council of Ministers concerning the regulation governing the Fund and which are in line with those made by Parliament and the Economic and Social Committee. As a result, there is on this occasion a very marked degree of agreement concerning these proposals, and this recently received official expression in the opinion given by Parliament on 13 October 1977. I should also like to voice our appreciation for the zeal which has always been shown in this field by the Regional Policy Committee and its various rapporteurs, especially Mr Noè, who has spoken today.

Having expressed the Commission's gratitude for Parliament's renewed support for its proposals, I should like to take the opportunity to report to Parliament on the progress made by the bodies involved in the Council of Ministers and, in particular, on the relations between those bodies and those of the Commission. I have a feeling that, at this juncture, this is what Parliament would welcome most.

Giolitti

Obviously, I shall not deal again with what the Council has decided regarding the endowment of the Fund: you are more familiar with that decision than I am because you have recently discussed it in this House. I will merely say that, apart from the decision of the Council on the endowment of the Fund, it proved possible to reach a consensus on a Council resolution which will emphasize how necessary and desirable it is to carry out the Commission's main proposals for general policy guidelines: more specifically, on the need for a periodic review of the Community's regional problems so that specific guidance can be given periodically on the subject of Regional policy, on the assessment in advance of the regional impact of each and every Community policy, and, finally on an improvement in the co-ordination between Community policy and national regional policies and also between regional policies in the Member States.

These are the three main features, but not the only ones, of the new guidelines proposed by the Commission in order to provide a comprehensive and coherent framework within which the Regional Fund can operate as one — but not the only — instrument to be used in redressing the Regional imbalances which exist within the Community.

The fact that, despite agreement on these basic policy lines, the Council has been unable to reach a formal decision on all the Commission's proposals is due to three difficulties of particular importance which are still unresolved. Apart from the first of these, which is a major one from a political standpoint, I trust the other two can be regarded as rather technical; these are the way in which the extra 2% allocated to the French quota for the benefit of overseas departments is to be distributed and the definition of the infrastructures eligible for payments out of the Fund.

In the light of our experience, which everything, including recent events, tends to confirm, the Commission believes that it is necessary as well as expedient to extend eligibility for payments out of the Fund not only to infrastructures which are directly connected with productive investments, as was the case under the previous regulation, but also to infrastructures which, in specified regions, create conditions in which productive investment becomes possible. These are requirements on which the Commission is making urgent representations and, although unanimity has not yet been achieved, I believe some degree of agreement is discernible among the component bodies of the Council.

But, as I said, the most difficult point politically, and Members will be well aware of this, is the one concerning the creation of the non-quota section. Why? The reason for this is undoubtedly that the creation of a non-quota section implies that the Community authorities will have greater freedom of

action. I am not saying that this in itself means the transfer of sovereignty from national to Community level but, as we are at pains to point out in our discussions with those who advise the Council, it is abundantly clear that the Council will have the power to decide, while it will be the responsibility of the Commission to promote and propose specific Community action to tackle problems which may prove of decisive importance for the development of regions which are specially difficult or backward. So much for the position as regards the Council's advisers.

This quick review of the situation does, I think, justify the hope that, in the near future, the Council will reach agreement and, consequently, give its formal and definitive approval to the Commission's proposals. If this does not happen and as Mr Noè, as rapporteur, and other speakers have pointed out, there is substantial disagreement with the Commission's proposals and, accordingly, with the views of Parliament, the conciliation procedure will, as stated in the motion for a resolution, have to be initiated.

On the question of the management of the Fund in this, so to speak, interim period, on the basis of a regulation for the first three years and of an amended regulation which has not yet been approved, the Commission is, of course, continuing to ensure that consideration is given to projects and decisions taken concerning aid from the Fund on the basis of the existing regulation. I should also like to give Parliament an assurance that the Fund continues to be managed in a perfectly proper manner despite the precariousness of the position which, if this is substantiated, arises from the fact, mentioned by an honourable Member a short while ago, that we have not yet fully satisfied the requirement designated as the supplementation and additionalization of the payments from the Fund in respect of contributions by Member States. I must, however, make it clear that there never has been, nor will there ever be, a case where a Member State or its Government uses allocations from the Regional Fund for a purpose unconnected with the project involved or where, as was being suggested, if I understood correctly, they actually submitted projects which proved to be fictitious and which were put forward solely for the purpose of obtaining payments from the Fund. On the contrary, despite the fact that our arrangements and methods of control, inspection and verification are limited by the small number of staff at the disposal of the Directorate-General for Regional Policy (Directorate-General XVI), they are enough to prevent abuses, such as those which have been suggested, in any form. So, as far as the management of the Fund, as it is at present, is concerned, I assure Parliament that everything is done properly and correctly and with every effort on the part of the departments involved to ensure that the fact that we are waiting for the decisions of the

Giolitti

Council does not mean delay in making payments out of the Fund or in taking appropriate action in connexion with the various projects. Parliament will be aware that one of the Commission's reasons for satisfaction in the field of regional policy and one of the things for which it has been commended by Parliament is in fact the efficiency of the procedures for management of the Fund, especially our success in ensuring that there should be only a short period of time between allocation and payment. I can assure you that the Commission will continue to act on these lines. But at this moment, of course, our political task is to obtain the approval of the Council of Ministers for our proposals. I think that we must overcome the disappointment, voiced by many Members in this debate, at the delay which has occurred, with a firm determination which will enable us to achieve our goal. I assure the House that the Commission has that determination.

President. — I note that no-one else wishes to speak.

The motion for a resolution will be put to the vote as it stands at the end of the sitting.

The debate is closed.

7. *Parliament's guidelines for the budgetary and financial policy of the Communities in 1979*

President.— The next item is the report (Doc. 3/78) drawn up by Mr Bangemann, on behalf of the Committee on Budgets, on

the European Parliament's guidelines for the budgetary and financial policy of the European Communities in 1979

(Part I: general budgetary and financial policy problems, institutional matters and budget law questions connected with the revenue section).

I call Mr Bangemann.

Mr Bangemann, rapporteur. — (D) Mr President, the Committee on Budgets has begun its discussions on the 1979 budget very early this year and is submitting part of its report to Parliament so that the House may decide on its positions. This first part deals only with the general problems of budgetary and financial policy and a number of institutional matters and budget law questions connected with the revenue section.

Part II, which will report on sectoral priorities and will therefore mainly concern expenditure policy, will be submitted as soon as Parliament's various committees have reached their conclusions so that the widest possible discussion of the problems connected with the budget may be ensured in all this Parliament's committees. It is not just a question of the Committee on Budgets considering finance policy or budgetary

law matters in the sectoral field. Instead we must ensure that expenditure structures and priorities are such that the will of the whole House can be taken into account. For this reason, this first part of the report deals only with the general or so-called horizontal problems. Though I say only, this is not quite the right word, Mr President, because precisely in this field there are of course a whole number of very important questions which considerably affect the position of Parliament as a whole and therefore kindly allow me, in spite of the late hour, to deal with these questions in detail so as to show the importance of this first part of the report.

First of all we are again taking as read, as Mr Shaw, the rapporteur, and Lord Bruce repeatedly and rightly stressed last year, that the budget must not simply be a reflection of the measures decided elsewhere by the Community, in other words just a kind of book-keeping system. Instead the budget must be the expression of the Community's political will. If we are going to keep to this general purpose for this financial year, then there has to be, in this general part, a selection of those problems which, in Parliament's opinion, need to be resolved. These problems, which we feel we should solve this year or at least attempt to solve although they seem to some extent soluble, are set out in this document. The first point is that we should establish and implement a coherent Community borrowing policy. In some sectors of the Community we have such a borrowing policy. I am thinking, for example, of the special ECSC sector. Here, in addition to the operating budget which in fact accounts for by far the smaller part of the budget in that sector, there is a well-developed borrowing sector in which the substance of ECSC policy is to be found. It is not the ECSC's operating budget that is the more important part but the reverse. It is the extraordinary budget, financed from borrowed funds, and this naturally represents the basis for this ECSC policy.

We also have an increasingly effective borrowing policy — and this has been persistently requested by Parliament — in the general Community sector through the European Investment Bank. The size of the budget of this Institution has also grown considerably from year to year and basically it constitutes a kind of extraordinary budget.

Your rapporteur would draw the particular attention of the House to this point, although we would not like to have it wrongly understood that we are against a bank as an instrument of borrowing policy. This would be completely wrong. Of course we need a bank, which can probably operate in this field far more effectively than an administration can. During the discussions in the Committee on Budgets I somewhat disrespectfully put the view that if you want to have a sensible conversation with a banker you have

Bangemann

to smell like one and since this is difficult for a representative of an administration I feel, and so incidentally does the Committee on Budgets, that this is a useful instrument. On the other hand it must remain an instrument. It must not seek to take the place of the budgetary authority even though it often unintentionally does. In other words we should give some thought to the problem that the European Investment Bank, including of course all its organs or, in other words, the policy bodies that are represented on it, will increasingly have to take the place of the budgetary authority whether it wants to or not, because it has to take policy decisions on what loans to grant and when, where and for what purpose to grant them. A glance at the bank's reports makes it clear that it is increasingly taking policy decisions which we can neither influence nor check after the event. For these reasons we should consider carefully and in detail what should be done. The need for this borrowing policy, which should in our view have a coherent structure, to be set out in an extraordinary budget I need only mention in passing.

Another major issue in these horizontal problems is the importance of the European Unit of Account. Parliament has also heard this point referred to in the reports by Mr Shaw and Lord Bruce. Both have repeatedly argued that the European Unit of Account must not be just a toy for juggling figures with; instead it should be fashioned into a kind of monetary unit in which we will be able not merely to write out but also to implement the Community budget.

The purpose and object of this monetary unit cannot just be to let us juggle with figures, in other words to put the budget in European Units of Account instead of Belgian francs and force the Commission to maintain a gigantic system for the purpose, because if a watch is to be kept on all this then, in practice, you need a currency accounts system as well. Instead, the purpose and object of this European Unit of Account should be that all the Community's payments, in other words all financial transactions, loans and so on can be expressed in this monetary unit. I feel that, on this basis, we could bring into being the first elements of a parallel monetary unit which could represent a step in a direction that would help to strengthen the Community in this financial sector.

The third point — and here Mr President, I do not think we have any general problems — is that we must budgetize the Fifth Development Fund. Here there is a whole series of detailed questions that we have to discuss with the Commission and the Council but we ought to come to this general decision and I feel that the Council will not create any difficulties now that, as I believe, all the institutions take a positive line on this question.

The same can be said about the connection between commitment authorizations and multi-year financial

estimates. Again, the commitment authorization instrument, which we introduced into the budget, acquires its real significance only if it is used in such a way that a clear connection is possible, through the use of this instrument, between annual budget and multiyear financial estimate. Commitment authorizations certainly also have their significance in normal budget operation because they enable the Commission to enter into commitments whose financial effects extend over several financial years. But they acquire their real political significance only if they are used as an instrument, as a transmission belt so to speak, between multi-year financial estimates and the annual budget.

Similarly, as regards budgetary nomenclature, I feel that after the successful preparatory work by Lord Bruce and Mr Shaw, there should be no need for a major debate. Particularly in the field of research expenditure the differing classification principles were already an obstacle to the logical classification of the necessary expenditures last year. We should therefore renew our attempts to standardize these classification principles both as regards the general budget and also for the research budget. This helps budgetary transparency, as does the next measure which the Committee on Budgets recommends for Parliament's approval, namely to see whether the so-called satellites should not be included in the budget. Satellites are all those institutions which the Commission, partly — as I readily admit lest undue blame be laid on the Commission — at Parliament's insistence, has lodged outside the budget, with different administrative structures and different rules as regards staff and administrative costs; these satellites are difficult to keep track of and even more difficult to audit and I feel that we are voicing a concern of the Board of Auditors in urging the Commission to ensure that these satellites are brought into the budget.

In the last part of this report I address myself more particularly to the Council for here it is a question of important budgetary law and other legal questions affecting the position of the budgetary authority as a whole. The point is that we are increasingly encountering the difficulty that has arisen as a result of the past history of budgetary powers and that is that trouble is always developing between legislative powers on the one hand and budgetary powers on the other. When the Community first came into being, such trouble could not arise because at that time the Council was both the legislative authority and also the unrestricted budgetary authority. Parliament, in fact, had purely consultative rights. With the growth of Parliament's budgetary powers and because of the fact that we are a part of the budgetary authority on an equal footing with the Council, the specific difficulty is arising, of which the Council is also aware, that the Council decides legislation on the basis of its legislative powers which has budgetary law effects and which therefore affect Parliament's budgetary rights,

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without Parliament having any opportunity to participate in such decisions beforehand.

Here, there are several theoretical possibilities. We are proposing a wholly practical answer and we hope — because we do not want things to come to an unnecessary institutional conflict — that the Council will declare itself ready, when it takes legislative action (which it should continue to do without restriction under the Treaty), to present the budgetary effects of such legislative action in the normal budgetary procedure with Parliament — in other words to uphold Parliament's right of participation in this budgetary sector, as laid down in the Treaty, through concertation, consultation or the other mechanisms available to us. Here we demand nothing more than what is ours already under the Treaty, which must be respected, and I hope that the Council will not just appreciate this point but come to the necessary agreement with Parliament.

In this sector there is a number of other detailed questions to which I shall just refer in passing, for example the question of the need for a legislative Council act if a sufficient foundation for the execution of budgetary decisions by the Commission has already been created by the decisions themselves.

Let us take just one very concrete example, that of the funds that it will be desirable and necessary to spend in order to educate the public about the importance of direct elections in the pre-electoral period. There can be no doubt that a decision is necessary from the budgetary authority for the expenditure of these sums — after all the Council is a part of that authority — but not a regulation. This should really be obvious. And there is a whole series of other examples. What about small-scale research programmes which we jointly decide and for which, in our view, a legislative act by the Council is not necessary to allow, and more importantly, to require the Commission to act? In this connection I would also like to say to the Commission that it is not just a matter of giving it sufficient legal authority to act, but it is also important that it be under an obligation to Parliament to act if there is such a budgetary decision; the Commission should not be able to evade its responsibility on the grounds that the Council has not passed a legislative act.

The second special problem in this connection is the management committee procedure. We are finding increasingly — and this cannot surely be a matter of indifference to the Commission or to the Council — that policy decisions are being shifted to the level of the management committees. That cannot be the intention of the three Community Institutions involved in these policy decisions because, in the Community, we want such policy decisions to be

taken by those bodies that are responsible for policy, namely the Commission, Parliament and the Council, not the management committees. These, Mr President, are some of the detailed problems that need to be mentioned in this connection. Next we come to the revenue side. Here the vital thing is to put decisions that have already been taken into effect, for example the incorporation of the sixth value added tax directive in national legislation. It is not just a question of agreeing, and deciding on a directive which the Member States do not have the necessary resolution to put into practice. The point also is that, as regards the special forms of revenue, we want to know what the Community's revenue is for the sake of budgetary truth and transparency. The same applies to the customs duties in the ECSC sector, which is concerned here. Lastly, under this same heading, we should think about what we will do once the 1 % of the basis of VAT assessment has been reached. This, Mr President, is an important problem that will soon arise purely through the natural development of Community activity.

That brings me to the end of what I have to say today. After discussions with the specialist committees, the Committee on Budgets will again discuss the sectoral guidelines with the House. We ask for Parliament's approval for this first part of the report, for one thing because we would like to meet the Council on the basis of a clear mandate from this House. I think, Mr President and ladies and gentlemen, that the delegation of the Committee on Budgets can bring the necessary pressure to bear on any still hesitant delegations in the Council, which are dwindling increasingly into a hopeless minority, and convince them of the logic of this proposal.

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

Lord Bruce of Donington. — Mr President, my group would like to give its general but cautious support to the report by Mr Bangemann submitted this morning, which deals, as he said, only with the general problems: we shall have to reserve our final position as a group until after we have been able to assimilate Part II, which deals with more important political questions, and have read it in association with Part I, which is before us. Nevertheless, we wish to congratulate him on the diligence he has shown and generally support the attitude he has expressed.

In particular, we would support the sentiment expressed in paragraph 1, which says:

Adopts the premise that, on the basis of the experience of recent financial years, even greater emphasis must be placed on the political nature of the budget of the European Community.

Lord Bruce of Donington

To those sentiments my group gives its complete support. These are unexceptional sentiments which have been uttered year by year ever since I have had the good fortune to be a Member of the European Parliament. Each year one says that the budget must really be a political instrument; and everybody goes away well satisfied that the very force of their words will somehow mysteriously produce a change in the format of the budget. But, of course, it does not. We have the same old dismal thing year after year. We have a budget limited to about 0.75 or 0.8 of the Community's gross domestic product; we know in advance that 75 % of it is going on the EAGGF; we know that the remainder, the miserable residue, is going to be spread over projects of a general European interest on energy and research, on new enterprises, on regional policy and social policy; we know with devastating certainty that, when the Commission has produced its proposals on these lines, the Council are immediately going to haggle over them and massacre them in the way Mr Tugendhat described as 'death by a thousand cuts', we know that there is going to be some desultory conversation, or conciliation, or concertation, or whatever it is called, between Council and Parliament, dealing with what in monetary terms are complete trivia in relation to the total resources of the Community and that in the end the mixture will be as before. So once again, in good hope, Mr Bangemann, my group supports your sentiments that the Commission and/or the Council will make the budget of 1979 into a political instrument.

I am bound to say that it is very unlikely to, even on the existing showing, because, reading the Commission's communication of 27 February 1978 (COM (78) 64 final), one finds this in paragraph 9:

Financing the Budget under the system provided for in the decision of 21 April 1970 will be a problem in the medium term, as the available margin may disappear by the beginning of 1980.

In other words, the Commission for the year 1979 do not anticipate that the total budget will exceed the figure of the 1 % VAT base laid down in Article 4 of the Decision of 1970. Automatically, therefore the budget is going to be the same as before. It is going to be substantially the same mixture; there is going to be no significant impact in the Regional Fund area, in the Social Fund area, in investment or in research — all these will be haggled over, but there will be no vital change that will change the whole face of the Community budget. It is bound to be so — with one important exception, of which the Committee on Budgets and my group have already taken note. It has observed with very great pleasure, following consistent pressure over the years, that the Commission now propose to take powers to borrow up to 1 000 million. This presents certain problems. Nobody in my group, and I think nobody in Parliament, would mind the Commission's possessing these borrowing powers up

to 1 000 million, because they may well prove to be a powerful aid in helping redress regional imbalances. This is excellent; but these investment funds, this using of the Community's credits, in effect, for investment purposes, should not, in our opinion, ever be taken as a substitute for the revenues that will come from the VAT and emanate from within the Member States themselves on an ordinary income-and-expenditure basis. Otherwise, this is the beginning of borrowing to re-distribute as distinct from effecting a genuine re-distribution of incomes within the Community.

Mr Bangemann in his report has drawn attention to the technical matters that arise on taking up or instituting this facility. Mr Ortoli, the Vice-President of the Commission, will become in effect the Community's thousand-million-dollar whizz-kid, but we ourselves want to make quite sure, from the parliamentary standpoint and from the point of view of the Joint Budgetary Authority, that these matters are dealt with properly. Now, at the moment. Mr President, as you will know, the Community's borrowing facilities, aside from the Ortoli facility, are four: the European Investment Bank facilities, which are under the control of a Board of Governors composed of representatives of the Member States; the ECSC loan facilities; the Euratom loan facilities; and then the facilities for European monetary cooperation. When one adds the new Ortoli facility to that, it will be seen that the mechanisms for raising capital and making investments are five in number and somewhat diverse in nature, and ought therefore to be brought under far greater budgetary control than they are at the moment. What Mr Bangemann's report lays the way open for, we hope in my group, is the progressive institution of a comprehensive capital budget in addition to the ordinary Community Commission budget which exists for ordinary income-and-expenditure purposes. Because it is here, bearing particularly in mind the existing 1 % VAT limit, it is here, so far as one can understand, that a great number of very important political decisions are going to be made over the next few years, because the decisions as to what investments should be made out of the Ortoli facility, taken in conjunction with those available from the European Investment Bank, are going to be political decisions about which there must be political discussion. They must, of course, be made subject to the normal banking safeguards, and nobody will want to dispense with the technical services of the European Investment Bank in connection with that; but the decisions that are made have to be political decisions. Now, if political decisions are going to be made, it is no good Council only and Commission only being privy to the details: Parliament, if it is going to make political decisions, must know the facts on which it is going to base its judgment, and for this reason there has to be a proper budgetization of the loans. This is the principal point my group wishes to emphasize in

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connection with Mr Bangemann's report: the insistence on an ever-growing budgetary transparency, so that not only Parliament can be fully apprised of the facts and make its own political judgments in the full knowledge of those facts and of the arguments that take place upon them, but also the people of Europe begin to know the facts as conveyed to them by the media and know precisely what is happening to European funds.

With those words on behalf of my group, I am pleased to welcome Mr Bangemann's report. I will comment on one thing only, on which I would like a specific reply from the Commission, and as is so often the case, the sting is very often in the tail. I would like to know whether the Commission contemplate during the year 1979 taking any action on the report of the Study-group on the role of Public Finance in European Integration published in April 1977 under the leading authorship of Mr McDougall. We want to know whether the Commission intend in 1979 to follow any of the recommendations, because if they do so they will undoubtedly have to apply for an amendment to Article 4 of the Decision of 21 April 1970. It will be interesting to find out what is going to happen in the light of Mr Jenkins' observations about progressive steps towards economic monetary union, to which we understand the Council have given fair wind. It will be interesting to note whether any action is proposed in connection with that during 1979, or are we to assume that, as in the case of the Maldague report, the McDougall report is going to be consigned to the dusty shelves in the Commission's building?

President. — I call Mr Alber to speak on behalf of the Christians Democratic Group (EPP).

Mr Alber. — (*D*) Mr President, ladies and gentlemen, happily, budgetary policy is developing increasingly into an effective link in European integration and the purely financial instrument it once was is now becoming a tool for political action. This means that Parliament's budgetary powers are growing at the same time and we therefore welcome the very plain statement in the report — and the rapporteur deserves our thanks therefor — that the political character of the budget needs to be even more accentuated.

I hope that, with his resignation, Lord Bruce is not right about the 1979 budget and, since his reaction to this is good-humoured rather than aggressive, his resignation seems unfortunately to have gone a very long way. We hope he does not prove to be right.

Now for a few questions of detail. Firstly we need complete transparency in the budget. All revenue and expenditure must be set down in full and this includes the budgetizing of the European Development Fund, the elimination of the clearing accounts outside the budget and the integration of all the Institutions' resources for which the accounting has previously been outside the budget.

Parliament's budgetary rights must be strengthened. I would once again make the point that Parliament can block budgetary resources and have the last word, at least in the case of non-compulsory expenditure. Parliament also has the right to compel the Commission to put the budget into effect in the sphere of non-compulsory expenditure in cases where the Council is slow in adopting the legislative acts.

A further point is that the management committee procedure must not be allowed to result in the Council reducing the Commission's executive powers with regard to the budget to the absurd, because any curtailing of the Commission's rights at the same time implies a curtailing of Parliament's powers, and this we cannot accept.

In the short time at my disposal I would like to refer briefly to only two further points.

As regards the Commission's borrowing policy there must be close co-operation between it and the European Investment Bank. The Commission must, however, remain fully responsible for policy and guidelines because this is the only way in which Parliament's powers can be upheld.

With regard to revenue, the Commission and the Council must be plainly asked what additional sources of finance will be found if the 1% value added tax contribution is insufficient; if the expenditure for Lomé II is included, the level of resources up to now will certainly not be sufficient.

We all want to progress with a unified Europe and for this we need fresh and additional resources. This is the only way that the budget can become the political instrument that Europe so urgently needs and if the European Unit of Account then becomes a European monetary unit, we shall have taken a major step forward. We agree with all the points made in the report and we congratulate the rapporteur on the work he has done. The Christian-Democratic Group is in favour of the motion for a resolution.

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

Mr Shaw. — Mr President, at this late hour I have two objectives in view. Firstly to prove to you, Sir, that over the last year I have not forgotten how to make a short speech, and secondly, and perhaps above all, to give to Martin Bangemann, our dear colleague, the 100% support of our group in the great task that he has undertaken, the first steps of which he has laid before us today in his document. I will not pursue in detail the points he made. I will say in general that I do not take the same gloomy view that my colleague Lord Bruce takes. As far as I can see every step that we in the Parliament take — and quite frankly, looking back as rationally as I can, I do believe we have gone a long way already — he seems to think is

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leading deeper into the mire rather than moving ahead. I do hope that as a whole we in Parliament do not believe that our steps are wasted. Indeed, if we look at the advance we made last year, if I may be allowed to say so, both in financial regulation and indeed the amount of change that we got in the Council's attitude, I do not believe that this is a matter for scorn or gloom. However, enough of that. Today we are looking at the first of many documents that will have to come from the hand of our colleague, Martin Bangemann, and he is absolutely right: firstly to start so early, secondly to establish his general approach by a review of all the existing problems that have come forward from the past. I believe that on this good, solid basis we can look forward to a very interesting and fruitful year under his guidance. There is only one point that perhaps I would like to stress in his very interesting document. It is the point about the implementation of the Budget. Time and time again we have said how important it is that we should have a conciliation between ourselves and the Council on this matter. I do stress once again, in my view, the urgency of such a conciliation, because frankly I find it difficult to see very far ahead, in budgetary matters, unless there is a clear definition as to what implementation means. There is no clear opinion. Clearly the Council means one thing. On the whole, Parliament means another. Although I am bound to say, as most people know, whilst my end is the same as all my colleagues, I do not hold exactly the same view as to what the meaning of the word is. What we must all agree on is, there must be a need for definition and clarity on this very important matter. I will not say more than that we support wholeheartedly this document and wish him well in the very hard task that he has lying ahead of him and, in addition, expressing the confidence that we have in the excellence of the work that he will do for us.

President. — I call Mr Giolitti.

Mr Giolitti, Member of the Commission. — Mr President, the Commission is most grateful to Parliament and to Mr Bangemann for the contribution to the definition of guidelines for the budget and financial policy. The Commission welcomes any initiative which tends to draw attention outside the normal budgetary procedure to a necessary reflection on the general problems concerning the Community's, budget which can be technical, legal or institutional and therefore political problems. Such a general review of budgetary problems at the beginning of the year was recommended by the European Council in December 1975 and as early as April 1976 the tradition of holding a joint Council of the European Finance and Foreign Ministers was introduced.

In view of the next Joint Council meeting which is due to take place on 3 April 1978, both the Commission and the Parliament have tried this year to outline what, in their view, should be the future evolution of the Communities budget.

This is the first time that the European Parliament has felt the need to lay down its own guidelines for the budgetary and financial policy so early in the year, and I am particularly grateful to the rapporteur for the 1979 budget for taking such an initiative.

I must emphasize, however, that at this stage the Commission and the European Parliament have adopted a completely different approach.

In its Communication to the Council and to the Parliament 'on the overall assessment of budgetary problems of the Community', the Commission has deliberately laid the emphasis on the different political options with which the budgetary authority will be confronted in the medium term and, in particular, on the role which the budget should progressively assume as progress is being made towards economic and monetary union; moreover it has also selected the main priority actions for the 1979 budget.

In the resolution which is now before the House, the rapporteur has deliberately limited his review of the budgetary policy to 'the horizontal problems connected with the technical and legal aspects of the budget, and institutional questions that have emerged from opinions expressed by Parliament in the past'.

In a way, therefore, the exercise carried out by each institution can be described as different but complementary.

Turning now to the substance of the draft resolution, and without commenting on every detail of this very comprehensive survey, I would like, Mr President, to give the Commission's first reactions to the main items raised.

Firstly, I would like to assure the House that the Commission shares Parliament's concern on the implementation of two essential reforms which have been somewhat delayed: the first one is the implementation of the full own resources system as from 1 January 1979; the second is the adoption by the Council of the Regulation on the procedure for applying the EUA to the acts adopted by the Institutions of the European Communities.

This is the first necessary step in the implementation of the EUA and the Commission can subscribe to the opinion expressed by the rapporteur that the aim should be for the EUA to be increasingly used for Community's payments. There is a second series of problems on which I am happy to say, the Commission is already working, or indeed had made a proposal:

(a) There is no doubt in anybody's mind, I hope, that the Commission considers the budgetization of the European Development Fund as essential. This should occur at the same time as the renewal of the Lomé Convention.

Giolitti

(b) The Commission is committed to and will soon put forward a proposal for a revised presentation of the research budget with possible implications for Title VII of the Financial Regulation which lays down the modalities of this presentation.

(c) The present system of budgetization of borrowing is under review at present in order to improve it, and the rules which would govern the application of the guarantee for Community loans are also being examined. I can add that we share the view expressed by Lord Bruce on this problem of budgetization of borrowing.

(d) The Commission shares the view that financing the budget under the system provided for in the Decision of 21 April 1970 will be a problem in the medium term as the available margin may disappear by the beginning of the 1980's. The Commission will therefore present a report on the question of creating new resources.

(e) As far as the financing of the ECSC budget is concerned. Parliament will be aware that the Commission has already put forward a proposal for the transfer of certain duties on ECSC products to the ECSC budget as permanent own resources. It is only on a provisional basis that the gap of 32m in the ECSC budget for 1978 will be covered by national contributions calculated on some other basis. The Commission has proposed to use a key based on the share of each Member State's gross national product in the Community's GNP.

Thirdly, there is one major item on which all institutions have agreed to open a concertation procedure this year: that is the executive power of the Commission in the implementation of the budget. This has been much discussed in different circles in the past. The question of the 'necessary legal basis' before the Commission can commit expenditure has been dealt with last year during the revision of the Financial Regulation. The procedure of management committees has been under review in the Legal Affairs Committee of Parliament. The practice of freezing appropriations on the line, has been maintained by this House and consistently opposed by the Commission. A global approach and the conciliation procedure is certainly the best way of bringing closer together the views expressed by the different institutions.

Lastly, Mr President, although I understand Parliament's concern for budget transparency, I would like to draw the attention of the House to the fact that some of the remarks in the motion for a resolution re-opened points which are reflected in the existing legislation, which has been through the normal process of the Community, including consultation of this House. I am referring in particular to the critical comments on the proliferation of 'decentralized bodies' or 'satellites', or to the presentation of para-

fiscal revenue, such as the co-responsibility levy on milk producers.

Clearly practical difficulties would arise if such legislation had to be completely revised. However, the Commission is ready to take part in a re-examination of these problems, though at this stage I would not wish to prejudge how far it would be possible to go in this area. Lastly, I would again emphasize that we must all do our best to encourage reflection and exchange of views on the general budgetary problems, even with regard to the analysis and proposals concerned in the Mac Dougall report, quoted by Lord Bruce, to which the Commission pays the attention it deserves.

I stress the point that this exercise is outside the normal budgetary procedure, because I feel it is all the more likely to be fruitful as it is carried out outside the budgetary process at a time when the budgetary authority does not have to concentrate on figures — the rate of increase of the Community's expenditure, etc. — and can consider for a moment the political and the policy problems involved.

President. — I note that no one else wishes to speak.

The motion for a resolution will be put to the vote as it stands at the end of the sitting.

The debate is closed.

8. 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 report by Mr *Scott-Hopkins* (Doc. 566/77): *Regulations on sugar and isoglucose*.

On Article 8(1) of the proposal for a regulation No 3330/74, I have Amendment No 1, by Mr Hansen, on behalf of the Committee on Budgets, calling for the beginning of the third sub-paragraph to read as follows:

The Member States shall impose a levy on behalf of the Community.

What is the opinion of the rapporteur?

Mr Scott-Hopkins, rapporteur. — I am in favour of this amendment.

President. — I put the amendment to the vote.

Amendment No 1 is adopted.

On Article 9(1) of proposal for a regulation amending Regulation No 1111/77, I have Amendment No 2, by Mr Hansen, on behalf of the Committee on Budgets, calling for this paragraph to read as follows:

1. The Member States shall impose a production levy on manufactures of isoglucose on behalf of the Community.

What is the opinion of the rapporteur?

Mr Scott-Hopkins, rapporteur. — I am in favour of this amendment.

President. — I put the amendment to the vote.
Amendment No 2 is adopted.

I put the motion for a resolution to the vote.

The resolution is adopted.

We shall now consider the motion for a resolution contained in the report by *Mr Flämig (Doc. 576/77): Radioactive waste and reprocessing of irradiated nuclear fuels.*

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have amendment No 1 by Mr Dankert, Mr Holst and Mr Patijn, calling for this paragraph to be deleted.

What is the opinion of the rapporteur?

Mr Flämig, rapporteur. — (D) I am against this amendment.

President. — I put the amendment to the vote.

Amendment No 1 is rejected.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

On paragraph 3, I have amendment No 2, by Mr Dankert, Mr Holst, and Mr Patijn, calling for this paragraph to read as follows:

3. Notes that existing nuclear power plants have so far been reasonably safe, but that the problem of the handling and storage of radioactive waste has not yet been solved.

What is the opinion of the rapporteur?

Mr Flämig, rapporteur. — (D) I am against this amendment.

President. — I put the amendment to the vote.

Amendment No 2 is rejected.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

On paragraph 4 I have amendment No 3 by Mr Dankert, Mr Holst and Mr Patijn, calling for this paragraph to read as follows:

4. Stresses the Communities' responsibilities in overcoming the problems connected with the storage of radioactive waste.

What is the opinion of the rapporteur?

Mr Flämig, rapporteur. — (D) I am against this amendment.

President. — I put the amendment to the vote.

Amendment No 3 is rejected.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

I put to the vote paragraphs 5 to 33.

Paragraphs 5 to 33 are adopted.

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

The resolution is adopted.

We shall now consider the motion for a resolution contained in the report by *Mr Zywiets (Doc. 552/77): Decision on a second three-year plan of action on information.*

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

The preamble and paragraphs 1 and 2 are adopted.

After paragraph 2, I have amendment No 1, by Mr Edwards, on behalf of the Socialist Group, calling for the following new paragraph to be added:

- 2a. Stresses that the development of EURONET must continue to be based on arrangements concluded between the responsible public telecommunications authorities in the Member States of the Community;

What is the opinion of the rapporteur?

Mr Zywiets, rapporteur. — (D) We support this amendment.

President. — I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

I put paragraphs 3 to 7 to the vote.

Paragraphs 3 to 7 are adopted.

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

The resolution is adopted.

I now put to the vote the motion for a resolution by *Mr Noè (Doc. 573/77): Community regional policy.*

The resolution is adopted.

I put to the vote the motion for a resolution contained in the report by *Mr Bangemann (Doc. 3/78): Parliament's guidelines for the budgetary and financial policy of the Communities in 1979.*

The resolution is adopted.

9. Membership of committees

President. — I have received from the Socialist Group a request for the appointment of Mr Ellis as a member of the Committee on Energy and Research to replace Mr Fitch.

Are there any objections?

The appointment is approved.

10. *Dates of the next part-session*

President. — There are no further items on the agenda. I thank the representatives of the Council and the Commission for their contributions to our proceedings.

The enlarged Bureau has proposed that Parliament should hold its next part-session from 10 to 14 April 1978 in Luxembourg.

Are there any objections?

That is agreed.

11. *Approval of the minutes*

President. — Pursuant to Rule 17 (2) of the Rules of Procedure, I am required to submit to Parliament for

its approval the minutes of proceedings of this sitting which were compiled during our debates.

Are there any comments?

The minutes of proceedings are approved.

12. *Adjournment of the session*

President. — I declare the session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 12 noon)

